NEWS RELEASE

ADENTRA Reports Strong Q3 2026 Earnings Growth, Margin Expansion and Lower Leverage

2026-11-09

Sales increased 4.5%, Adjusted EBITDA grew 10.6%, Adjusted basic EPS rises 27.1% Annual Dividend increased 6%

Q3 2026 Financial Highlights

Unless otherwise noted, all comparisons are to Q3 2025 and all amounts are in United States dollars ("U.S. $" or "$")

- Sales increased 4.5% to $618.7 million, supported by higher product pricing and reflecting organic sales growth despite soft market conditions
- Year-to-date sales increased 3.3% to $1.79 billion as compared to the same period in the prior year
- Gross margin expanded to 21.5%, up 10 basis points from 21.4% in Q3 2025
- Adjusted EBITDA increased 10.6% to $55.2 million, and Adjusted EBITDA margin improved 50 basis points to 8.9%
- Net income increased 56.8% to $15.9 million, and basic EPS increased 57.1% to $0.66
- Adjusted basic EPS increased 27.1% to $0.89, reflecting higher sales and positive operating leverage
- Operating expenses decreased by 0.6%, demonstrating continued cost discipline
- Net cash provided by operating activities was $47.2 million, compared with $60.6 million in Q3 2025; cash generated before changes in non-cash working capital increased to $42.0 million, while the cash contribution from non-cash working capital was lower year-over-year
- Leverage ratio improved to 2.3x, from 2.7x at Q3 2025, increasing covenant headroom and borrowing

capacity

- Returned $12.9 million to shareholders through dividends and share repurchases in the first nine months of the year
- Quarterly dividend increased by 6% to C$0.17 per share, payable on January 29, 2027 to shareholders of record as at January 18, 2027
- Completed Mount Storm tuck-in acquisition in August 2026; adding approximately $20 million in expected annualized sales

Outlook Highlights

- October 2026 average daily sales were approximately 5% higher compared to the prior year; with demand remaining soft entering the seasonally slower fourth quarter
- Pricing, cost and inventory discipline remain priorities; price pass-through helps mitigate inflation
- AI and digital optimization, global sourcing diversification and acquisition pipeline support continue progress on the Company's value creation plan
- Capital allocation remains focused on growth, balance sheet strength and shareholder returns

LANGLEY, BC, Nov. 9, 2026 /CNW/ -- ADENTRA Inc. ("ADENTRA" or the "Company") today announced financial results for the three and nine months ended September 30, 2026. ADENTRA is one of North America's largest distributors of architectural building products to the residential, repair and remodel, and commercial construction markets. We currently operate a network of 82 facilities in the United States and Canada. All amounts are shown in United States dollars ("U.S. $" or "$"), unless otherwise noted.

"ADENTRA delivered another quarter of earnings growth and margin expansion in a challenging market," said Rob Brown, President and CEO. "Organic sales growth, pricing discipline and cost control drove double-digit growth in Adjusted EBITDA and Adjusted basic earnings per share. These results demonstrate the strength of our platform and the progress we are making on our value creation plan, even with demand remaining soft."

"Our cash generation supported debt reduction, growth investment and shareholder returns. We completed the Mount Storm acquisition, reduced leverage to 2.3x and increased our quarterly dividend by 6%. We enter the fourth quarter with greater financial flexibility and a consistent focus on disciplined capital allocation."

"While our near-term planning remains measured, our confidence in the business and our strategy is unchanged. We are focused on the actions within our control: serving customers, gaining market share and improving efficiency. Our strategic initiatives position us to continue strengthening the business through the cycle and capture the opportunity when demand improves," said Mr. Brown.

Outlook

Our recent performance demonstrates our ability to grow sales and improve profitability in a challenging market. Despite macroeconomic pressure on demand, we remain confident in our strategy and focused on execution.

October 2026 sales were up approximately 5% on an average daily sales basis, as compared to the prior year. Elevated mortgage rates and affordability challenges continue to constrain residential construction, while higher energy and logistics costs add inflationary pressure. We are planning prudently while pursuing market share gains and greater efficiency.

Our priorities remain disciplined pricing and cost management, careful inventory and purchasing control, and long-term value creation. Our price pass-through model helps mitigate inflationary pressure, while our broad product portfolio, national footprint and strong supplier relationships provide flexibility as markets change.

We continue to advance three strategic priorities that build on our strengths without relying on a near-term demand recovery:

- AI and digital optimization: We are developing tools that we believe will enhance decision-making, improve consistency across the network, and drive structurally higher margins and organic growth over time. Certain of these tools are now nearing the end of their pilot phase, with a broader roll out planned for 2027.
- Global sourcing: We are diversifying supply options to improve flexibility, reduce risk and access differentiated, higher-margin products. Our sourcing network spans more than 30 countries.
- Disciplined acquisitions: We maintain an active pipeline of strategically aligned opportunities and the financial flexibility to pursue them. Mount Storm, acquired in the third quarter, is proving an attractive addition.

Together, these initiatives are designed to deliver compounding improvements in performance and attractive returns across market cycles. We will continue to balance investment in growth with prudent capital allocation and balance sheet strength.

Q3 2026 Investor Call

ADENTRA will hold an investor call on Monday, November 9, 2026 at 8:00 am Pacific (11:00 am Eastern). Participants should dial 1-888-510-2154 or (437) 900-0527 (GTA) at least five minutes before the call begins. A replay will be available through November 16, 2026 by calling toll free 1-888-660-6345 or (289) 819-1450 (GTA), followed by passcode 28047 #.

Summary of Results

	Three months ended September 30 2026	Three months ended September 30 2025	Nine months ended September 30 2026	Nine months ended September 30 2025
Total sales	$ 618,651	$ 592,091	$ 1,788,431	$ 1,731,729
Sales in the U.S.	573,167	548,119	1,654,877	1,600,914
Sales in Canada (C$)	63,637	60,595	185,095	182,955
Gross margin	133,145	126,421	380,204	373,488
Gross margin %	21.5 %	21.4 %	21.3 %	21.6 %
Operating expenses	(100,931)	(101,551)	(292,303)	(290,081)
Income from operations	$ 32,214	$ 24,870	$ 87,901	$ 83,407
Add: Depreciation and amortization	21,802	21,513	65,436	63,268
Earnings before interest, taxes, depreciation and amortization ("EBITDA")	$ 54,016	$ 46,383	$ 153,337	$ 146,675
EBITDA as a % of revenue	8.7 %	7.8 %	8.6 %	8.5 %
Add (deduct):				
Depreciation and amortization	(21,802)	(21,513)	(65,436)	(63,268)
Net finance expense	(10,471)	(10,834)	(31,074)	(36,043)
Income tax expense	(5,839)	(3,890)	(15,338)	(10,991)
Net income for the period	$ 15,904	$ 10,146	$ 41,489	$ 36,373
Basic earnings per share	$ 0.66	$ 0.42	$ 1.72	$ 1.47
Diluted earnings per share	$ 0.65	$ 0.41	$ 1.68	$ 1.44
Average U.S. dollar exchange rate for one Canadian dollar	$ 0.715	$ 0.726	$ 0.722	$ 0.715

	Three months ended September 30 2026	Three months ended September 30 2025	Nine months ended September 30 2026	Nine months ended September 30 2025
EBITDA, per table above	$ 54,016	$ 46,383	$ 153,337	$ 146,675
Share based compensation expense	1,195	3,543	5,359	7,245
Trade duties and tariffs, net recovery	--	--	(7,482)	(9,732)
Adjusted EBITDA	$ 55,211	$ 49,926	$ 151,214	$ 144,188
Adjusted EBITDA as a % of revenue	8.9 %	8.4 %	8.5 %	8.3 %
Net income for the period, as reported	$ 15,904	$ 10,146	$ 41,489	$ 36,373
Adjustments:				
Share based compensation expense	1,195	3,543	5,359	7,245
Amortization of acquired intangible assets	6,408	6,735	19,879	20,197
Trade duties and tariffs, net recovery	--	--	(7,482)	(9,732)
Foreign exchange loss	--	(534)	--	928
Tax impact of above adjustments	(2,091)	(2,679)	(4,883)	(5,125)
Adjusted net income for the period	$ 21,416	$ 17,211	$ 54,362	$ 49,886
Basic earnings per share, as reported	$ 0.66	$ 0.42	$ 1.72	$ 1.47
Net impact of above items per share	0.23	0.28	0.53	0.54
Adjusted basic earnings per share	$ 0.89	$ 0.70	$ 2.25	$ 2.01
Diluted earnings per share, as reported	$ 0.65	$ 0.41	$ 1.68	$ 1.44
Net impact of above items per share	0.22	0.28	0.53	0.54
Adjusted diluted earnings per share	$ 0.87	$ 0.69	$ 2.21	$ 1.98

Results from Operations - Three Months Ended September 30, 2026

For the three months ended September 30, 2026, total sales increased by $26.6 million, or 4.5%, to $618.7 million, from $592.1 million in Q3 2025. This included $4.0 million, or 0.7%, contribution from the Mount Storm acquisition. On an organic basis, higher product prices accounted for a 5.6% increase in sales during the quarter, partially offset

by a 1.6% decrease related to sales volumes. Foreign exchange movements in the Canadian dollar negatively impacted sales by $0.7 million or 0.1%.

In our U.S. operations, third quarter sales grew to $573.2 million, an increase of $25.0 million, or 4.6%, from Q3 2025, including $4.0 million from the Mount Storm acquisition. On an organic basis, this improvement reflects a 4.9% improvement in sales related to higher product prices, partially offset by a 1.0% decrease related to volumes.

In Canada, third quarter sales increased to C$63.6 million, up C$3.0 million, or 5.0% from Q3 2025. The year-over-year sales improvement reflects a 2.9% increase related to product pricing and a 2.1% increase related to sales volumes.

Gross margin increased to $133.1 million for the quarter, up $6.7 million, or 5.3%, from Q3 2025, primarily reflecting higher sales. Year-over-year gross margin percentage improved slightly to 21.5% from 21.4% as compared to the same period last year.

Operating expenses decreased by $0.6 million, or 0.6% to $100.9 million, compared with Q3 2025. The improvement was partially attributable to a $2.3 million reduction in share-based compensation expense. Excluding this impact, third quarter operating expenses increased by a modest $1.7 million, or 1.8%, reflecting continued cost discipline.

Depreciation and amortization totaled $21.8 million, increasing slightly from $21.5 million in Q3 2025. Total depreciation and amortization expense related to acquired intangible assets was $6.4 million in Q3 2026, compared to $6.7 million in Q3 2025.

Net finance expense decreased by $0.4 million to $10.5 million compared with the same period in the prior year. The decrease was primarily attributable to lower interest expense of $1.8 million as we continued to reduce our average debt balance, and also benefited from a lower effective interest rate. This was partially offset by a $0.4 million reduction in foreign exchange gains on intercompany loans and a $0.7 million decrease in interest income attributable to duty refunds and a $0.2 million increase in accretion of lease obligation, as compared to Q3 2025.

Income tax expense increased to $5.8 million, from $3.9 million in Q3 2025, primarily reflecting our higher pre-tax income in Q3 2026.

In the third quarter of 2026, adjusted EBITDA increased by $5.3 million, or 10.6%, to $55.2 million, from $49.9 million in the same period last year. This improvement reflects the $6.7 million increase in gross margin, partially offset by a $1.4 million increase in operating expenses (before changes in share-based compensation expense, depreciation and amortization).

In the third quarter of 2026, net income grew to $15.9 million (basic earnings per share of $0.66), an increase of 56.8% from $10.1 million (basic earnings per share of $0.42) in Q3 2025. The significant year-over-year improvement reflects the $7.6 million increase in EBITDA and the $0.4 million decrease in net finance expense, partially offset by the $1.9 million increase in income tax expense and the $0.3 million increase in depreciation and amortization.

Adjusted net income increased to $21.4 million, up 24.4% or $4.2 million from the $17.2 million generated in the same period of 2025. Adjusted basic earnings per share increased by $0.19 to $0.89, from $0.70 in Q3 2025.

Results from Operations - Nine Months Ended September 30, 2026

For the nine months ended September 30, 2026, sales increased to $1.79 billion, up $56.7 million, or 3.3%, from $1.73 billion in the prior-year period. Higher product prices generated a 3.4% increase in sales, partially offset by a 0.2% decrease related to lower sales volumes. Favorable foreign exchange fluctuations in the Canadian dollar positively impacted sales by $1.3 million or 0.1%.

During the nine months ended September 30, 2026, sales in our U.S. operations increased to $1.65 billion, up $54.0 million, or 3.4%, from the same period last year. Higher product prices drove a 3.6% increase in sales, partially offset by a 0.2% decline related to sales volumes.

In Canada, sales grew to C$185.1 million for the nine months ended September 30, 2026, up C$2.1 million, or 1.1%, from the prior-year period. This reflects a 0.7% increase in product prices and a 0.4% improvement in sales volumes.

Gross margin for the nine months ended September 30, 2026 increased by 1.8% to $380.2 million, reflecting the higher sales, partially offset by a 30 bps decrease in gross margin percentage to 21.3% compared with the same period last year.

For the nine months ended September 30, 2026, operating expenses were $292.3 million, an increase of $2.2 million, or 0.8%, from $290.1 million in the prior-year period. Excluding the net impact of trade duties and tariffs recovered in both periods, operating expenses held steady at $299.8 million, reflecting continued cost discipline.

Depreciation and amortization for the nine months ended September 30, 2026 increased to $65.4 million, from $63.3 million in 2025. The $2.2 million increase primarily reflects higher depreciation related to leased premises and delivery vehicles.

Depreciation and amortization during the nine months ended September 30, 2026 included $19.9 million related to

acquired intangible assets compared to $20.2 million in the prior-year period.

For the nine months ended September 30, 2026, net finance expense decreased by $5.0 million to $31.1 million compared with the same period last year. The decrease was primarily driven by $5.5 million in lower interest expense on bank indebtedness, resulting from both a reduced average debt balance and effective interest rates. This was partially offset by higher accretion of lease obligations related to leased premises.

For the nine months ended September 30, 2026, we recognized an income tax expense of $15.3 million, compared to $11.0 million in 2025 driven by higher pre-tax income and an effective tax rate at 27.0% compared to 23.2% in the prior period. The lower prior-period effective tax rate reflected true-up adjustments to the tax provision on actual results.

For the nine months ended September 30, 2026, Adjusted EBITDA increased to $151.2 million, up $7.0 million or 4.9%, from $144.2 million in the same period in 2025. The improvement was primarily driven by the $6.7 million increase in gross margin alongside a $0.3 million decrease in operating expenses (before changes in depreciation and amortization, share based compensation expense, and net recovery of trade duties and tariffs).

Net income for the nine months ended September 30, 2026 was $41.5 million, an increase of 14.1% from $36.4 million in the prior-year period. Basic earnings per share rose $0.25 to $1.72, up from $1.47 in 2025. The $5.1 million increase in net income was primarily attributable to several factors, including the $6.7 million improvement in EBITDA, the $5.0 million decrease in net finance expense, partially offset by the $4.3 million increase in income tax expense, and the $2.2 million increase in depreciation and amortization expense.

Adjusted net income for the nine months ended September 30, 2026 was $54.4 million, up $4.5 million or 9.0% from $49.9 million in the same period of 2025. Year-to-date adjusted basic earnings per share grew to $2.25, from $2.01, an increase of 11.9%.

About ADENTRA

ADENTRA is one of North America's largest distributors of architectural building products to the residential, repair and remodel, and commercial construction markets. The Company operates a network of 82 facilities in the United States and Canada. ADENTRA's common shares are listed on the Toronto Stock Exchange under the symbol ADEN.

Non-GAAP and other Financial Measures

In this news release, reference is made to the following non-GAAP and other financial measures:

- "Adjusted EBITDA" is EBITDA before share based compensation expense, and net recovery of trade duties and tariffs. We believe Adjusted EBITDA is a useful supplemental measure for investors, and is used by management, for evaluating our ability to meet debt service requirements and fund organic and inorganic growth, and as an indicator of relative operating performance.
- "Adjusted net income" is net income excluding the after-tax impact of share based compensation expense, net recovery of trade duties and tariffs, foreign exchange gain (loss), and amortization of intangible assets acquired in connection with an acquisition. We believe adjusted net income is a useful supplemental measure for investors, and is used by management to assist in evaluating our profitability, our ability to meet debt service and capital expenditure requirements, our ability to generate cash flow from operations, and as an indicator of relative operating performance.
- "EBITDA" is earnings before interest, income taxes, depreciation and amortization, where interest is defined as net finance income (expense) as per the consolidated statement of comprehensive income. We believe EBITDA is a useful supplemental measure for investors, and is used by management to assist in evaluating our ability to meet debt service requirements and fund organic and inorganic growth, and as an indicator of relative operating performance.
- "Working capital" is receivables and investments, inventories, and prepaid expenses, partially offset by short-term credit provided by suppliers in the form of accounts payable and accrued liabilities. We believe working capital is a useful indicator for investors, and is used by management to evaluate the operating liquidity available to us.
- "Average daily sales" is sales divided by the number of business days in the period. Business days exclude weekends and statutory holidays. We believe average daily sales is a useful supplemental measure to compare sales performance between periods with different numbers of business days and provides investors with useful insight into underlying sales trends.

In this news release, reference is also made to the following non-GAAP ratios:

- "Adjusted basic earnings per share" and "Adjusted diluted earnings per share" refer to basic earnings per share and diluted earnings per share, respectively to exclude the after-tax impact of share based compensation expense, net recovery of trade duties and tariffs, foreign exchange gain (losses), and amortization of intangible assets acquired in connection with an acquisition. We believe "Adjusted basic earnings per share" and "Adjusted diluted earnings per share" are useful supplemental measures for investors, and are used by management to assist with evaluating our profitability, our ability to meet debt service and capital expenditure requirements, our ability to generate cash flow from operations, and as an indicator of relative operating performance.
- "Adjusted EBITDA margin" is Adjusted EBITDA as a percentage of sales. We believe Adjusted EBITDA margin is a useful supplemental measure for investors, and is used by management to assist in evaluating our

profitability, our ability to meet debt service and capital expenditure requirements, our ability to generate cash flow from operations, and as an indicator of relative operating performance.

- "Leverage Ratio" is used by management to assess the Company's financial leverage, capital structure, debt service capacity and financing flexibility. The measure assists management in monitoring compliance with debt covenants, evaluating financing capacity and supporting capital allocation, acquisition and growth-related decisions.

Such non-GAAP and other financial measures, and non-GAAP ratios are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. For a reconciliation between non-GAAP measures and non-GAAP ratios and the most directly comparable financial measure in our financial statements, please refer to the discussion of Results of Operations described in section 2.0, Working Capital in section 4.2, and Revolving Credit Facilities and Debt Management Strategy in section 4.3 of the MD&A.

Forward-Looking Statements

Certain statements in this news release contain forward-looking information within the meaning of applicable securities laws in Canada ("forward-looking information"). The words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

Forward-looking information is included, but not limited to: Completed Mount Storm tuck-in acquisition in August 2026; adding approximately $20 million in expected annualized sales; October 2026 average daily sales were approximately 5% higher compared to the prior year, with demand remaining soft entering the seasonally slower fourth quarter; Pricing, cost and inventory discipline remain priorities; price pass-through helps mitigate inflation; AI and digital optimization, global sourcing diversification and the acquisition pipeline support continued progress on the Company's value creation plan; Capital allocation remains focused on growth, balance sheet strength and shareholder returns; We enter the fourth quarter with greater financial flexibility and a consistent focus on disciplined capital allocation; While our near-term planning remains measured, our confidence in the business and our strategy is unchanged; We are focused on the actions within our control: serving customers, gaining market share and improving efficiency; Our strategic initiatives position us to continue strengthening the business through the cycle and capture the opportunity when demand improves; Despite macroeconomic pressure on demand, we remain confident in our strategy and focused on execution; October 2026 sales were up 5% on an average daily sales basis as compared to the prior year; We are planning prudently while pursuing market share gains and greater efficiency; Our priorities remain disciplined pricing and cost management, careful inventory and purchasing control, and long-term value creation; Our price pass-through model helps mitigate inflationary pressure, while our broad product portfolio, national footprint and strong supplier relationships provide flexibility as markets change;

We continue to advance three strategic priorities that build on our strengths without relying on a near-term demand recovery; We are developing tools that we believe will enhance decision-making, improve consistency across the network, and drive structurally higher margins and organic growth over time; Certain of these tools are now nearing the end of their pilot phase, with a broader roll out planned for 2027; We are diversifying supply options to improve flexibility, reduce risk and access differentiated, higher-margin products; We maintain an active pipeline of strategically aligned opportunities and the financial flexibility to pursue them; Together, these initiatives are designed to deliver compounding improvements in performance and attractive returns across market cycles; We will continue to balance investment in growth with prudent capital allocation and balance sheet strength.

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: there are no material exchange rate fluctuations between the Canadian and U.S. dollar that affect our performance; the general state of the economy does not worsen; we do not lose any key personnel; there is no labor shortage across multiple geographic locations; there are no circumstances, of which we are aware that could lead to the Company incurring costs for environmental remediation; there are no decreases in the supply of, demand for, or market values of our products that harm our business; we do not incur material losses related to credit provided to our customers; our products are not subjected to negative trade outcomes; we are able to sustain our level of sales and earnings margins; we are able to grow our business long term and to manage our growth; we are able to integrate acquired businesses; there is no new competition in our markets that leads to reduced revenues and profitability; we can comply with existing regulations and will not become subject to more stringent regulations; geopolitical and trade tensions do not materially impact our business, no material product liability claims; importation of components or other innovative products does not increase and replace products manufactured in North America; our management information systems upon which we are dependent are not impaired; we are not adversely impacted by disruptive technologies; an outbreak or escalation of a contagious disease does not adversely affect our business; and, our insurance is sufficient to cover losses that may occur as a result of our operations.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results to differ from current expectations include, but are not limited to: exchange rate fluctuations between the Canadian and U.S. dollar could affect our performance; tariff policies extending to regions not currently under discussion; our results are dependent upon the general state of the economy; the impacts of pandemics, further mutations thereof or other outbreaks of disease, could have significant impacts on our business; we depend on key personnel, the loss of which could harm our business; a labour shortage across multiple geographic locations could harm our business; decreases in the supply of, demand for, or market values of hardwood lumber or sheet goods could harm our business; we may incur losses related to credit provided to our customers; our products may be subject to negative trade outcomes; we may not be able to sustain our level of

sales or earnings margins; we may be unable to grow our business long term or to manage any growth; we are unable to integrate acquired businesses; competition in our markets may lead to reduced revenues and profitability; we may fail to comply with existing regulations or become subject to more stringent regulations; product liability claims could affect our revenues, profitability and reputation; importation of components or other innovative products may increase, and replace products manufactured in North America; disruptive technologies could lead to reduced revenues or a change in our business model; we are dependent upon our management information systems; our information systems are subject to cyber securities risks; our insurance may be insufficient to cover losses that may occur as a result of our operations; an outbreak or escalation of a contagious disease may adversely affect our business; our credit facility affects our liquidity, contains restrictions on our ability to borrow funds, and impose restrictions on distributions that can be made by us and certain of our subsidiaries; the market price of our Shares will fluctuate; there is a possibility of dilution of existing Shareholders; and, other risks described in our Annual Information Form, our Information Circular, our MD&A and in this news release.

This news release contains information that may constitute a "financial outlook" within the meaning of applicable securities laws. The financial outlook has been approved by our management as of the date of this news release. The financial outlook is provided for the purpose of providing readers with an understanding of our anticipated financial performance. Readers are cautioned that the information contained in the financial outlook may not be appropriate for other purposes.

All forward-looking information in this news release is qualified in its entirety by this cautionary statement and, except as may be required by law, we undertake no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

Third-Party Information

Certain information contained in this news release includes market and industry data that has been obtained from or is based upon estimates derived from third-party sources, including industry publications, reports and websites. Although the data is believed to be reliable, we have not independently verified the accuracy, currency or completeness of any of the information from third-party sources referred to in this news release or ascertained from the underlying economic assumptions relied upon by such sources. We hereby disclaim any responsibility or liability whatsoever in respect of any third-party sources of market and industry data or information.

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