


ADENTRA


Annual Report 2025

A World Class Platform for Architectural Building Products

A distributor of architectural building products with a coast-to-coast platform serving major North American markets

Overview

ADENTRA AT A GLANCE

+ $2.2 B Sales	**$188 M** Adjusted EBITDA[1]
$2.68 Adjusted EPS[2]	**$3.75** Free Cash Flow Per Share[3]
92% US Sales	**81** Locations
+ $48 B Total Addressable Market[4]	**5%** ADENTRA's market share

1. "Adjusted EBITDA" is a Non-IFRS and Non-GAAP measure. See the Company's MD&A for a reconciliation to GAAP measures.
2. "Adjusted EPS" is a Non-IFRS and Non-GAAP measure. See the Company's MD&A for a reconciliation to GAAP measures.
3. "Free Cash Flow Per Share" is a Non-IFRS and Non-GAAP measure. It is calculated as Net Cash from Operating Activities, less Principal Payments on Lease Obligations, less Additions to PP&E, less Additions to Internally Generated Software, plus Proceeds from Disposal of PP&E divided by Basic Weighted Average Common Shares.
4. Total Addressable Market developed by Ducker Research.

Products, Channels and End Markets

Focused on Architectural Building Products

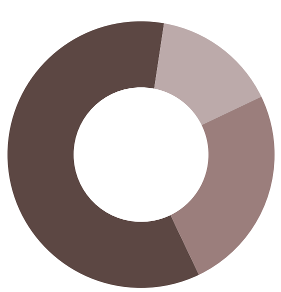
PRODUCT PORTFOLIO

7%	OUTDOOR LIVING	11%	MOULDINGS
5%	ROOFING	5%	STAIR PARTS
9%	BOARDS	8%	DIVERSIFIED
16%	DOORS	4%	COMPOSITES
15%	HARDWOOD PLYWOOD	12%	DECORATIVE SURFACES
8%	HARDWOOD LUMBER		

- ✓ Extensive 180,000+ SKU product portfolio
- ✓ Over 58% of our products are branded, exclusive, or semi-exclusive

Across Diverse Customer Channels & End Markets

ESSENTIAL CUSTOMER CHANNELS



55% INDUSTRIAL

31% PRODEALERS

14% HOME CENTERS

END MARKET ACCESS[1]

40% NEW RESIDENTIAL

40% REPAIR & REMODEL

13% COMMERCIAL

7% DIVERSIFIED

1. "End Market Access" is based on internal estimates.

Reduce Complexity Create Value

ADENTRA serves as a critical link between thousands of suppliers and tens of thousands of customers

Partnering with 2,500+ Suppliers from 30+ Countries

Global Sourcing at Scale

Access to exclusive and semi-exclusive products, driving differentiation.

ADENTRA

A vital North American supply chain partner, delivering exclusive products and insight-driven support to enable smarter projects and customer success.

SOURCING
LOGISTICS
WAREHOUSING
CUSTOMER INSIGHT

Serving 60,000+ Customers Coast-to-Coast

Seamless Distribution Across North America

Solutions tailored to the unique needs of each customer and market segment.

The ADENTRA Advantage

Global Supply Chain Strength

- Global sourcing across 30+ countries with a diversified supplier base
- Access to exclusive products, in-house brands, and break-bulk logistics
- Broad market reach for suppliers and superior selection, availability, and pricing for customers

Scalable Platform Business Model

- Centralized technology, finance, and HR supporting customer-focused operating units
- Standardized processes drive efficiency, scale, and reduce complexity
- Scalable infrastructure supports growth with operational discipline

Strong Competitive Market Position

- Broad product offering with value-added services and technical expertise
- Professional sales and marketing deepen customer relationships and brand credibility
- Digital sales platform provides 24/7 access, expanding reach and supporting profitability and loyalty

Long-Term Value Creation Framework

A blueprint for driving profitable growth and maximizing shareholder value

Organic Growth Strategy

- Global sourcing
- Vendor management
- Digital engagement
- Platform efficiency

Acquisition Strategy

- Attractive regions, products and customer channels
- 4-8x TTM EBITDA pre-synergies
- 1-1.5x multiple reduction via synergies

Disciplined Capital Allocation

- Immediately accretive to Adjusted EPS
- Post-synergy minimum 10-12% ROIC[1]
- Maintain 2-3x net debt to EBITDA and 1.0x working capital

Target Full Cycle Financial KPIs

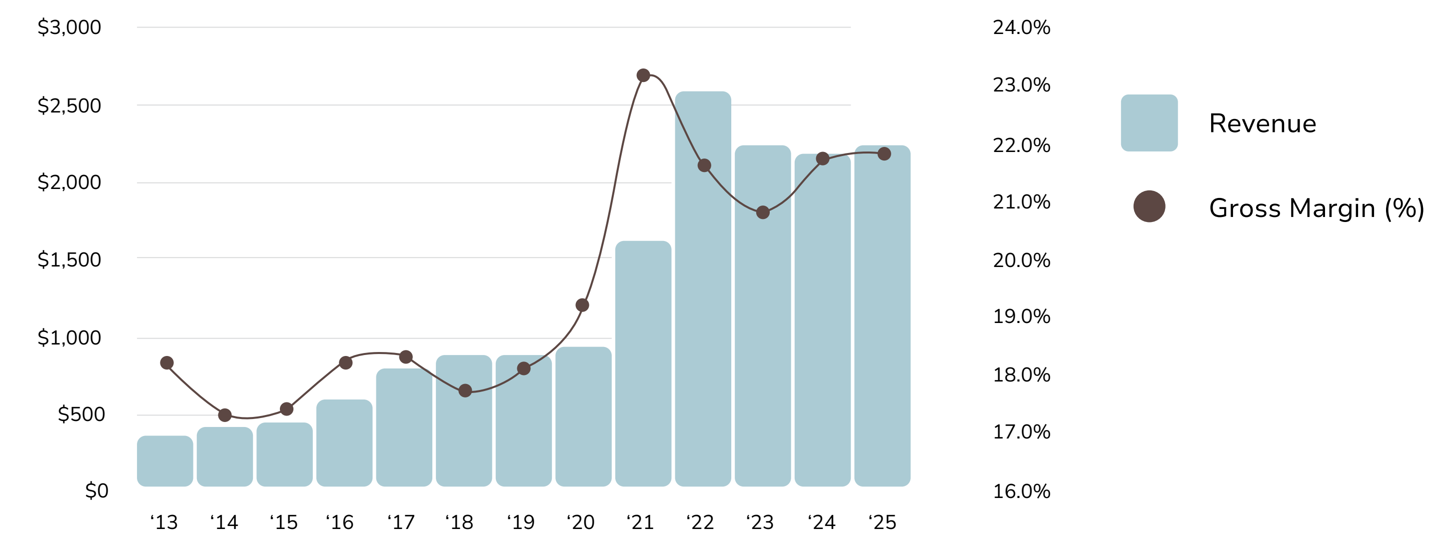
AVERAGE ANNUAL ORGANIC GROWTH	Low-to-mid single digit
AVERAGE M&A SPEND PER YEAR	$50-150M
GROSS PROFIT MARGIN	+20%
ADJUSTED EBITDA MARGIN	8-10%
RETURN ON INVESTED CAPITAL[1]	10-12%

Delivering value creation to drive continued **double-digit shareholder returns**

1. ROIC is a non-IFRS and non-GAAP measure. It is calculated by dividing Adjusted EBITDA, after subtracting depreciation, amortization, and taxes, by the sum of total bank indebtedness and shareholders' equity at period end.

Financial Highlights

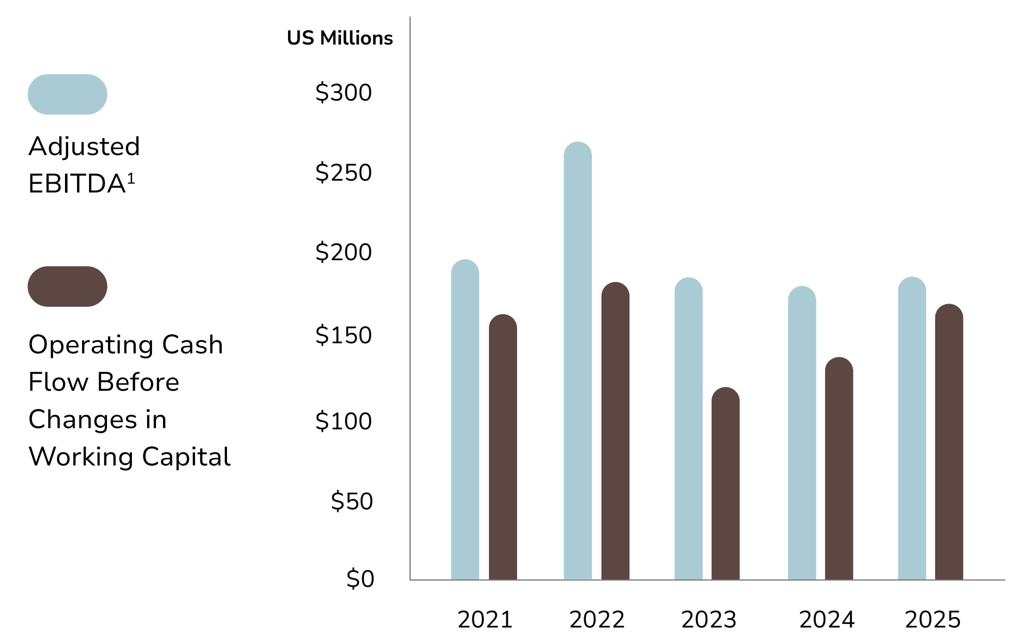
REVENUE AND GROSS MARGIN



✓ Revenue and gross margin growth over time, supported by consistent execution and strategic investments.

PLATFORM DRIVES STRONG CASH FLOWS

Adjusted EBITDA[1] and Operating Cash Flow Before Changes in Working Capital



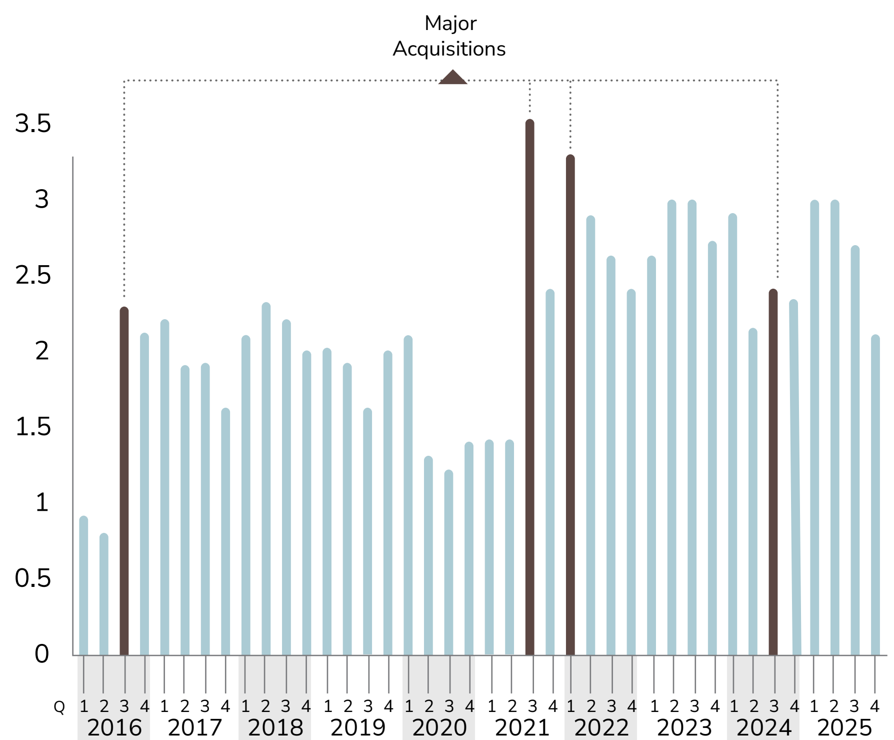
Conversion of Adjusted EBITDA[1] into Operating Cash Flow before changes in working capital averages **75%** the past five year period

✓ Strong free cash flow generation in changing market conditions

1. Adjusted EBITDA is a Non-IFRS and Non-GAAP measure. See the Company's MD&A for a reconciliation to GAAP measures.

RESPONSIBLE LEVERAGE AND SIGNIFICANT LIQUIDITY

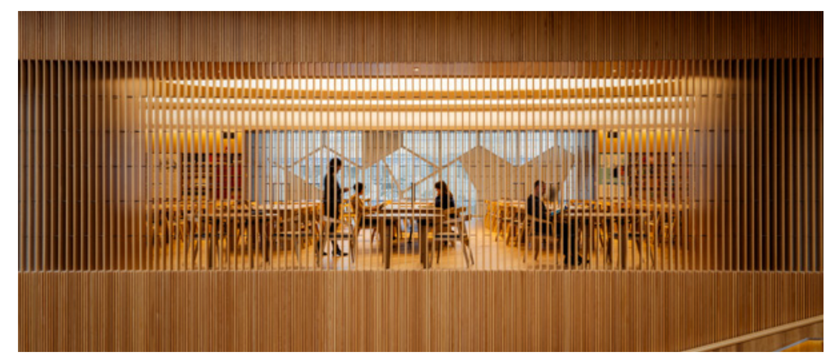
Net Debt / Adjusted EBITDA after Rents[1]



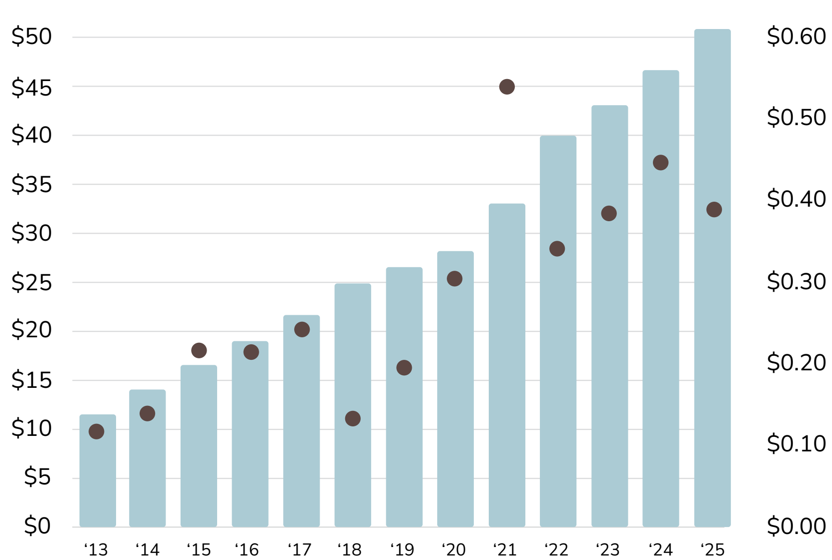
2.2 Q4 2025 Net Debt/Adjusted EBITDA after rents[1,2]

+$485M Unused borrowing capacity as at December 31, 2025

✓ Proven ability to execute on our capital allocation priorities



SHAREHOLDER RETURNS



YEAR ENDING SHARE PRICE & DIVIDEND

Dividend

Share Price

✓ Established dividend has increased in each of the last 13 years underscoring financial discipline.

✓ Combined with strong share price appreciation, this has resulted in a total shareholder return CAGR of 18.3% over the past 13 years versus the TSX Index of 7.5% and S&P of 12.8%[3]

1. "Net Debt to Adjusted EBITDA after rents" is a Non-IFRS and Non-GAAP measure. See the Company's MD&A for a reconciliation to GAAP measures.
2. "Adjusted EBITDA after rents" for Q4 2025 includes results from the 12-month period ending December 31, 2025.
3. Total Shareholder Return CAGR's are calculated using year ending values from 2012 and 2025.

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Rob Brown,
President and CEO

To our Shareholders,

ADENTRA delivered another year of disciplined, execution-led performance in 2025.

In an environment defined by muted housing activity and limited market tailwinds, our teams remained focused on what we can control: operational excellence, margin discipline, and strong cash generation. That focus enabled us to deliver steady growth and reinforce the durability of our business model.

We grew consolidated revenue to $2.25 billion, up 3% year-over-year, and increased Adjusted EBITDA by 2% to $187.9 million. Adjusted earnings per share was lower than the prior year, primarily related to an increase in net finance expense and operating expense, on an adjusted basis, partially offset by an increase in gross margin. Pricing conditions also stabilized during 2025 following two years of decline, and our ability to manage costs and optimize our product mix supported resilient margins.

Importantly, the business continued to generate meaningful cash flow. Adjusted EBITDA converted into $160.6 million of operating cash flow, enabling us to repurchase 3.5% of our outstanding shares and return $29.5 million to shareholders through dividends and share repurchases, including a 7% dividend increase announced in November. At the same time, we reduced our leverage ratio to 2.2x, strengthening our balance sheet and positioning ADENTRA for future acquisition opportunities.

In summary, ADENTRA performed as designed, delivering consistent results across the cycle while building capacity for long-term growth.

A Platform Model Built to Create Value

At the heart of ADENTRA's success is a platform business model designed to reduce complexity and create value for our 2,500+ suppliers and 60,000+ customers.

Our North America-wide network of 81 distribution centers is one of the most extensive in our industry, enabling us to distribute products with a reach and efficiency that few of our competitors can match. We have leveraged this size and scale to invest in capabilities that make ADENTRA even more attractive to work with, ranging from sophisticated vendor management systems to digital engagement strategies. Our global sourcing strategy is another key differentiator, built over many years and providing customers with access to an exceptional portfolio of distinctive, high-value products, many available only from us.

Our platform model combines the best of two worlds: our front-facing distribution brands allow us to personalize day-to-day operations, building trust and loyalty as we deliver locally for our customers. Simultaneously, our centralized shared services give us the purchasing power, operating leverage, digital enablement, standardized processes, and global sourcing capabilities to offer unmatched service and product access, while also generating significant bottom-line efficiencies.

It is this combination that has created a strong and sustained competitive advantage for ADENTRA, and in 2025 we continued to deepen this moat with a focus on three strategic areas.

Supply Chain Excellence: Supply chain excellence, including sourcing resilience and strong logistics capabilities, is a core strategic focus for ADENTRA and contributed to our stable performance and durable margins in last year's complex trade and tariff environment. As a trusted partner for our U.S. vendors we are able to offer a strong and attractive lineup of domestic products, bolstered by our global sourcing network of over 30 countries, which further expands our suite of products. Stringent compliance is another key area of focus for us, the success of which was underscored by our recovery of $25.6 million of trade duties, including interest, following the successful outcome of a US Department of Commerce trade case related to hardwood plywood products imported from Vietnam. By applying rigorous compliance to our global sourcing network, we ensure that our supply chain remains an important driver of our performance, and that risks are managed, not ignored.

Investing in Digital Competitiveness: Our digital transformation accelerated in 2025, with AI-driven intelligence and advanced analytics powering smarter decisions and more responsive services across our platform. Every day, we are finding innovative ways to leverage technology: optimizing logistics, sharpening pricing discipline and deepening customer engagement. Expanded deployment of our digital sales platform also continued to build value in 2025, improving customer satisfaction with 24/7 access to real-time inventory and automated quoting, while efficiently supporting over 20% of our annual sales.

Acquisition-based Growth: Accretive acquisitions are central to how ADENTRA grows and compounds value. During 2025, we completed our integration of Woolf Distributing Co. Inc. ("Woolf"), the US-based distributor we acquired in 2024 as part of an immediately accretive transaction. The new operations contributed incremental sales of $94.3 million to our 2025 results, expanded our reach into the US Midwest, and unlocked new specialty outdoor living segments, all while adding fresh expertise to our team.

While integrating Woolf, we were also readying for future growth. We continued to build our acquisition pipeline during the year and further strengthened our balance sheet in preparation. We are now entering 2026 ready for the next opportunities, particularly those that are accretive, strategically valuable, and can be well-integrated within our platform.

Measuring Long-Term Value Creation

The results we delivered in 2025 are a direct outcome of our platform model and disciplined execution across our key strategic areas. By focusing on supply chain excellence, digital competitiveness, and accretive growth, we have created a foundation for long-term value creation. To ensure accountability and transparency, we have also introduced a framework that defines what our performance should look like over an average cycle. This framework centers on the metrics that matter the most, including:

- **Profitable share gains:** Achieving low-to-mid single-digit organic growth over the cycle, reflecting our focus on operational excellence and customer engagement.
- **Gross margin above 20%:** Demonstrating our commitment to high-value products and disciplined operations.
- **Adjusted EBITDA margin of 8-10%:** Balancing efficiency with investment for future growth.
- **Return on Invested Capital (ROIC) of 10-12%:** Delivering strong returns, including robust post-synergy acquisition performance.
- **Balance sheet flexibility and working capital discipline:** Maintaining disciplined inventory and cash conversion, preserving our capacity to act on accretive opportunities.
- **Accretive consolidation:** Making M&A a repeatable strength, reliably capturing synergies through our shared-service standards.

This long-term value creation framework will continue to guide our strategy and performance.

Moving Forward

As we look ahead to 2026, our view of the near-term macroeconomic environment remains measured. Elevated US mortgage rates, limited housing inventory, geopolitical unrest, and an uncertain global trade environment continue to weigh on near-term demand. However, the potential for easing interest rates, supportive US government housing policies, and long-term structural demand drivers could create a more constructive backdrop later in 2026 and into 2027.

Over the longer term, an undersupplied housing market, favorable demographics, and an aging housing stock continue to provide strong fundamentals. With our national footprint, broad product offering, strong supplier partnerships, and disciplined execution, we believe ADENTRA is well positioned to continue delivering accretive growth and attractive returns across the cycle.

While our platform and strategies position us to succeed, it is the daily execution, innovation and drive of our teams that transform our strengths into tangible value for customers, suppliers and investors. I want to close by acknowledging the significant contributions of ADENTRA's employees. Their dedication and expertise are core to our performance and success.

To our shareholders, thank you for your continued trust in ADENTRA's long-term vision. We remain committed to creating and returning sustainable value to you.

Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") has been prepared by ADENTRA Inc., hereby referred to as "ADENTRA" or the "Company", as of March 11, 2026. This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes ("Audited Financial Statements") of the Company for the years ended December 31, 2025 and 2024. Results are reported in US dollars unless otherwise stated. The financial information contained herein has been prepared in accordance with IFRS Accounting Standards ("IFRS"), unless otherwise indicated. For additional information, readers should also refer to our Annual Information Form and other information filed on www.sedarplus.ca.

Non-GAAP and other Financial Measures

In this MD&A, reference is made to the following non-GAAP financial measures:

- "Adjusted EBITDA" is EBITDA before long term incentive plan ("LTIP") expense, transaction expense and net recovery of trade duties. 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 before LTIP expense, transaction expense, net recovery of trade duties, foreign exchange gain (loss), amortization of intangible assets acquired in connection with an acquisition, and income tax recovery related to corporate restructuring. 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.

- "Organic sales" consists of quantifying the change in total sales as either related to organic or acquisition-based, or the impact of foreign exchange. Total sales earned by acquired companies in the first 12 months following an acquisition are reported as acquisition-based growth and thereafter as organic sales. Organic sales excludes the impact of acquisitions and foreign exchange impact related to the translation of Canadian sales to US dollars. From time to time, we also quantify the impacts of certain unusual events to organic sales to provide useful information to investors to help better understand our financial results.

- "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.

In this MD&A, 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 LTIP expense, transaction expense, net recovery of trade duties, foreign exchange gain (losses), amortization of intangible assets acquired in connection with an acquisition, and income tax recovery related to corporate restructuring. 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 net debt as compared to Previous 12-months Pro-Forma Adjusted EBITDA after rent payments related to warehousing and trucks. We believe Leverage Ratio is a useful supplemental measure for investors, and is used by management to assist in evaluating our profitability, our ability to meet debt service requirements, assessing our capital structure and how to finance organic and inorganic growth, our ability to generate cash flow from operations, and as an indicator of relative operating performance.

Such non-GAAP 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 3.0, Working Capital in section 5.2, and Revolving Credit Facilities and Debt Management Strategy in section 5.3 of this report.

1.0 Executive Summary

1.1 HIGHLIGHTS

We achieved solid financial performance again in 2025 as our growth strategies, scalable cost-efficient operating model and highly disciplined capital allocation supported improved sales, strong gross margin performance, and slightly higher Adjusted EBITDA, despite continued softness in construction market demand.

Summary financial highlights

- **Generated full-year sales** of $2.25 billion, an increase of 3.0% compared to $2.18 billion in the prior year. **Q4 sales** decreased to $517.5 million, from $530.8 million in Q4 2024, down 2.5%.

- **Gross margin percentage** remained strong at 21.7% in 2025; **Q4 2025** gross margin percentage increased to 22.1%, from 21.7% in Q4 2024.

- **Operating expenses** increased by $7.6 million to $384.8 million, from $377.2 million in 2024. **Q4 2025 operating expenses** increased by $0.3 million, or 0.3%.

- **Basic earnings per share** increased to $2.78 in 2025, from $1.95 in 2024. **Q4 basic earnings per share** increased to $1.32, from $0.34 per share in Q4 2024.

- **Adjusted basic earnings per share** of $2.68 in 2025, compared to $3.01 in 2024; **Q4 2025 adjusted basic earnings per share** of $0.67, compared to $0.51 per share in Q4 2024.

- **Achieved full-year Adjusted EBITDA** of $187.9 million, up from $184.3 million in 2024; **Q4 2025 Adjusted EBITDA** of $43.7 million increased 3.7% from $42.2 million in Q4 2024.

- **Generated strong cash flow from operating activities** of $160.6 million in 2025, including $99.6 million in Q4 2025.

- **Effectively deployed capital in 2025,** reducing our leverage ratio, and returning $29.5 million in cash to shareholders via dividends and share repurchases.

- **Increased quarterly dividend** by 7% to C$0.16 per share, or C$0.64 annually, effective November 7, 2025.

We achieved year-over-year sales growth of 3.0% in 2025, with sales reaching $2.25 billion. This growth was primarily driven by the successful integration and execution of Woolf, acquired in July 2024, which contributed $94.3 million to our 2025 sales as compared to 2024. Our results were further supported by a 0.9% increase in product pricing, which helped offset a reduction in sales volumes, particularly in the fourth quarter when demand was lower than anticipated. The improvement in 2025 product pricing marked a welcome change following two years of product price deflation.

Our gross margin percentage remained robust at 21.7% for 2025, with margins rising to 22.1% in the fourth quarter. Our operational execution is supported by our procurement and pricing strategies. Our success in diversifying across products, geographies, customer channels and end-markets has further enhanced our margin resilience.

Operating expenses increased modestly by 2.0% year-over-year, reflecting disciplined cost management in a generally inflationary cost environment. We continued to exert tight control over operating expenses, including careful management of wage inflation, staffing levels and premise expenses.

Adjusted full-year EBITDA increased by 2.0% to $187.9 million, underscoring our ability to deliver consistent profitability in a challenging and dynamic environment. Unadjusted net income climbed by 47.2% to $68.4 million in 2025, primarily driven by our solid operating results, the positive impact of trade duty refunds, and a reduction in income tax expense, partially offset by an increase in depreciation and amortization expense. Adjusted net income declined by $5.7 million, or 7.9%, primarily due to higher operating expense, as discussed above, and an increase in interest expense after adjustments, partially offset by an increase in gross margin.

Our cash flow generation was another highlight in 2025, as we converted Adjusted EBITDA of $187.9 million into $163.5 million of operating cash flow, before changes in working capital. This included $41.9 million in Q4 alone. Our strong cash generation demonstrates the efficiency of our business model, particularly in periods of weaker demand.

We employed this capital to repurchase 3.5% of our outstanding shares, increase our dividend for the thirteenth consecutive year, and repay debt. By year-end we had lowered our leverage ratio to 2.2x, providing ample flexibility for future growth.

Moving forward, we anticipate continued strong cash flow generation in 2026, which will underpin our strategies. With a solid financial foundation, we are well positioned to execute on our robust pipeline of acquisition opportunities and build on our track record of successful and accretive transactions. Our capital allocation approach remains balanced and will also include continued debt reduction, dividends and opportunistic share repurchases. On March 11, 2026, ADENTRA's Board of Directors approved a quarterly dividend of C$0.16 per share, to be paid April 24, 2026 to shareholders of record as at April 13, 2026. These actions reflect our ongoing commitment to disciplined financial management and long-term value creation.

1.2 RECENT ACQUISITIONS

Over the past five years we have completed four acquisitions, which collectively represent pro-forma annual revenues of approximately $1.1 billion and have diversified our product offering such that no individual product category exceeds 20% of our pro-forma sales mix. The new businesses have also significantly expanded the proportion of our revenues sourced from higher-margin specialty products and have broadened our customer segments to include fabricators, pro dealers and home centers, increasing our access to large, new addressable markets.

Woolf Acquisition

On July 29, 2024, we completed the $131.9 million acquisition of Woolf, a value-added distributor of architectural building and millwork products for residential and commercial markets. Woolf has expanded our geographic reach and product portfolio by adding complementary millwork locations to our US Midwest operations and introducing branded specialty products in the outdoor living product category. This acquisition also enhances our access to the attractive pro dealer customer channel.

1.3 TARIFFS

Country Tariffs

On February 20, 2026 the Supreme Court of the US ("SCOTUS") ruled that the International Emergency Economic Powers Act ("IEEPA") does not give the President the authority to impose tariffs. In response, on February 21, 2026 the President issued a proclamation imposing 10% duties on US imports pursuant to Section 122 of the Trade Act of 1974 ("S122 Tariffs") effective February 24, 2026. The earlier message from the administration was that the S122 tariffs would subsequently increase to 15%. This has not yet taken place.

As a result of the SCOTUS ruling noted above, and after taking into account S122 Tariffs, we estimate that 26% of our product mix will be subject to tariffs, at average rates of 10%. As it relates to a potential refund of tariffs paid under IEEPA, we do not expect refunded amounts, if any, to be material.

Product Tariffs

The US Department of Commerce's ("Commerce") Section 232 ("S232") investigation into the US national security implications of timber, lumber, and derivative product imports ("Wood Products") concluded in September 2025. Our products were largely excluded from the scope of S232.

Countervailing Duties ("CVD") and Anti-Dumping ("AD")

In Q2 2025, Commerce completed its review of certain hardwood plywood products from Vietnam, which were alleged to be circumventing existing CVD and AD orders against Chinese hardwood plywood. The review's outcome was favorable for us, as it removed the circumventing designation and associated duties on products we had imported. Consequently, we received refunds of $23.0 million and accrued interest of $2.5 million in 2025.

Also during the second quarter of 2025, Commerce initiated new CVD and AD investigations relating to hardwood and decorative plywood imports from China, Indonesia, and Vietnam into the US. In January 2026, Commerce announced preliminary CVD rates ranging from 2.4% to 128.66% depending on the exporter. In February 2026 Commerce announced preliminary AD rates ranging from 19.98% to 196.14% depending on the exporter. Final rate announcements are expected later in 2026. The Company does not expect the outcome of this investigation to have a material effect on its supply chain or result in duty liabilities.

Response

We are well-prepared to manage tariff impacts. Our price pass-through model allows us to offset increased product costs, including those related to tariffs, by adjusting selling prices. This approach has helped us maintain consistent gross margins and generate additional gross profit during periods of rising product costs. Our global sourcing network spans over 30 countries, providing diverse product options and different price points for our customers. As a key partner for our US vendors, which represents the majority of our sourcing, we also have a strong domestic supply if customers prefer US products over imported ones.

In the event that tariff-related price increases reduce consumer demand, we can adjust inventories and preserve cash flow. During economic slowdowns, we release working capital and pay down debt. We believe that any short-term reduction in home building will only worsen the existing housing shortage in the US, ultimately boosting future demand for our products.

1.4 OUTLOOK

Unfavorable winter weather in early 2026 resulted in fewer selling days for many of our operations in January and February, with sales down 2% as compared to the first two months of 2025. First quarter 2026 gross margin percentage is expected to moderate relative to Q1 2025, while continuing to exceed our established benchmark, driven by product mix.

We continue to approach the near-term outlook with measured caution. Higher US mortgage rates and limited housing inventory continue to pose affordability hurdles for prospective buyers. Additionally, the dynamic trade landscape between the US and major global partners and recent geopolitical tension are contributing to continued uncertainty in the economic environment.

On a positive note, the easing of interest rates in late 2025, combined with favorable long-term structural demand drivers, could support a more constructive backdrop later in 2026 and into 2027. In addition, the US administration has publicly committed to lowering housing costs and expanding supply. Recent actions include federal purchases of mortgage-backed securities and an executive order restricting institutional investors from buying single-family homes. Other potential policy proposals include longer mortgage terms, the use of retirement savings for a down payment, mortgage portability, and capital gains relief on the sale of a primary residence. Government actions and policy that support the housing market could support demand for housing, and our products.

We remain optimistic about the long-term trajectory of the residential construction sector. This confidence is underpinned by enduring structural undersupply, favorable demographic trends, and an aging housing stock. We continue to prioritize operational discipline and the consistent execution of our proven strategy, leveraging our extensive experience in navigating diverse economic cycles. Our broad product portfolio, national footprint, and strong supplier partnerships further enhance our ability to adapt and perform in a dynamic environment.

Moving forward, we will continue to advance our strategic priorities within our full-cycle value creation framework, as more fully described in our shareholders' letter and investor presentation. We are targeting double-digit returns on invested capital and accretive growth through a combination of platform efficiency, organic growth initiatives, and tightly managed execution of our acquisitions strategy.

2.0 Business and Industry Overview

Serving customers for over 60 years, ADENTRA is one of North America's largest distributors of architectural building products to the residential, repair and remodel and commercial construction markets. We operate 81 regional customer service centers across North America. Certain of these facilities include light manufacturing capabilities, which enable us to create custom millwork packages for our customers.

Our product mix comprises a wide array of products, including doors, decorative surfaces, mouldings, stair parts, hardwood lumber, hardwood plywood, composite panels, outdoor living, boards, roofing and other building products. Many of our product lines are complementary, and we typically sell our customers some combination of key products from the categories described.

Our primary role in the industry is to provide the critical link between suppliers that generally manufacture and want to sell large volumes of certain products, and customers that generally require lesser quantities of many different products on a just-in-time basis. In addition to fulfilling this essential role in the supply chain, we provide value-added services when some level of customization is required by our customers.

Our customers include industrial manufacturers, home builder distribution yards ("Pro Dealers"), and home centers.

- Industrial manufacturers are comprised of thousands of small to mid-sized customers that require materials on a just-in-time basis, typically need a wider range of products than they can source from any one mill, and seek time to pay in the form of credit terms. These customers manufacture a range of end-use products including cabinetry, furniture and custom millwork.

- Pro Dealers are comprised of smaller and larger customers that manufacture and supply building materials to both custom and production home builders. Pro Dealers require us to manage the complex supply chain and lead times associated with the architectural building products that we sell. Increasingly, Pro Dealers also want to align with suppliers like ADENTRA that have a national footprint and that can work with them on an organized and consistent basis across multiple regions.

- Home centers are comprised of building materials retailers such as Lowe's, Home Depot, and Marvin's. The majority of our home center customers "turn over the aisle" to ADENTRA and require us to be a full category manager. This includes managing the complex supply chain and lead times associated with the architectural products that we sell, determining what product to stock in which locations, shipping the product to each individual store and physically replenishing the aisle, counting and culling inventory as needed, training home center staff on the product, and supporting e-commerce activities.

As it relates to our suppliers, we add value by buying their products in volume and paying them promptly, by providing access to our large North American distribution network, and by supporting their products with strong sales and marketing support. We effectively act as their third-party sales force.

Customers sell our products across multiple sectors of the economy, including new home construction, renovation, non-residential construction, institutional markets and manufacturing. As a result of this diversity, it is difficult to determine with certainty how our sales break out across these sectors. We estimate that approximately 40% of our products end up in new residential construction and another 40% in the repair and remodel end markets. We estimate that the remaining 20% ends up in other sectors of the economy not associated with new residential construction, such as finishing millwork for office buildings, recreational vehicles, restaurant and bar interiors, hotel lobbies, retail point-of-purchase displays, schools, hospitals, custom motor coaches, yacht interiors and other specialty areas.

3.0 Results of Operations

3.1 YEARS ENDED DECEMBER 31, 2025 AND 2024

Selected Consolidated Financial Information

(in thousands of US dollars, except otherwise noted, per share amounts and percentages)

	For the year ended December 31, 2025	For the year ended December 31, 2024	$ Increase (Decrease)	% Increase (Decrease)
Total sales	$ 2,249,266	$ 2,184,258	$ 65,008	3.0 %
Sales in the US	2,078,862	2,011,895	66,967	3.3 %
Sales in Canada (CAD$)	238,191	235,926	2,265	1.0 %
Gross margin	487,851	474,064	13,787	2.9 %
Gross margin %	21.7%	21.7%		
Operating expenses	(384,760)	(377,156)	7,604	2.0 %
Income from operations	$ 103,091	$ 96,908	$ 6,183	6.4 %
Add: Depreciation and amortization	85,022	76,099	8,923	11.7 %
Earnings before interest, taxes, depreciation and amortization ("EBITDA")	$ 188,113	$ 173,007	$ 15,106	8.7 %
EBITDA as a % of revenue	8.4%	7.9%		
(Deduct):				
Depreciation and amortization	(85,022)	(76,099)	8,923	
Net finance expense	(37,048)	(41,614)	(4,566)	
Income tax recovery (expense)	2,385	(8,816)	(11,201)	
Net income for the year	$ 68,428	$ 46,478	$ 21,950	47.2 %
Basic earnings per share	$ 2.78	$ 1.95		
Diluted earnings per share	$ 2.71	$ 1.92		
Average US dollar exchange rate for one Canadian dollar	$ 0.715	$ 0.730		

Analysis of Specific Items Affecting Comparability

(in thousands of US dollars, except per share amounts and percentages)

	For the year ended December 31, 2025	For the year ended December 31, 2024	$ Increase (Decrease)	% Increase (Decrease)
EBITDA, per table above	$ 188,113	$ 173,007	$ 15,106	8.7 %
LTIP expense	9,541	9,309	232	
Transaction expense	—	1,935	(1,935)	
Trade duties, net recovery	(9,732)	—	(9,732)	
Adjusted EBITDA	$ 187,922	$ 184,251	$ 3,671	2.0 %
Adjusted EBITDA as a % of revenue	8.4 %	8.4 %		
Net income for the year, as reported	$ 68,428	$ 46,478	$ 21,950	47.2 %
Adjustments:				
LTIP expense	9,541	9,309	232	
Transaction expense	—	1,935	(1,935)	
Trade duties net recovery	(9,732)	—	(9,732)	
Foreign exchange gain	(7,713)	(875)	(6,838)	
Amortization of acquired intangible assets	26,934	24,114	2,820	
Tax impact of above adjustments	(6,294)	(9,138)	2,844	
Income tax recovery related to corporate restructuring	(15,039)	—	(15,039)	
Adjusted net income for the year	$ 66,125	$ 71,823	$ (5,698)	(7.9) %
Basic earnings per share, as reported	$ 2.78	$ 1.95	$ 0.83	42.6 %
Net impact of above items per share	(0.10)	1.06	(1.16)	
Adjusted basic earnings per share	$ 2.68	$ 3.01	$ (0.33)	(11.0) %
Diluted earnings per share, as reported	$ 2.71	$ 1.92	$ 0.79	41.1 %
Net impact of above items per share	(0.09)	1.05	(1.14)	
Adjusted diluted earnings per share	$ 2.62	$ 2.97	$ (0.35)	(11.8) %

SALES

For the year ended December 31, 2025, sales grew to $2.25 billion, an increase of $65.0 million, or 3.0%, from $2.18 billion in 2024. This growth was primarily driven by a $94.3 million contribution from the Woolf operations acquired in July 2024, which represented a 4.3% increase in sales. This was partially offset by a $25.8 million, or 1.2%, reduction in organic sales, mainly attributable to a 2.1% reduction in sales volume, partially mitigated by a 0.9% increase in product prices. In addition, unfavorable foreign exchange fluctuations in the Canadian dollar negatively impacted sales by $3.5 million.

Sales in the U.S.

In our U.S. operations, 2025 sales increased 3.3% to $2.08 billion, from $2.01 billion in 2024. The year-over-year improvement reflects the $94.3 million revenue contribution from the Woolf operations, partially offset by a $27.3 million, or 1.4%, decrease in organic sales. The change in organic sales reflects a 2.3% reduction in sales volumes, moderated by a 0.9% increase in product prices.

Sales in Canada

In Canada, sales grew to C$238.2 million in 2025, up C$2.3 million, or 1.0%, from 2024. The year-over-year increase primarily reflects higher sales volumes.

GROSS MARGIN

Gross margin for the year ended December 31, 2025 increased to $487.9 million, up $13.8 million, or 2.9%, from $474.1 million in 2024. Higher sales were the key factor in this improvement, with gross margin percentage holding steady at 21.7% year-over-year.

OPERATING EXPENSES

For the year ended December 31, 2025, operating expenses totaled $384.8 million, an increase of $7.6 million, or 2.0%, compared to $377.2 million in 2024. This year-over-year increase reflects $12.1 million of incremental operating expenses related to the Woolf acquisition, a $4.0 million increase in premise-related costs, and a $3.9 million increase in depreciation, primarily associated with leased premises. People costs also increased by $1.5 million, reflecting inflationary wage adjustments. These increases were partially offset by a net recovery of $9.7 million in trade duties (as discussed in section 1.3), a $1.9 million reduction in Woolf-related transaction costs that were incurred in 2024 and did not recur in 2025, and a $1.4 million gain recognized in connection with the fair value adjustment of contingent consideration related to the Woolf acquisition.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization for the year ended December 31, 2025 increased to $85.0 million, from $76.1 million in 2024. The $8.9 million increase was primarily attributable to a $6.0 million rise in depreciation related to leased premises and delivery vehicles, as well as a $2.8 million increase in the amortization of acquired intangible assets related to the Woolf acquisition.

Depreciation and amortization for the year ended December 31, 2025, includes $26.9 million related to acquired intangible assets, compared to $24.1 million in 2024.

NET FINANCE EXPENSE

For the year ended December 31, 2025, net finance expense decreased by $4.6 million to $37.0 million, from $41.6 million in 2024. This year-over-year decrease was primarily driven by a $6.8 million increase in foreign exchange gains, mainly resulting from the settlement of foreign currency denominated intercompany loans during 2025. Additionally, interest income of $2.5 million was recognized in connection with the net recovery of trade duties (as discussed in section 1.3). These favorable impacts were partially offset by a $4.2 million increase in the accretion of lease obligations, largely related to leased premises, and a $1.2 million increase in interest on bank indebtedness due to a higher average debt balance in 2025 compared to 2024.

INCOME TAX EXPENSE

For the year ended December 31, 2025, we recognized an income tax recovery of $2.4 million, compared to an income tax expense of $8.8 million in 2024. This resulted in an effective tax recovery rate of 3.6% for the current period, compared to an effective tax expense rate of 15.9% in the prior year.

The significant change in tax expense was attributable to an internal corporate restructuring completed in November 2025. As a result of this restructuring, we determined that it is more likely than not that our excess interest and financing expense carryforwards will be utilized against future taxable income. Consequently, we recognized a previously unrecorded deferred tax asset of $7.4 million (C$10.7 million), resulting in a deferred tax recovery in profit or loss for the year ended December 31, 2025. During 2025, we also generated further excess interest and financing expense carryforwards totaling $29.5 million (C$40.5 million), which resulted in an additional deferred income tax asset of $7.2 million (C$9.9 million). Management has assessed that these amounts are expected to be fully utilized, and therefore, the related deferred tax assets were recognized in full.

Excluding the impact of the deferred tax asset recognition and related recovery, our effective tax rate for 2025 was 19.2%, which is lower than our statutory tax rate driven by prior year true-ups, a lower effective tax rate associated with foreign exchange gains, and certain restructuring benefits.

ADJUSTED EBITDA

For the year ended December 31, 2025, Adjusted EBITDA increased to $187.9 million, up $3.7 million or 2.0%, from $184.3 million in the same period in 2024. The year-over-year improvement was primarily driven by a $13.8 million increase in gross margin, partially offset by a $10.1 million increase in operating expenses (before changes in depreciation and amortization, LTIP expense, transaction expense and net recovery of trade duties).

NET INCOME FOR THE PERIOD

Net income for the year ended December 31, 2025 was $68.4 million, an increase of 47.2% from $46.5 million in the prior year. Basic earnings per share rose to $2.78, up from $1.95 in 2024. The $21.9 million improvement in net income was primarily attributable to the $15.1 million increase in EBITDA, the $11.2 million reduction in income tax expense, and the $4.6 million decrease in net finance expense, partially offset by an $8.9 million increase in depreciation and amortization expense.

Adjusted net income for the year ended December 31, 2025 was $66.1 million, a decrease of 7.9% from $71.8 million in 2024. Adjusted net income declined primarily due to higher operating expense of $16.2 million, an increase in net finance expenses of $2.3 million, and higher income tax expense of $1.0 million, all on an adjusted basis. The increase in operating expense was mainly driven by incremental costs of the Woolf acquisition and higher premise-related costs as outlined above. These impacts were partially offset by a $13.8 million increase in gross margin.

Adjusted basic earnings per share were $2.68, compared to $3.01 in the prior year, a decrease of 11.0%.

3.2 THREE-MONTH PERIODS ENDED DECEMBER 31, 2025 AND 2024

Selected Consolidated Financial Information

(in thousands of US dollars, except otherwise noted, per share amounts and percentages)

	Three months ended December 31, 2025	Three months ended December 31, 2024	$ Increase (Decrease)	% Increase (Decrease)
Total sales	$ 517,537	$ 530,809	$ (13,272)	(2.5) %
Sales in the US	477,948	489,865	(11,917)	(2.4) %
Sales in Canada (C$)	55,236	57,134	(1,898)	(3.3) %
Gross margin	114,363	115,228	(865)	(0.8) %
Gross margin %	22.1%	21.7%		
Operating expenses	(94,679)	(94,415)	264	0.3 %
Income from operations	$ 19,684	$ 20,813	$ (1,129)	(5.4) %
Add: Depreciation and amortization	21,754	20,518	1,236	6.0 %
Earnings before interest, taxes, depreciation and amortization ("EBITDA")	$ 41,438	$ 41,331	$ 107	0.3 %
EBITDA as a % of revenue	8.0%	7.8%		
Add (deduct):				
Depreciation and amortization	(21,754)	(20,518)	1,236	
Net finance expense	(1,005)	(8,878)	(7,873)	
Income tax recovery/(expense)	13,376	(3,547)	(16,923)	
Net income for the period	$ 32,055	$ 8,388	$ 23,667	282.2 %
Basic earnings per share	$ 1.32	$ 0.34		
Diluted earnings per share	$ 1.29	$ 0.33		
Average US dollar exchange rate for one Canadian dollar	$ 0.717	$ 0.715		

Analysis of Specific Items Affecting Comparability

(in thousands of US dollars, except per share amounts and percentages)

	Three months ended December 31, 2025	Three months ended December 31, 2024	$ Increase (Decrease)	% Increase (Decrease)
EBITDA, per table above	$ 41,437	$ 41,331	$ 106	0.3 %
LTIP expense	2,296	853	1,443	
Adjusted EBITDA	$ 43,733	$ 42,184	$ 1,549	3.7 %
Adjusted EBITDA as a % of revenue	8.5 %	7.9 %		
Net income for the period, as reported	$ 32,055	$ 8,388	$ 23,667	282.2 %
Adjustments:				
LTIP expense	2,296	853	1,443	
Foreign exchange gain	(8,641)	(1,697)	(6,944)	
Amortization of acquired intangible assets	6,737	6,731	6	
Tax impact of above adjustments	(1,169)	(1,560)	391	
Income tax recovery related to corporate restructuring	(15,039)	—	(15,039)	
Adjusted net income for the period	$ 16,239	$ 12,715	$ 3,524	27.7 %
Basic earnings per share, as reported	$ 1.32	$ 0.34	$ 0.98	288.2 %
Net impact of above items per share	(0.65)	0.17	(0.82)	
Adjusted basic earnings per share	$ 0.67	$ 0.51	$ 0.16	31.4 %
Diluted earnings per share, as reported	$ 1.29	$ 0.33	$ 0.96	290.9 %
Net impact of above items per share	(0.64)	0.17	(0.81)	
Adjusted diluted earnings per share	$ 0.65	$ 0.50	$ 0.15	30.0 %

SALES

For the three months ended December 31, 2025, we generated total sales of $517.5 million, a $13.3 million, or 2.5%, decrease from Q4 2024. The year-over-year organic sales decrease was primarily attributable to a 4.8% reduction in sales volume, partially offset by a 2.3% increase in product prices

Sales in the U.S.

In our U.S. operations, fourth quarter sales of $477.9 million were $11.9 million, or 2.4%, lower than the $489.9 million achieved in Q4 2024. The year-over year change primarily reflects a 4.7% reduction in sales volumes, partially offset by a 2.3% increase in product pricing.

Sales in Canada

In Canada, fourth quarter sales of C$55.2 million decreased by C$1.9 million, or 3.3%, from $57.1 million in Q4 2024. This year-over-year change reflects a 4.2% decrease in sales volumes, partially offset by a 0.9% increase in product pricing.

GROSS MARGIN

We generated a gross margin of $114.4 million in the fourth quarter of 2025, a decrease of $0.9 million, or 0.8%, compared to the same period in 2024. The year-over-year change was primarily driven by the reduction in net sales, partially offset by an improvement in our gross margin percentage, which increased to 22.1% from 21.7% in Q4 2024.

OPERATING EXPENSES

For the three months ended December 31, 2025, operating expenses increased by $0.3 million, or 0.3%, to $94.7 million, from $94.4 million in Q4 2024. The increase was primarily driven by higher costs associated with leased premises, which rose by $1.9 million. Operating expense increases were partially offset by a $1.4 million recovery in deferred contingent consideration related to the Woolf acquisition.

DEPRECIATION AND AMORTIZATION

For the three months ended December 31, 2025, depreciation and amortization totaled $21.8 million, an increase of $1.2 million from $20.5 million in Q4 2024. The year-over-year increase was primarily attributable to higher depreciation expenses associated with leased premises. In both Q4 2025 and Q4 2024, $6.7 million of the total depreciation and amortization expense was related to acquired intangible assets.

NET FINANCE EXPENSE

For the three months ended December 31, 2025, net finance expense decreased by $7.9 million to $1.0 million, from $8.9 million in the same period of the prior year. The decrease compared to the prior year was largely attributable to an increased foreign exchange gain of $6.9 million, primarily resulting from foreign exchange gains realized upon settlement of intercompany loans. Additionally, other finance income increased by $1.8 million, mainly due to interest income earned on net duty refunds received (as discussed in section 1.3). These gains were partially offset by a $0.9 million increase in the accretion of lease obligations.

INCOME TAX EXPENSE

For the three months ended December 31, 2025, income tax recovery totaled $13.4 million, compared to an income tax expense of $3.5 million in Q4 2024. The income tax recovery for the current quarter includes the recognition of a deferred tax asset and the related recovery of excess interest and financing expense carryforwards, as discussed in section 3.1.

ADJUSTED EBITDA

We generated Adjusted EBITDA of $43.7 million in the fourth quarter of 2025, an increase of $1.6 million, or 3.7%, from $42.2 million in Q4 2024. The year-over-year change reflects the $2.4 million decrease in operating expenses (before changes in depreciation and amortization, transaction costs and LTIP expense), partially offset by $0.9 million decrease in gross margin.

NET INCOME FOR THE PERIOD

For the three months ended December 31, 2025, net income of $32.1 million and basic earnings per share of $1.32 increased from net income of $8.4 million and basic earnings per share of $0.34 in Q4 2024. The $23.7 million increase in net income primarily reflects a $16.9 million reduction in income tax expense and the $7.9 million decrease in net finance expense, partially offset by the $1.2 million increase in depreciation and amortization.

Adjusted net income for the fourth quarter of 2025 was $16.2 million, representing a 27.7% or $3.5 million increase from $12.7 million in the same period of 2024. This increase was mainly driven by lower income tax expense of $2.3 million, and lower net finance expense of $0.9 million, both measured on an adjusted basis. Adjusted basic earnings per share for Q4 2025 was $0.67, an increase of $0.16 compared to $0.51 in Q4 2024.

4.0 Selected Financial Information and Seasonality

4.1 QUARTERLY FINANCIAL INFORMATION

(in thousands of US dollars, except per share amounts)

	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Sales	**$ 517,537**	$ 592,091	$ 597,133	$ 542,506	$ 530,809	$ 568,819	$ 549,492	$ 535,138
Cost of goods sold	**(403,174)**	(465,670)	(467,043)	(425,528)	(415,581)	(447,435)	(430,274)	(416,904)
Gross profit	**114,363**	126,421	130,090	116,978	115,228	121,384	119,218	118,234
Selling, distribution, and administration	**(75,342)**	(82,379)	(69,707)	(81,414)	(75,883)	(79,348)	(76,243)	(77,388)
Depreciation	**(12,214)**	(12,076)	(11,785)	(11,440)	(11,441)	(10,649)	(10,105)	(10,578)
Amortization of intangible assets	**(7,123)**	(7,096)	(7,093)	(7,092)	(7,091)	(6,690)	(5,871)	(5,869)
Operating expenses	**(94,679)**	(101,551)	(88,585)	(99,946)	(94,415)	(96,687)	(92,219)	(93,835)
Income from operations	**19,684**	24,870	41,505	17,032	20,813	24,697	26,999	24,399
Net finance expense	**(1,005)**	(10,834)	(13,941)	(11,268)	(8,878)	(11,240)	(10,418)	(11,078)
Income before income taxes	**18,679**	14,036	27,564	5,764	11,935	13,457	16,581	13,321
Current income tax (expense) recovery	**(1,910)**	(3,263)	(6,769)	(1,113)	(1,510)	1,245	(3,346)	(2,053)
Deferred income tax recovery (expense)	**15,286**	(627)	1,312	(531)	(2,037)	(4,299)	3,781	(597)
Income tax recovery (expense)	**13,376**	(3,890)	(5,457)	(1,644)	(3,547)	(3,054)	435	(2,650)
Net income	**32,055**	10,146	22,107	4,120	8,388	10,403	17,016	10,671
Other comprehensive income:								
Exchange differences translating foreign operations	**(8,071)**	(1,317)	3,787	68	(4,788)	1,448	(315)	(66)
Gain (loss) on interest rate swap	**130**	(36)	(835)	(1,604)	3,921	(4,670)	507	2,841
Total comprehensive income	**24,114**	8,793	25,059	2,584	7,521	7,181	17,208	13,446
Basic earnings per share	**1.32**	0.42	0.89	0.16	0.34	0.42	0.74	0.48
Fully diluted earnings per share	**1.29**	0.41	0.88	0.16	0.33	0.41	0.73	0.47
EBITDA	**41,437**	46,383	62,795	37,497	41,331	43,984	44,964	42,728
Adjusted net income	**16,239**	17,211	21,915	10,760	12,715	18,611	23,482	17,015
Adjusted basic earnings per share	**0.67**	0.70	0.88	0.42	0.51	0.74	1.02	0.76
Adjusted diluted earnings per share	**0.65**	0.69	0.87	0.42	0.50	0.73	1.01	0.75
Adjusted EBITDA	**43,733**	49,926	54,295	39,967	42,184	48,034	48,481	45,552

(in thousands of US dollars)

	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Cash flow from operating activities	**$ 41,878**	$ 35,058	$ 55,111	$ 31,406	$ 34,893	$ 38,580	$ 37,454	$ 36,856
Changes in non-cash working capital	**57,763**	25,509	(21,215)	(64,870)	6,073	29,123	(13,683)	(26,544)
Net cash provided by (used in) operating activities	**99,641**	60,567	33,896	(33,464)	40,966	67,703	23,771	10,312
Net cash (used in) provided by financing activities	**(104,088)**	(52,487)	5,031	(12,645)	(14,885)	54,090	(7,336)	(1,870)
Net cash (used in) provided by investing activities	**(5,723)**	6,750	(45,041)	27,933	(5,432)	(124,150)	(12,540)	(5,336)
(Decrease) increase in cash and cash equivalent	**(10,170)**	14,830	(6,114)	(18,176)	20,649	(2,357)	3,895	3,106
Cash and cash equivalents, beginning of period	**19,259**	4,360	9,963	28,111	8,301	10,942	6,927	3,643
Effect of exchange rate changes held in foreign currency	**(7,274)**	69	511	28	(839)	(284)	120	178
Cash and cash equivalents, end of period	**$ 1,815**	$ 19,259	$ 4,360	$ 9,963	$ 28,111	$ 8,301	$ 10,942	$ 6,927

The preceding tables provide selected quarterly financial information for our eight most recently completed fiscal quarters. This information is unaudited, but reflects all adjustments of a normal, recurring nature which are, in our opinion, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. Historically, the first and fourth quarters can be seasonally slower periods for our business. In addition, net earnings reported in each quarter may be impacted by acquisitions, foreign currency fluctuations, and changes in customer buying patterns, sales force, competition, pricing inputs, and supply constraints.

4.2 ANNUAL FINANCIAL INFORMATION

(in thousands of dollars except per share amounts)

	For the year ended December 31, 2025	For the year ended December 31, 2024	For the year ended December 31, 2023
Total sales	$ 2,249,266	$ 2,184,258	$ 2,239,324
Net income	68,428	46,478	36,048
Basic earnings per share	2.78	1.95	1.61
Fully diluted earnings per share	2.71	1.92	1.59
Total assets	1,372,981	1,397,651	1,232,119
Total non-current financial liabilities	420,070	484,739	477,526
Dividends declared	10,657	10,128	8,700

5.0 Liquidity and Capital Resources

5.1 CASH FLOWS FROM OPERATING, INVESTING AND FINANCING ACTIVITIES

Selected Unaudited Consolidated Financial Information

(in thousands of US dollars, except per share amounts)

	Year ended December 31			Three months ended December 31		
	2025	2024	$ change	2025	2024	$ change
Cash provided by operating activities before changes in non-cash working capital	$ 163,453	$ 147,783	$ 15,670	$ $ 41,878	$ 34,893	$ 6,985
Changes in non-cash working capital	(2,813)	(5,031)	2,218	57,763	6,073	51,690
Net cash provided by operating activities	160,640	142,752	17,888	99,641	40,966	58,675
Net cash used in investing activities	(6,587)	(147,458)	140,871	(5,723)	(5,432)	(291)
Net cash (used in) provided by financing activities	(173,683)	29,999	(203,682)	(104,088)	(14,885)	(89,203)
(Decrease) increase in cash and cash equivalents	(19,630)	25,293	(44,923)	(10,170)	20,649	(30,819)
Cash and cash equivalents, beginning of period	28,111	3,643	24,468	19,259	8,301	10,958
Effect of exchange rate changes held in foreign currency	(6,666)	(825)	(5,841)	(7,274)	(839)	(6,435)
Cash and cash equivalents, end of the period	$ 1,815	$ 28,111	$ (26,296)	$ 1,815	$ 28,111	$ (26,296)

NET CASH PROVIDED BY OPERATING ACTIVITIES

For the year ended December 31, 2025, cash flow provided by operating activities was $160.6 million, compared to $142.8 million in the prior year period. The $17.9 million increase primarily reflects a $2.2 million reduction in working capital as discussed in section 5.2, and a $15.7 million increase in cash provided by operating activities before changes in non-cash working capital.

For the three months ended December 31, 2025, cash flow provided by operating activities was $99.6 million, compared to $41.0 million in the same period last year. The $58.7 million improvement was primarily driven by a reduction in working capital, which contributed $51.7 million more to operating activities as compared to the same quarter in the prior period.

NET CASH USED IN INVESTING ACTIVITIES

For the year ended December 31, 2025, net cash outflows used in investing activities decreased by $140.9 million compared to the prior year. The change primarily reflects the purchase price paid for the Woolf business in 2024. In addition, the current period benefited from the collection of duty refunds in 2025 (see Section 1.3). These cash inflows were partially offset by $5.2 million more capital expenditures for property, plant and equipment as well as $6.5 million increase in investments.

For the three months ended December 31, 2025, net cash used in investing activities increased by $0.3 million to $5.7 million. The increase was primarily driven by additional purchases of investments in Q4 2025 compared to the same period in the prior year, partially offset by the collection of duty refunds during the quarter (see Section 1.3).

NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES

For the year ended December 31, 2025, net cash used in financing activities increased to $173.7 million, from $30.0 million of net cash provided in the year ended December 31, 2024. The $203.7 million change primarily reflects prior year issuance of $69.5 million in common shares, in conjunction with $18.8 million of share repurchases in the current period.

In addition, bank indebtedness was reduced through net repayments of $89.9 million in the current period compared to net borrowings of $18.2 million in the prior year.

For the three months ended December 31, 2025, net cash used in financing activities was $104.1 million, compared to $14.9 million in the same period in 2024. The $89.2 million change primarily reflects the $83.7 million repayment of debt in Q4 2025.

5.2 WORKING CAPITAL

(in thousands of US dollars)

	Years ended December 31		Three months ended December 31	
Source (use) of funds	2025	2024	2025	2024
Accounts receivable	$ 9,923	16,929	$ 60,656	$ 29,764
Inventories	(1,565)	10,927	50,264	12,821
Prepaid expenses	13,821	(11,373)	2,314	(7,621)
Accounts payable and accrued liabilities	(24,992)	(21,514)	(55,471)	(28,891)
Change in non-cash operating working capital	$ (2,813)	$ (5,031)	$ 57,763	$ 6,073

Our business requires an ongoing investment in working capital which we consider to be comprised of accounts receivable, inventory, and prepaid expenses, partially offset by short-term credit provided by suppliers in the form of accounts payable and accrued liabilities.

Our investment in working capital may fluctuate from quarter-to-quarter based on factors such as sales demand, strategic purchasing decisions taken by management, and the timing of collections from customers. In the first half of 2025, we invested in inventory to prepare for the seasonally stronger summer and fall construction season. Conversely, in the second half of 2025, we adjusted inventory downward to align with the seasonally slower fourth quarter. As a result, we reduced working capital by $57.8 million in the fourth quarter of 2025. Looking ahead, we expect working capital investment to increase again in the first quarter of 2026 as we prepare for renewed demand. Historically, both the first and fourth quarters tend to be slower for construction activity, which leads to decreased demand for architectural building products and impacts our working capital needs accordingly.

Continued compliance with financial covenants under our credit facility is important to ensure that we have adequate financing available to meet our working capital requirements. The terms of our credit facility are addressed in section 5.3 of this MD&A.

5.3 REVOLVING CREDIT FACILITIES AND DEBT MANAGEMENT STRATEGY

Selected Unaudited Consolidated Financial Information

(in thousands of US dollars, except percentages and ratios)

	As at December 31, 2025	As at December 31, 2024
Cash	$ (1,815)	$ (28,111)
Bank indebtedness	320,651	410,536
Net bank debt	318,836	382,425
Shareholders' equity	670,021	634,572
Capitalization	$ 988,857	$ 1,016,997
Net debt to capitalization	**32 %**	**38 %**
Previous 12 months Adjusted EBITDA [1] ("Adjusted EBITDA")	$ 187,921	$ 198,269
Rental payments related to premises [2]	(41,690)	(39,564)
Previous 12 months Adjusted EBITDA after rent	$ 146,231	$ 158,705
Net debt to previous 12 months Adjusted EBITDA after rent ("Leverage Ratio")	**2.2**	**2.4**

[1] December 31, 2024 comparative period is a presented on a pro-forma basis including seven months of Woolf's preacquisition Adjusted EBITDA to align with current year presentation.
[2] December 31, 2024 comparative period data is presented on a pro-forma basis including seven months of Woolf's preacquisition rental payments related to warehouses to align with current year presentation.

We consider our capital to be debt (net of cash) and shareholders' equity. As at December 31, 2025, our overall net debt compared to total capitalization was 32%, compared to 38% at December 31, 2024. As at December 31, 2025, our Leverage Ratio, was 2.2 times.

On January 27, 2025, we amended certain terms of our existing credit arrangement with Bank of America, N.A. and a syndicate of lenders. The amendment included extending the maturity date to January 27, 2030, a $91.3 million repayment of the Term A-1 loan followed by a $91.3 million draw from the revolving credit loan, and updates to the financial covenants. Consequently, the extended Credit Facility is comprised of: (i) a revolving credit facility of up to $600 million, and (ii) a term loan of $225 million with an amortizing balance and a maturity date of January 27, 2030. The terms related to interest rate pricing remain unchanged.

A summary of the Credit Facility as at December 31, 2025 is provided in the following table.

Selected unaudited consolidated financial information

(in millions of US dollars)

	Committed	Drawn
Revolving credit loan	$ 600.0	$ 109.1
Term A-1 loan	213.8	213.8
Total	**$ 813.8**	**$ 322.9**
Financial covenants include:		
Consolidated interest coverage ratio	2.75:1	
Consolidated leverage ratio	4.00:1	

The financial covenants under the Credit Facility include, among others: (i) a consolidated interest coverage ratio (a ratio of Adjusted EBITDA to total interest expense), and (ii) a consolidated leverage ratio (a ratio of total funded debt to Adjusted EBITDA). In determining the consolidated leverage ratio for financial covenant purposes, total funded debt is the aggregate of bank indebtedness, outstanding letters of credit, and lease obligations. Adjusted EBITDA is reduced for rental payments for premises, cash payments for LTIP vesting and interest charges related to certain factoring arrangements.

Our debt management strategy is to maintain financial flexibility to continue executing our strategic initiatives. We intend to maintain a base level of debt as part of our capital structure. Our intent is to roll and renew our credit facilities at or before the expiry date. We do not intend to restrict future dividends in order to fully extinguish our debt obligations upon their maturity. The amount of debt that will actually be drawn on our available revolving credit facilities will depend upon the seasonal and cyclical needs of the business and our cash generating capacity going forward. When making future dividend and share repurchase decisions, we will consider the amount of financial leverage, and therefore debt, we believe is appropriate given existing and expected market conditions and available business opportunities. We do not target a specific financial leverage amount.

We believe our current credit facilities are sufficient to finance our working capital needs and provide us with the financial flexibility required to advance our strategic initiatives.

5.4 CONTRACTUAL OBLIGATIONS

There were no significant changes in our contractual commitments outside the normal course of business.

5.5 OFF-BALANCE SHEET ARRANGEMENTS

On July 11, 2023, we entered into an interest rate swap with a notional value of $200 million to partially offset the variability in the expected interest cash flows related to the Term A-1 Loan. The effective portion of any gains or losses related to the mark to market of the interest rate swap are recorded in other comprehensive income and the ineffective portion of any gains or losses are recorded in net income. Our interest rate swap was deemed effective as at December 31, 2025.

5.6 FINANCIAL INSTRUMENTS

Financial instrument assets include cash and cash equivalents and current and non-current receivables which are designated as subsequently measured at amortized cost, and investments which are designated as fair value through profit or loss ("FVTPL"). Non-derivative financial instrument liabilities include bank indebtedness, accounts payable and accrued liabilities, income taxes payable, dividend payable, lease obligations and other liabilities. All financial liabilities, except for interest rate swaps, are designated as subsequently measured at amortized cost. Interest rate swaps are measured at fair value.

The carrying values of our cash and cash equivalents, accounts and other receivables, accounts payable and accrued liabilities, and dividends payable approximate their fair values due to the relatively short period to maturity of the instruments. The fair value of non-current receivables and investments, other liabilities and lease obligations are not expected to differ materially from their respective carrying value given the interest rates being charged and term to maturity. The carrying values of the credit facilities approximate their fair values due to the existence of floating market based interest rates. In determining the fair value of our interest rate swap, we use the present value of expected cash flows based on the mark to market observable interest rate yield curves commensurate with the terms of the financial instrument.

5.7 SHARE DATA

As at March 11, 2026, we had 24,245,497 common shares issued and outstanding.

On December 30, 2024, we renewed our NCIB to buy back up to 2,391,609 common shares from January 2, 2025, to December 31, 2025, through the TSX and alternative trading systems. This approximates 10% of our public float as of December 19, 2024. During the year ended December 31, 2025, we purchased 882,881 shares for a total purchase price of $18.8 million net of tax, under this renewed NCIB.

On December 30, 2025, the Company announced another renewal of its NCIB, permitting the buyback of up to 2,314,014 common shares, representing approximately 10% of the public float as of December 19, 2025. This program will be in effect from January 2, 2026, to December 31, 2026, and shares may be repurchased through the TSX and alternative trading systems.

As of March 11, 2026, we had 250,236 performance shares units and 371,559 restricted share units outstanding under our long-term incentive plan. These units can be settled in common shares issued from treasury or purchased from the market, or in cash equal to the fair value of our common shares, or any combination of the foregoing. Each restricted share unit is settled for one common share and each performance share unit is settled for up to two common shares, based on the payout multiplier. The units vest over up to three years and employees can choose to receive up to half the fair value in cash and the remainder in common shares. We intend to issue common shares from treasury to settle the portion not paid in cash.

5.8 DIVIDENDS

In the fourth quarter of 2025, we declared a quarterly dividend of C$0.16 per common share, which was paid on January 30, 2026 to shareholders of record as of January 19, 2026. On March 11, 2026, we declared a quarterly dividend of C$0.16 per common share, payable on April 24, 2026 to shareholders of record as at April 13, 2026.

6.0 Related-Party Transactions

Information regarding related party transactions, including those involving key management personnel is presented in Note 19 – Related Party Transactions of the consolidated financial statements. Except as disclosed therein, the Company did not enter into any other material related-party transactions during the years ended December 31, 2025 and 2024.

7.0 Critical Accounting Estimates & Adoption of Changes in Accounting Policies

The preparation of financial statements in accordance with IFRS requires that we make estimates and assumptions that can have a material impact on our results of operations as reported on a periodic basis. We base our estimates and assumptions on past experience and other factors that are deemed reasonable under the circumstances. Actual results could differ from these estimates. The critical estimates used in preparing our financial statements are:

Leases: We estimate and make assumptions related to leases, including the discount rates, lease terms and renewal options.

Goodwill impairment testing: We estimate factors such as determining the cash generating unit ("CGU") to which goodwill relates, the recoverable amount of a CGU, gross margin percentage, and the discount rates. The value assigned to these factors is based on management's estimate of future trends and is based on historical data from both internal and external sources.

Accounts receivable provision: Due to the nature of our business and the credit terms we provide to our customers, we anticipate that a certain portion of required customer payments will not be made, and we maintain an allowance for these doubtful accounts. The allowance is based on our estimate of the potential of recovering our accounts receivable, and incorporates current and expected collection trends.

Valuation of inventory: We estimate the net realizable value of our inventory, which can materially impact recognized inventory values.

Interest rate swap: We estimate the valuation and effectiveness of our interest rate swap, which may impact the values recognized in other comprehensive income for the effective portion, net income for the ineffective portion, and the carrying amount of the financial instrument.

Business acquisitions: We estimate the fair value of the contingent consideration, assets acquired and liabilities assumed in business acquisitions.

ADOPTION OF CHANGES IN ACCOUNTING POLICIES

In addition to the standards currently in effect, we are monitoring forthcoming amendments that may materially affect our financial statements and MD&A:

IFRS 18, Presentation and Disclosure in the Financial Statements ("IFRS 18"), will be effective for annual periods beginning on or after January 1, 2027. IFRS 18 replaces IAS 1 and introduces new presentation and disclosure requirements. We are currently assessing the potential impact of IFRS 18 on its consolidated financial statements and related disclosures. We expect to adopt IFRS 18 retrospectively in our financial statements for the year ending December 31, 2027, including restated comparative figures for 2026, as required. We are continuing to assess the impact of this new standard.

8.0 Risks and Uncertainties

The estimates relating to the impact of tariffs on the Company could change depending on further tariff actions, announcements regarding changes in previously announced tariff actions, or additional detail released regarding these tariff actions, or other factors.

Also during the second quarter of 2025, Commerce initiated new CVD and AD investigations on hardwood and decorative plywood imports from China, Indonesia, and Vietnam into the US. The results of these investigations are uncertain. Final determinations could be announced in early 2026 for AD; however, these timelines remain subject to extension. We do not anticipate that the outcome of this investigation will materially affect our supply chain or result in duty liabilities. The complete details of these tariffs are not yet known, and it is possible the impact of these tariffs on our business could change depending on their final outcome.

We are exposed to a number of risks and uncertainties in the normal course of business that could have a negative effect on our financial condition or results of operations. We identify significant risks that we were aware of in our Annual Information Form, which is available to readers along with other disclosure documents at www.sedarplus.ca.

9.0 Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”). Any systems of DC&P and ICFR, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to information required to be disclosed and financial statement preparation and presentation.

As required by National Instrument 52-109 issued by the Canadian Securities Administrators, we carried out an evaluation of the effectiveness of our DC&P as of December 31, 2025. The evaluation was carried out under the supervision of, and with the participation of, the CEO and CFO. Based on this evaluation, our CEO and CFO concluded that our DC&P were effective as of December 31, 2025.

As required by National Instrument 52-109 issued by the Canadian Securities Administrators, we carried out an evaluation of the effectiveness of our ICFR as of December 31, 2025. The evaluation was carried out within the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control - Integrated Framework (2013) and under the supervision of, and with the participation of, our CEO and the CFO. Based on this evaluation, our CEO and CFO concluded that our ICFR was effective as of December 31, 2025.

There have not been any changes in our ICFR during the year ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our ICFR.

10.0 Note Regarding Forward Looking Information

Certain statements in this MD&A 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: In an environment defined by muted housing activity and limited market tailwinds, our teams remained focused on what we can control: operational excellence, margin discipline, and strong cash generation; ADENTRA performed as designed, delivering consistent results across the cycle while building capacity for long-term growth; As we look ahead to 2026, our view of the near-term macroeconomic environment remains measured; Elevated US mortgage rates, limited housing inventory, geopolitical unrest, and an uncertain global trade environment continue to weigh on near-term demand; However, the potential for easing interest rates, supportive US government housing policies, and long-term structural demand drivers could create a more constructive backdrop later in 2026 and into 2027; Over the longer term, an undersupplied housing market, favorable demographics, and an aging housing stock continue to provide strong fundamentals; With our national footprint, broad product offering, strong supplier partnerships, and disciplined execution, we believe ADENTRA is well positioned to continue delivering accretive growth and attractive returns across the cycle; Moving forward, we anticipate continued strong cash flow generation in 2026, which will underpin our strategies; With a solid financial foundation, we are well positioned to execute on our robust pipeline of acquisition opportunities and build on our track record of successful and accretive transactions; Our capital allocation approach remains balanced and will also include continued debt reduction, dividends and opportunistic share repurchases; As a result of the

SCOTUS ruling noted above, and after taking into account S122 Tariffs, we estimate that 26% of our product mix will be subject to tariffs, at average rates of 10%; As it relates to a potential refund of tariffs paid under IEEPA, we do not expect refunded amounts, if any, to be material; The Company does not expect the outcome of this investigation to have a material effect on its supply chain or result in duty liabilities; We are well-prepared to manage tariff impacts; Our price pass-through model allows us to offset increased product costs, including those related to tariffs, by adjusting selling prices; In the event that tariff-related price increases reduce consumer demand, we can adjust inventories and preserve cash flow; We believe that any short-term reduction in home building will only worsen the existing housing shortage in the US, ultimately boosting future demand for our products; First quarter 2026 gross margin percentage is expected to moderate relative to Q1 2025, while continuing to exceed our established benchmark, driven by product mix; We continue to approach the near-term outlook with measured caution; Higher US mortgage rates and limited housing inventory continue to pose affordability hurdles for prospective buyers; Additionally, the dynamic trade landscape between the US and major global partners and recent geopolitical tension are contributing to continued uncertainty in the economic environment; On a positive note, the easing of interest rates in late 2025, combined with favorable long-term structural demand drivers, could support a more constructive backdrop later in 2026 and into 2027; Government actions and policy of this kind could help to support demand for housing, which in turn would benefit demand for our products. We remain optimistic about the long-term trajectory of the residential construction sector; This confidence is underpinned by enduring structural undersupply, favorable demographic trends, and an aging housing stock; Moving forward, we will continue to advance our strategic priorities within our full-cycle value creation framework, as more fully described in our shareholders' letter and investor presentation; We are targeting double-digit returns on invested capital and accretive growth through a combination of platform efficiency, organic growth initiatives, and tightly managed execution of our acquisitions strategy; Historically, the first and fourth quarters can be seasonally slower periods for our business; In addition, net earnings reported in each quarter may be impacted by acquisitions, foreign currency fluctuations, and changes in customer buying patterns, sales force, competition, pricing inputs, and supply constraint; Our investment in working capital may fluctuate from quarter-to-quarter based on factors such as sales demand, strategic purchasing decisions taken by management, and the timing of collections from customers; Looking ahead, we expect working capital investment to increase again in the first quarter of 2026 as we prepare for renewed demand; Historically, both the first and fourth quarters tend to be slower for construction activity, which leads to decreased demand for architectural building products and impacts our working capital needs accordingly; Our debt management strategy is to maintain financial flexibility to continue executing our strategic initiatives. We intend to maintain a base level of debt as part of our capital structure; Our intent is to roll and renew our credit facilities at or before the expiry date; We do not intend to restrict future dividends in order to fully extinguish our debt obligations upon their maturity; The amount of debt that will actually be drawn on our available revolving credit facilities will depend upon the seasonal and cyclical needs of the business and our cash generating capacity going forward; When making future dividend and share repurchase decisions, we will consider the amount of financial leverage, and therefore debt, we believe is appropriate given existing and expected market conditions and available business opportunities; We do not target a specific financial leverage amount; We believe our current credit facilities are sufficient to finance our working capital needs and provide us with the financial flexibility required to advance our strategic initiatives; The fair value of non-current receivables, notes payable, other liabilities and finance lease obligations are not expected to differ materially from carrying value given the interest rates being charged and term to maturity; We intend to issue common shares from treasury to settle the portion not paid in cash; The results of these investigations are uncertain; Final determinations could be announced in early 2026 for AD; however, these timelines remain subject to extension. We do not anticipate that the outcome of this investigation will materially affect our supply chain or result in duty liabilities; The complete details of these tariffs are not yet known, and it is possible the impact of these tariffs on our business could change depending on their final outcome. 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 US 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 to 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 US 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; disruptive technologies could lead to reduced revenues or a change in our business model; 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 and in this MD&A.

This MD&A 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 MD&A. 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 MD&A 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.

11.0 Third-Party Information

Certain information contained in this MD&A 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 MD&A 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.

Independent Auditor's Report

To the Shareholders of ADENTRA Inc.

OPINION

We have audited the consolidated financial statements of ADENTRA Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

EVALUATION OF THE GOODWILL IMPAIRMENT ASSESSMENT

DESCRIPTION OF THE MATTER

We draw attention to Notes 3(g) and 12 to the financial statements. The goodwill balance is $200,496 thousand. The Entity tests goodwill for impairment on an annual basis. The Entity also performs an impairment test whenever events or changes in circumstances indicate that carrying value of a cash generating unit exceeds its recoverable amount.

The recoverable amount of an asset or cash generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value. Significant assumptions used in determining the recoverable amount include gross margin percentages and discount rates.

WHY THE MATTER IS A KEY AUDIT MATTER

We identified the evaluation of the goodwill impairment assessment for the Rugby, Mid-Am, Novo and Woolf groups of cash generating units to be a key audit matter. The recoverable amounts are sensitive to minor changes in the significant assumptions. Significant auditor judgment was required in evaluating the results of our audit procedures. Further, professionals with specialized skills and knowledge were needed to evaluate the discount rates.

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

The primary procedures we performed to address this key audit matter included the following:

- We evaluated the appropriateness of the gross margin percentage assumptions by comparing to historical results for up to three years. We considered changes in conditions and events affecting the Entity to assess the adjustments or lack of adjustments made by the Entity in arriving at the assumptions.

- We involved valuations professionals with specialized skills and knowledge, who assisted in evaluating the appropriateness of the discount rate assumptions used in the estimated values in use, by comparing them against a discount rate range that was independently developed using publicly available market data for comparable entities.

OTHER INFORMATION

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis.

- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Tara Gill.

Vancouver, Canada
March 11, 2026

Consolidated Statements of Financial Position

(Expressed in thousands of US dollars, unless stated otherwise)

	Notes	December 31, 2025	December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		$ 1,815	$ 28,111
Receivables and investments	6, 7	181,289	184,993
Income taxes receivable	15	5,147	3,980
Inventories	8	378,543	375,718
Prepaid expenses		14,080	27,840
Total current assets		580,874	620,642
Non-current assets			
Receivables and investments	7	15,138	28,309
Property, plant and equipment	9	45,504	41,188
Right of use assets	10	231,298	196,101
Intangible assets	11	277,846	305,459
Deferred income taxes	15	21,825	5,456
Goodwill	12	200,496	200,496
Total non-current assets		792,107	777,009
Total assets		**$ 1,372,981**	**$ 1,397,651**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness	13	$ 122,250	$ 115,347
Accounts payable and accrued liabilities		107,808	121,080
Income taxes payable	15	4,654	—
Lease obligations	10	45,347	39,305
Dividend payable	5	2,831	2,608
Total current liabilities		282,890	278,340
Non-current liabilities			
Bank indebtedness	13	198,401	295,189
Lease obligations	10	208,935	173,225
Deferred income taxes	15	6,966	6,302
Other liabilities	6	5,768	10,023
Total non-current liabilities		420,070	484,739
Total liabilities		702,960	763,079
Shareholders' equity			
Share capital	14(a)	230,924	238,076
Contributed surplus		78,470	85,762
Retained earnings		386,796	329,025
Accumulated other comprehensive loss		(26,169)	(18,291)
Shareholders' equity		670,021	634,572
Total liabilities and shareholders' equity		**$ 1,372,981**	**$ 1,397,651**

The accompanying notes are an integral part of these consolidated financial statements.
Approved on behalf of the Board of Directors:

(Signed) Jim C. Macaulay, Director **(Signed) Qi Tang,** Director

Consolidated Statements of Comprehensive Income

(Expressed in thousands of US dollars, unless stated otherwise)

Years ended December 31, 2025 and 2024

	Notes	2025	2024
Sales	17	$ 2,249,266	$ 2,184,258
Cost of goods sold	8	(1,761,415)	(1,710,194)
Gross profit		487,851	474,064
Operating expenses			
Selling, distribution, and administration	4, 20	(308,842)	(308,862)
Depreciation		(47,515)	(42,773)
Amortization of intangible assets	11	(28,403)	(25,521)
		(384,760)	(377,156)
Income from operations		103,091	96,908
Net finance expense	16	(37,048)	(41,614)
Income before income taxes		66,043	55,294
Income tax (expense) recovery			
Current	15	(13,055)	(5,664)
Deferred	15	15,440	(3,152)
		2,385	(8,816)
Net income		68,428	46,478
Other comprehensive loss, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences translating foreign operations		(5,533)	(3,721)
(Loss) gain on interest rate swap, net of tax recovery	6	(2,345)	2,599
Other comprehensive loss, net of tax		(7,878)	(1,122)
Total comprehensive income		$ 60,550	$ 45,356
Basic earnings per share	14(c)	$ 2.78	$ 1.95
Diluted earnings per share	14(c)	$ 2.71	$ 1.92

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of US dollars, unless stated otherwise)

Years ended December 31, 2025 and 2024

	Notes	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total
Balance at January 1, 2025		$ 238,076	$ 85,762	$ (18,291)	$ 329,025	$ 634,572
Share based compensation expense	14(b)	—	4,371	—	—	4,371
Shares issued pursuant to LTIP	14(a)	903	(903)	—	—	—
Shares repurchased	14(a)	(8,055)	(10,760)	—	—	(18,815)
Net income for the year		—	—	—	68,428	68,428
Dividends declared	5	—	—	—	(10,657)	(10,657)
Loss on interest rate swap, net of tax	6	—	—	(2,345)	—	(2,345)
Translation of foreign operations		—	—	(5,533)	—	(5,533)
Balance at December 31, 2025		$ 230,924	$ 78,470	$ (26,169)	$ 386,796	$ 670,021
Balance at January 1, 2024		$ 167,960	$ 83,401	$ (17,169)	$ 292,675	$ 526,867
Share based compensation expense	14(b)	—	3,019	—	—	3,019
Shares issued pursuant to LTIP	14(a)	658	(658)	—	—	—
Shares issued in connection with equity offering, net of share issuance costs	14(a)	69,458	—	—	—	69,458
Net income for the year		—	—	—	46,478	46,478
Dividends declared	5	—	—	—	(10,128)	(10,128)
Gain on interest rate swap, net of tax	6	—	—	2,599	—	2,599
Translation of foreign operations		—	—	(3,721)	—	(3,721)
Balance at December 31, 2024		$ 238,076	$ 85,762	$ (18,291)	$ 329,025	$ 634,572

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(Expressed in thousands of US dollars, unless stated otherwise)

Years ended December 31, 2025 and 2024

	Notes	2025	2024
Cash flow from operating activities:			
Net income for the year		$ 68,428	$ 46,478
Adjustments for:			
Depreciation and amortization	9, 10, 11	85,022	76,099
(Loss) Gain on sale of property and equipment	9, 10	625	(430)
Gain on deferred contingent consideration	4	(1,423)	—
Share-based compensation expense	14(b)	9,540	9,309
Income tax (recovery) expense	15	(2,385)	8,816
Net finance expense	16	45,732	41,614
Interest received		3,249	911
Interest paid		(36,716)	(34,290)
Income taxes paid		(8,619)	(724)
		163,453	147,783
Changes in non-cash working capital:			
Accounts receivable		9,923	16,929
Inventories		(1,565)	10,927
Prepaid expenses		13,821	(11,373)
Accounts payable and accrued liabilities		(24,992)	(21,514)
		(2,813)	(5,031)
Net cash provided by operating activities		160,640	142,752
Cash flow from financing activities:			
Repayment of term loan	13	(102,501)	(40,000)
Proceeds from revolving credit loan	13	12,629	58,223
Principal payments on lease obligations		(54,339)	(48,050)
Equity offering, net of share issuance costs	14(a)	—	69,458
Repurchase of common shares	14(a)	(18,815)	—
Dividends paid to shareholders	5	(10,657)	(9,632)
Net cash (used in) provided by financing activities		(173,683)	29,999
Cash flow from investing activities:			
Additions to property, plant and equipment	9	(13,361)	(8,200)
Proceeds on disposal of property, plant and equipment		322	327
Business acquisitions	4	—	(122,250)
Additions to intangible assets	11	(900)	(1,007)
Decrease (increase) in non-current receivables		14,830	(15,383)
Increase in investments		(7,478)	(945)
Net cash used in provided by investing activities		(6,587)	(147,458)
(Decrease) increase in cash and cash equivalents		(19,630)	25,293
Cash and cash equivalents, beginning of year		28,111	3,643
Effect of exchange rate changes		(6,666)	(825)
Cash and cash equivalents, end of year		$ 1,815	$ 28,111
Supplementary information:			
Right of use assets acquired, net of disposals		$ 82,213	$ 72,977

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of US dollars, unless stated otherwise)

Years ended December 31, 2025 and 2024

1. NATURE OF OPERATIONS

ADENTRA Inc. (the "Company") is incorporated under the Canada Business Corporations Act and trades on the Toronto Stock Exchange under the symbol "ADEN". The Company operates a network of 81 regional customer service centers in Canada and the United States engaged in the wholesale distribution of architectural building products. The Company's principal office is located at #340, 20161 86th Avenue, Langley, British Columbia V2Y 2C1.

2. BASIS OF PREPARATION

a. Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS"). The consolidated financial statements were authorized for issue by the Board of Directors on March 11, 2026.

b. Basis of measurement

These consolidated financial statements have been prepared on a going concern basis. These consolidated statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period.

c. Use of estimates and judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting year. Actual amounts may differ from the estimates applied in the preparation of these consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The key judgments and assumptions made by management that significantly affect the amounts recognized in the consolidated financial statements, and the major sources of estimation uncertainty include: business acquisitions, valuation of interest rate swaps, collectability of accounts receivable, valuation of inventories, annual goodwill impairment tests including the determination of cash generating units ("CGU's"), recognition and valuation of deferred income taxes and the use of tax loss carryforwards, and the classification and valuation of lease obligations.

In assessing the Company's leases, judgment is required in determining whether substantially all of the risks and rewards of ownership are transferred to the Company. This involves assessing the term of each lease, the risk associated with the residual value of leased vehicles and assessing the present value of the minimum lease payments in relation to the fair value of the facilities, vehicles, and forklifts at the inception of the lease.

For deferred income taxes, the Company estimates whether it is probable that the net deferred tax assets will be realized prior to their expiry. In making such a determination, the Company considers the carry forward periods of losses and the Company's projected future taxable income.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These accounting policies have been applied consistently by the Company and its subsidiaries to all years presented in these consolidated financial statements.

a. Principles of consolidation and business acquisitions:

These consolidated financial statements include the accounts of the Company and its subsidiaries. All significant inter-company balances and transactions have been eliminated upon consolidation.

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. The Company measures goodwill in business acquisitions as the fair value of the consideration transferred less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Associated transaction costs are expensed as incurred.

b. Foreign currencies

The Company's subsidiaries operating in the United States have a US dollar functional currency, and those operating in Canada have a Canadian dollar functional currency. The Company's presentation currency is the US dollar.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate as of the reporting date. Non-monetary items in a foreign currency are translated using the foreign exchange rate at the date of transaction. Foreign currency differences are recognized in net income or loss and presented within finance expense.

Translation of foreign operations for consolidation

For purposes of consolidation, the assets and liabilities of foreign operations are translated to US dollars using the rate of exchange in effect at the financial statement date. Revenue and expenses of the foreign operations are translated to US dollars at exchange rates at the average monthly exchange rate in effect during the period. Foreign currency differences are recognized in other comprehensive income and are accumulated in the translation reserve.

Gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in a foreign operation and are recognized directly in other comprehensive income.

c. Segment reporting

Operating segments are based on the information about the components of the business that management uses to make decisions about operating matters. The subsidiaries of the Company engage in one main business activity being the sourcing and distribution of architectural building products, hence operating segment information is not provided. Geographical segment information is provided by country of operations in note 17.

d. Inventories

Finished goods are measured at the lower of cost and net realizable value. Raw materials are measured at the lower of cost and replacement cost. Work-in-process and goods-in-transit are measured at cost. For purchased products, cost is determined using the weighted average cost method and includes invoice cost, duties, freight, and other directly attributable costs of acquiring the inventory. For manufactured products, cost is defined as all costs that relate to bringing the inventory to its present condition and location under normal operating conditions and includes manufacturing costs, such as raw materials and labor and production overhead.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Volume rebates and other supplier discounts are accounted for as a reduction of the cost of the related inventory and are earned when inventory is sold.

e. Leases

Right of use asset

The Company recognizes a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liabilities.

Lease obligation

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments include fixed lease payments, amounts expected to be payable under a residual value guarantee, the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

f. Intangible assets

Intangible assets with finite lives consist of acquired customer relationships, trademarks, and costs capitalized for internally generated software. Intangible assets are amortized on a straight-line basis over their estimated useful lives and measured at cost less accumulated amortization. Customer relationships are amortized between 10 and 15 years, trademarks are amortized over 12 years, and costs capitalized for internally generated software are amortized between five and 10 years. Costs capitalized for internally generated software consist of costs incurred in the development and implementation of the software and amortization begins when the software is substantially completed and ready for use.

g. Goodwill

Goodwill represents the excess, at the dates of acquisition, of the purchase price over the fair value of the net amounts assigned to individual assets acquired and liabilities assumed relating to business acquisitions. After initial measurement in a business combination, goodwill is recorded at cost less accumulated impairment losses.

Goodwill is allocated to the cash generating unit or group of cash generating units that are expected to receive the benefits from the business combinations. The Company tests goodwill for impairment on an annual basis. The Company also performs an impairment test whenever events or changes in circumstances indicate that the carrying value of a cash generating unit exceeds its recoverable amount. An impairment loss for goodwill is not reversed.

h. Impairment

Non-financial assets

The carrying values of the Company's non-financial assets, excluding goodwill, are reviewed at each reporting date to assess whether there is any indication of impairment. If any such indication is present, then the recoverable amount of the assets is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use or its fair value less costs to sell. An impairment loss is recognized in net income or loss if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. The Company considers evidence of impairment for financial assets, and in particular receivables, at both a specific asset and account balance level. For trade accounts receivables, the Company uses an estimate of the net recoverable amount for specific customer accounts it has identified and the expected credit loss model for the remaining customer accounts based on historical experience of uncollectible amounts. Accounts that are considered uncollectible are written off.

i. Financial liabilities

Loans, payables, and lease obligations are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. After initial recognition, these liabilities are measured at amortized cost using the effective interest method. Discounting is omitted when the effect of discounting is immaterial. The revolving bank line of credit is not discounted; rather, actual interest accrued is based on the daily balances and is recorded each month.

j. Provisions

Provisions are recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

k. Interest rate swaps

The Company uses interest rate swaps to manage interest rate risk. These swaps are designated as cash flow hedges. An interest rate swap is initially measured at fair value and is recognized as either an asset or liability in the consolidated statements of financial position. Subsequent changes in the fair value of an interest rate swap are recognized in other comprehensive income (loss) for the portion of the swap that is considered effective. Subsequent changes in the fair value of an interest rate swap that relate to an ineffective portion are recognized in net income.

Sources of ineffectiveness includes the calculation of credit value adjustment to determine the fair value of the hedging instrument will result in additional discount compared to the hedged item, the underlying hedged item has an embedded floor while the hedging instrument has no floor, and business day convention of the hedged item is different from the hedging instrument. The Company does not expect the sources of ineffectiveness to be significant.

In determining the fair value of the Company's interest rate swap, the Company uses the present value of expected cash flows based on the mark to market observable interest rate yield curves commensurate with the terms of the financial instrument (note 6). Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or no longer qualifies for hedge accounting.

l. Revenue recognition

Revenue from the sale of architectural building products is measured based on the consideration specified in the invoice with a customer and excludes amounts collected on behalf of third parties. Revenue is recognized when the Company satisfies its performance obligation and control of the goods is transferred to the customer generally when the customer has taken delivery of the goods. The transaction price is reduced by estimates of variable consideration such as volume rebates.

m. Income taxes

Income tax expense comprises current and deferred tax and is recognized in net income or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current income tax is the expected tax payable on the taxable income for the year, and any adjustment to income tax payable in respect of the previous years.

Deferred tax is recognized by the Company and its subsidiaries in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right and intention to set off current tax assets and liabilities from the same taxation authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

n. Share based compensation

The Company has a share based long-term incentive plan to its officers and senior employees. At the discretion of the Board of Directors, the Restricted Shares and Performance Shares to which a grantee is entitled may be settled by the Company in common shares ("Shares") or in an amount of cash equal to the fair market value of such Shares, or a combination of the foregoing.

The Company is accounting for half of the Restricted Shares and Performance Shares as employee equity-settled awards whereby the compensation cost is determined based on the grant date fair value and is recognized as an expense with a corresponding increase to contributed surplus in equity over the period that the employees unconditionally become entitled to payment.

For the other half, which can be settled in cash or shares at the employee's option, the Company treats them as cash-settled awards. The compensation expense is recorded over the vesting period based on the grant date fair value and re-measured at each reporting date. Changes in fair value are reflected in the share-based compensation expense. The liability for cash-settled awards is recorded in accounts payable and accrued liabilities for amounts expected to be settled within one year, and in non-current liabilities for amounts to be settled after one year.

o. Basic and diluted earnings per share

The Company presents basic and diluted earnings per share data for its outstanding common shares. Basic earnings per share attributable to shareholders is calculated by dividing net income by the weighted average number of common shares outstanding during the reporting year. Diluted earnings per share is determined by adjusting the net income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

p. Future accounting pronouncements

In April 2024, the International Accounting Standards Board issued *IFRS 18 Presentation and Disclosure in Financial Statements* ("IFRS 18"), which replaces *IAS 1 Presentation of Financial Statements*. IFRS 18 introduces a new structure for the income statement by requiring income and expenses to be presented into five defined categories based on the Company's main business activities and by specifying newly defined totals and subtotals. Where company-specific measures related to the income statement are provided, IFRS 18 requires companies to disclose explanations around these measures, which are referred to as management-defined performance measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and note disclosures. IFRS 18 will not affect the recognition and measurement of items in the financial statements or the classification of items in other comprehensive income. The standard is effective for reporting periods beginning on or after January 1, 2027, and require retrospective application. The Company is currently in the process of assessing the impact of this new standard.

4. ACQUISITION

Acquisition of Woolf Distributing Co. Inc. ("Woolf")

On July 29, 2024 (the "Acquisition Date"), the Company, through one of its wholly owned subsidiaries, acquired substantially all of the assets and assumed certain working capital liabilities of Woolf. Woolf is a value-added distributor of architectural building and millwork products to customers in the residential and commercial markets. Woolf operates four facilities located in Northern and Central Illinois, and Northern Wisconsin. At the Acquisition Date, the Company entered into leases of the facilities through which Woolf operates.

The total purchase price of $131.9 million consisted of $118.7 million of cash paid at closing, $11.3 million in deferred consideration and $1.9 million as the fair value of contingent consideration. The acquisition was financed by the Company's existing credit facilities. The contingent consideration relates to an earn-out of $5.0 million per annum that may be payable related to each of the calendar years ending 2024, 2025, and 2026, contingent upon achieving certain earnings performance targets. The contingent consideration was measured at fair value using the Black-Scholes option pricing model and is recorded in non-current other liabilities. As of December 31, 2025, the fair value of the contingent consideration has been remeasured to $0.1 million (December 31, 2024 - $1.5 million). A deferred contingent consideration recovery of $1.4 million (December 31, 2024 - $0.4 million) was recognized in selling, distribution and administrative expense.

The acquisition was accounted for as a business combination using the acquisition method, with the Company being the acquirer and Woolf being the acquiree, and where the assets acquired and liabilities assumed were recorded at their fair values at the acquisition date.

In connection with the acquisition, the Company incurred $1.9 million in transaction costs for the year ended December 31, 2024 which have been included in selling, distribution and administration expenses.

Fair value of assets acquired and liabilities assumed

The Company engaged a valuations expert to assist with the determination of estimated fair value for acquired working capital, property, plant and equipment and intangible assets.

The Company applied the multi-period excess earnings model in determining the fair value of the customer relationship intangible asset recognized in the Woolf acquisition. The multi-period excess earnings model considers the present value of incremental after-tax cash flows expected to be generated by the customer relationship after deducting contributory asset charges. The significant assumptions used in applying the valuation technique include: the revenue forecasts relating to Woolf's existing customers at the time of the acquisition, the estimated customer attrition rates, forecasted earnings before interest, tax, depreciation and amortization ("EBITDA") margin and the discount rate.

The Company applied the royalty method in determining the fair value of the trademarks intangible asset recognized in the Woolf acquisition. The royalty method determines the future economic benefit of owning a trademark by determining the amount that a company would have to pay as royalty to a third party to license it. The amount is estimated by applying a fair market royalty rate to the projected revenue stream associated with the trademark intangible asset. The significant assumptions used in applying the valuation technique include: the forecasted revenues related to trademark, royalty rate, and discount rate.

Fair value of assets acquired and liabilities assumed	US$
Cash consideration	$ 118,750
Deferred consideration	11,250
Fair value of contingent consideration	1,870
Total purchase consideration	131,870
Assets acquired and liabilities assumed:	
Accounts and other receivables	18,467
Inventories	23,194
Prepaid and other assets	30
Property, plant and equipment	3,782
Right-of-use assets	9,101
Accounts payable and accrued liabilities	(2,891)
Lease obligation	(9,101)
Identifiable net assets acquired	42,582
Goodwill	19,368
Customer relationships	60,570
Trademarks	9,350
Net assets acquired	$ 131,870

The goodwill of $19.4 million represents the excess of purchase price compared to the estimate of fair values of the identifiable assets and liabilities assumed. The goodwill recognized is primarily attributed to expected synergies arising from the Woolf acquisition and the expertise and reputation of the assembled management and workforce, as well as product cross selling opportunities. Goodwill and intangible assets are deductible for US income tax purposes.

5. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future growth of the business. The Company considers its capital to be bank indebtedness (net of cash) and shareholders' equity.

The Company's capitalization is as follows:

	December 31, 2025	December 31, 2024
Cash	$ (1,815)	$ (28,111)
Bank indebtedness	320,651	410,536
Shareholders' equity	670,021	634,572
Total capitalization	$ 988,857	$ 1,016,997

The terms of the Company's credit facilities are described in note 13. The terms of the agreements with the Company's lenders provide that distributions cannot be paid by its subsidiaries in the event that its subsidiaries do not meet certain credit ratios. The Company's operating subsidiaries were compliant with all required credit ratios under their credit facilities as at December 31, 2025 and December 31, 2024. Accordingly, there were no restrictions on distributions arising from non-compliance with financial covenants.

Dividends and share repurchases (note 14(a)) are some of the ways the Company manages its capital. Dividends are declared and shares are repurchased after consideration of a variety of factors including the outlook for the business and financial leverage.

The Company declared the following common share dividends during the year ended December 31, 2025:

Declaration date	Record date	Payment date	Cash dividend per common share		Total common dividend amount	
March 13, 2025	April 14, 2025	April 25, 2025	C$	0.15	$	2,607
May 6, 2025	July 14, 2025	July 25, 2025	C$	0.15	$	2,649
August 6, 2025	October 20, 2025	October 31, 2025	C$	0.15	$	2,641
November 7, 2025	January 19, 2026	January 30, 2026	C$	0.16	$	2,760

On March 11, 2026, the Company declared a cash dividend of C$0.16 per common share to shareholders of record as of April 13, 2026, to be paid on April 24, 2026.

6. FINANCIAL INSTRUMENTS

Financial instrument assets include cash and cash equivalents and current and non-current receivables which are designated as subsequently measured at amortized cost, and investments which are designated as fair value through profit or loss (FVTPL). Non-derivative financial instrument liabilities include bank indebtedness, accounts payable and accrued liabilities, income taxes payable, dividend payable, lease obligations and other liabilities. All financial liabilities, except for interest rate swaps, are designated as subsequently measured at amortized cost. Interest rate swaps are measured at fair value.

Fair value hierarchy

IFRS 13 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full contractual term.

Level 3 - Inputs for the asset or liability are not based on observable market data.

The Company's cash and cash equivalents and investments are classified as level 1 and all other financial instruments are classified as level 2 of the fair value hierarchy.

Fair values of financial instruments

The carrying values of cash and cash equivalents, accounts and other receivables, income taxes receivable, dividend payable and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of the instruments. The fair value of non-current receivables and investments, other liabilities and lease obligations are not expected to differ materially from their respective carrying values, with the exception of the interest rate swap.

Interest rate swap is recognized at fair value. The carrying values of the credit facilities approximate their fair values due to the existence of floating market based interest rates.

Financial risk management

The Board of Directors of the Company and its subsidiaries has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company regularly reviews and analyzes the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Company has exposure to credit, liquidity and market risks from its use of financial instruments.

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash held at banks, and current and non-currect receivables and investments. The carrying value of these financial assets, which total $198.2 million at December 31, 2025 (December 31, 2024 - $241.4 million), represents the Company's maximum exposure to credit risk.

Trade accounts receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company is exposed to credit risk in the event it is unable to collect in full amounts receivable from its customers. The Company employs established credit approval practices and engages credit attorneys when appropriate to mitigate credit risk. The Company attempts to secure credit advanced to customers when appropiate by registering security interests in the assets of the customer and by obtaining personal guarantees. Credit limits are established for each customer and are regularly reviewed. In some instances, the Company may choose to transact with a customer on a cash-on-delivery basis. The Company's largest individual customer balance amounted to 5% (December 31, 2024 - 7%) of trade accounts receivable at December 31, 2025.

More detailed information regarding management of trade accounts receivable is found in note 7 to these consolidated financial statements.

Cash and cash equivalents, investments, and interest rate swap

Cash and cash equivalents and investment balances are maintained with high credit quality financial institutions. The Company does not believe there is any material credit risk associated with cash and cash equivalents, investments, and interest rate swap.

ii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will have sufficient cash available to meet its liabilities when due. At December 31, 2025, certain subsidiaries of the Company have access to credit facilities with total borrowing capacity of up to $813.8 million, comprising revolving credit facilities and term loans. The revolving credit facility can be drawn down to meet short-term financing requirements. The amounts made available under the credit facility are limited to the continued compliance with financial covenants and certain other terms under the credit facility. See note 13 for further information regarding the Company's credit facility and borrowing capacity.

The Company's accounts payable and accrued liabilities are subject to normal trade terms and have contracted maturities that generally result in payment in the following quarter. The undiscounted contractual maturities of lease obligations are presented in note 10 to these consolidated financial statements.

iii. Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and commodity prices will affect the Company's net earnings or value of its holdings of financial instruments.

Interest rate risk

The Company is exposed to interest rate risk on its credit facility which bears interest at floating market rates. Based upon the December 31, 2025 bank indebtedness balance of $320.7 million, a 1% increase or decrease in the interest rates charged would result in a decrease or increase to net income after tax by approximately $2.4 million.

Interest rate swap

On July 11, 2023, the Company entered into an interest rate swap with a notional value of $200 million to offset the variability in the expected interest cash flows related to the Term A-1 loan (note 13).

The following table summarizes the changes in fair value of the interest rate swap relating to the effective portion for the year ended December 31, 2025 recorded in accumulated other comprehensive income. The Company recognized a $3.2 million interest rate swap liability which is included in other liabilities on the consolidated statements of financial position. The interest rate swap was determined to be effective as a cash flow hedge against the designated interest rate exposure.

		Accumulated change in fair value
Balance as at December 31, 2024	$	30
Loss on interest rate swap recognized in other comprehensive income, net of $878 tax recovery		(2,345)
Balance as at December 31, 2025	$	(2,316)

The interest rate swap is measured at fair value through other comprehensive income and classified as Level 2 in the fair value hierarchy, based on observable market inputs. The carrying amount approximates fair value.

Currency risk

As the Company conducts business in both the United States and Canada it is exposed to currency risk. Most of the products sold by the Company in Canada are purchased in US dollars. The Company reports its financial results in US dollars, although approximately 8% of its sales are generated in Canada. Changes in the currency exchange rates of the US dollar against the Canadian dollar will affect the results presented in the Company's financial statements and cause its earnings to fluctuate.

At December 31, 2025, the primary exposure to foreign denominated financial instruments was in the Company's Canadian subsidiaries and relates to US dollar cash balances and accounts receivable from US customers (2025 - $1.0 million, 2024 - $5.0 million), accounts payable to US suppliers (2025 - $0.6 million, 2024 - $0.8 million), and intercompany receivables (payables) from US related parties (2025 $(1.6) million, 2024 - $22.9 million).

Based on the Company's Canadian subsidiaries' exposure to foreign denominated financial instruments, the Company estimates a $0.05 weakening or strengthening in the US dollar as compared to the Canadian dollar would not have a material effect on net income for the years ended December 31, 2025 or December 31, 2024.

This foreign currency sensitivity is focused solely on the currency risk associated with the Company's Canadian subsidiaries exposure to foreign denominated financial instruments as at December 31, 2025 and December 31, 2024 and does not take into account the effect a change in currency rates will have on the translation of the balance sheet and operations of the Company's Canadian subsidiaries nor is it intended to estimate the potential impact changes in currency rates would have on the Company's sales and purchases. This foreign currency sensitivity also excludes intercompany loans that form part of the net investment in a foreign operation, as related exchange differences are recorded in cumulative translation adjustment within equity, rather than through profit or loss.

Commodity price risk

The Company does not enter in to any commodity contracts. Inventory purchases are transacted at current market rates based on expected usage and sale requirements and increases or decreases in prices are reflected in the Company's selling prices to customers.

7. RECEIVABLES AND INVESTMENTS

The following is a breakdown of the Company's current and non-current receivables and investments and represents the Company's principal exposure to credit risk.

	Notes		December 31, 2025		December 31, 2024
Current receivables and investments:					
Trade receivables		$	151,742	$	159,655
Short-term investments			11,195		5,634
Sundry receivables			17,479		19,704
Duty refunds	20		873		—
		$	181,289	$	184,993
Non-current receivables and investments:					
Non-current investments			12,072		10,158
Deposits and other			3,066		17,877
Interest rate swap	6		—		274
		$	15,138	$	28,309

The aging of trade accounts receivables is as follows:

	December 31, 2025		December 31, 2024
Current	$ 121,485	$	128,445
1 - 30 days past due	19,503		22,611
31 - 60 days past due	7,975		5,598
60+ days past due	4,974		4,937
Gross trade account receivables	153,937		161,591
Less: allowance for credit loss	(2,195)		(1,936)
	$ 151,742	$	159,655

The Company determines its allowance for credit loss using both specific identification of customer accounts and the expected credit loss model. Bad debt expense, net of recoveries, for the year ended December 31, 2025, was $2.4 million (for the year ended December 31, 2024 - $1.5 million).

Investments are designated as fair value through profit or loss and classified as Level 1 in the fair value hierarchy. The carrying amount approximates fair value.

8. INVENTORIES

	December 31, 2025	December 31, 2024
Raw materials	$ 7,973	$ 6,174
Work in process	438	691
Goods in-transit	15,876	15,733
Finished goods	354,256	353,120
	$ 378,543	$ 375,718

The Company regularly reviews and assesses the condition and value of its inventories and records write-downs to net realizable value as necessary. Inventory related expenses are included in the consolidated statements of comprehensive income. Inventory write-downs, net of recoveries, included in the cost of goods sold for the year ended December 31, 2025, were $6.0 million (for the year ended December 31, 2024 - $5.4 million).

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings, machinery and equipment	Leasehold improvements	Total
Cost				
Balance at January 1, 2024	$ 474	$ 62,058	$ 6,056	$ 68,588
Additions	—	6,953	1,247	8,200
Acquisition of Woolf (note 4)	—	3,782	—	3,782
Disposals	—	(2,193)	(94)	(2,287)
Adjustments:				
Foreign currency translation	—	(307)	(80)	(387)
Balance at December 31, 2024	474	70,293	7,129	77,896
Additions	—	11,629	1,732	13,361
Disposals	—	(3,092)	(511)	(3,603)
Adjustments:				
Foreign currency translation	—	190	47	237
Balance at December 31, 2025	$ 474	$ 79,020	$ 8,397	$ 87,891
Accumulated depreciation				
Balance at January 1, 2024	$ —	$ 27,600	$ 2,854	$ 30,454
Depreciation	—	7,315	1,200	8,515
Disposals	—	(1,838)	(171)	(2,009)
Adjustments:				
Foreign currency translation	—	(193)	(59)	(252)
Balance at December 31, 2024	—	32,884	3,824	36,708
Depreciation	—	7,449	1,309	8,758
Disposals	—	(2,899)	(503)	(3,402)
Adjustments:				
Foreign currency translation	—	286	37	323
Balance at December 31, 2025	$ —	$ 37,720	$ 4,667	$ 42,387
Net book value:				
January 1, 2024	$ 474	$ 34,458	$ 3,202	$ 38,134
December 31, 2024	$ 474	$ 37,409	$ 3,305	$ 41,188
December 31, 2025	$ 474	$ 41,300	$ 3,730	$ 45,504

Depreciation of property, plant and equipment for the year ended December 31, 2025 was $8.8 million (December 31, 2024 - $8.5 million) and is included in the consolidated statements of comprehensive income as follows:

	2025	2024
Cost of goods sold	$ 2,981	$ 2,944
Operating expenses	5,777	5,571
	$ 8,758	$ 8,515

Gains and losses on disposal of property, plant and equipment for the year ended December 31, 2025 was a net loss of $0.1 million (December 31, 2024 - net loss of $0.1 million) and is included in selling and distribution expenses in the consolidated statement of comprehensive income.

10. LEASES

The Company leases assets including buildings, automobiles, forklifts and office equipment. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets	Buildings	Automobiles	Forklifts	Office equipment	Total
Balance at January 1, 2024	$ 137,547	$ 16,409	$ 2,741	$ 398	$ 157,095
Additions	78,795	8,397	1,948	407	89,547
Acquisition of Woolf (note 4)	9,101	—	—	—	9,101
Disposals	(15,698)	(646)	(122)	(104)	(16,570)
Depreciation	(33,527)	(7,067)	(1,279)	(190)	(42,063)
Adjustments:					
Foreign currency translation	(954)	(55)	—	—	(1,009)
Balance at December 31, 2024	175,264	17,038	3,288	511	196,101
Additions	61,858	21,709	1,809	—	85,376
Disposals	(2,743)	(420)	—	—	(3,163)
Depreciation	(37,808)	(8,580)	(1,325)	(148)	(47,861)
Adjustments:					
Foreign currency translation	730	115	—	—	845
Balance at December 31, 2025	$ 197,301	$ 29,862	$ 3,772	$ 363	$ 231,298

Lease liabilities	December 31, 2025	December 31, 2024
Maturity analysis - contractual undiscounted cash flows		
Less than one year	$ 57,858	$ 49,038
One to five years	195,995	158,015
More than five years	52,653	41,388
Total undiscounted lease liabilities	$ 306,506	$ 248,441
Lease liabilities included in the statement of financial position	$ 254,282	$ 212,530
Current	$ 45,347	$ 39,305
Non-current	208,935	173,225

11. INTANGIBLE ASSETS

	Internally generated software	Customer relationships	Trademarks	Total
Cost				
Balance at January 1, 2024	$ 8,275	$ 285,063	$ 26,600	$ 319,938
Additions	1,007	—	—	1,007
Acquisition of Woolf (note 4)	—	60,570	9,350	69,920
Adjustments:				
Foreign currency translation	(39)	—	—	(39)
Balance at December 31, 2024	9,243	345,633	35,950	390,826
Additions	814	—	86	900
Disposals	(9)	—	—	(9)
Adjustments:				
Foreign currency translation	(150)	(62)	—	(212)
Balance at December 31, 2025	$ 9,898	$ 345,571	$ 36,036	$ 391,505
Accumulated depreciation				
Balance at January 1, 2024	$ 1,615	$ 53,539	$ 4,686	$ 59,840
Amortization	1,408	21,572	2,541	25,521
Adjustments:				
Foreign currency translation	6	—	—	6
Balance at December 31, 2024	3,029	75,111	7,227	85,367
Amortization	1,469	23,928	3,006	28,403
Adjustments:				
Foreign currency translation	(47)	(64)	—	(111)
Balance at December 31, 2025	$ 4,451	$ 98,975	$ 10,233	$ 113,659
Net book value:				
January 1, 2024	$ 6,660	$ 231,524	$ 21,914	$ 260,098
December 31, 2024	$ 6,214	$ 270,522	$ 28,723	$ 305,459
December 31, 2025	$ 5,447	$ 246,596	$ 25,803	$ 277,846

12. GOODWILL

		Goodwill
Balance at January 1, 2024	$	181,128
Acquired through acquisitions		19,368
Balance at December 31, 2024	$	200,496
Acquired through acquisitions		—
Balance at December 31, 2025	$	200,496

For the year ended December 31, 2025 the recoverable amounts of the CGU's were based on value in use by discounting five-year cash flows from their continued use. The key assumptions, including a gross margin range between 18.0% - 24.4%, reflect management's assessment of future trends using historical data and anticipated future performance using internal and external sources. Goodwill has been allocated to specific groups of CGU's, each with its own discount rate, as shown in the table below:

	2025			2024		
	Post-tax discount rate		Goodwill	Post-tax discount rate		Goodwill
Woolf	9.8 %	$	19,368	9.8 %	$	19,368
Rugby	9.8 %		55,602	9.8 %		55,602
Mid-Am	9.8 %		66,237	8.8 %		66,237
Novo	10.1 %		52,680	10.8 %		52,680
Other	9.8 %		6,609	9.8 %		6,609
		$	200,496		$	200,496

The estimated recoverable amounts for the CGU's exceeds their carrying amounts, and as a result the goodwill is not impaired as at December 31, 2025.

Management has identified that a possible change in significant assumptions, including the discount rate and the gross margin percentage, could cause the carrying amount to exceed the recoverable amount. The discount rate would have to increase from 9.8% - 10.1% to 11.0% - 22.3% before the carrying amounts exceeded the recoverable amounts. The gross margin percentage would have to decrease from 18.0% - 24.4% to 14.8% - 23.4%.

13. BANK INDEBTEDNESS

		December 31, 2025		December 31, 2024
Credit Facility				
Revolving credit loan	$	109,103	$	91,691
Term A-1 loan		213,750		316,250
Deferred financing fees		(5,465)		(2,879)
Checks issued in excess of funds on deposit		3,263		5,474
	$	320,651	$	410,536
Less: Current portion of bank indebtedness		122,250		115,347
Total long-term bank indebtedness	$	198,401	$	295,189

Credit Facility (the "Credit Facility")

On January 27, 2025, certain subsidiaries of the Company amended certain terms of its existing credit arrangement with Bank of America, N.A. and a syndicate of lenders. The amendment included extending the maturity date to January 27, 2030, a $91.3 million repayment of the Term A-1 loan followed by a $91.3 million draw from the revolving credit loan, and updates to the financial covenants. Consequently, the extended Credit Facility is comprised of: (i) a revolving credit facility of up to $600 million, and (ii) a term loan of $225 million with an amortizing balance and maturity date of January 27, 2030. The terms related to interest rate pricing remain unchanged.

The amendment was accounted for as a non-substantial modification under IFRS 9 *Financial Instruments*, as the revised terms were not materially different from the original terms. The Company did not derecognize the original financial liability or the related unamortized deferred financing fees, and accounted for the amendment as a modification. Financing fees incurred to amend the existing Credit Facility were recorded against the debt's carrying amount and are amortized over the remaining term of the Credit Facility.

The Credit Facility bears interest at a rate equal to the Secured Overnight Financing Rate ("SOFR") plus up to 2.25% or the lender's base rate plus up to 1.25%. The Company has entered into a $200 million interest rate swap (note 6) to manage interest rate variability.

As at December 31, 2025, the financial covenants under the Credit Facility include, among others: (i) a minimum consolidated interest coverage ratio (a ratio of adjusted EBITDA to total interest expense, determined on a consolidated basis of the Company) of 2.75:1, and (ii) a maximum consolidated leverage ratio (a ratio of total funded debt to adjusted EBITDA, determined on a consolidated basis of the Company) of 4.00:1. As at December 31, 2025, the Company is in compliance with these financial covenants.

Bank indebtedness is measured at amortized cost and the carrying value approximates fair value given floating market based interest rates.

14. SHARE CAPITAL

a. Share capital

At December 31, 2025, the authorized share capital of the Company comprised an unlimited number of common shares without par value.

A continuity of share capital is as follows:

	Shares		Total
Balance at December 31, 2023	22,430,584	$	167,960
Issued pursuant to long-term incentive plan	50,852		658
Equity offering, net of share issuance costs of $3,561	2,582,900		69,458
Balance at December 31, 2024	25,064,336	$	238,076
Issued pursuant to long-term incentive plan	77,542		903
Shares repurchased, net of tax	(882,881)		(8,055)
Balance at December 31, 2025	24,258,997	$	230,924

In June 2024, the Company issued 2,582,900 common shares at a price of $28.27 (C$38.75) per common share through a public offering resulting in proceeds of $73.1 million (C$100.1 million) after transaction costs of $3.6 million (C$4.9 million).

Normal Course Issuer Bid ("NCIB")

On December 30, 2024, the Company renewed its normal course issuer bid to buy back up to 2,391,609 common shares from January 2, 2025, to December 31, 2025, through the TSX and alternative trading systems. This approximates 10% of the Company's public float as of December 19, 2024. During year ended December 31, 2025, the Company repurchased 882,881 shares for a total purchase price of $18.8 million net of tax, under this renewed NCIB (December 31, 2024 - nil).

Subsequently, on December 30, 2025, the Company announced another renewal of its NCIB, permitting the buyback of up to 2,314,014 common shares, representing approximately 10% of the public float as of December 19, 2025. This program will be in effect from January 2, 2026, to December 31, 2026, and shares may be repurchased through the TSX and alternative trading systems.

b. Long-Term Incentive Plan ("LTIP")

A continuity of the LTIP awards outstanding is as follows:

	Performance Shares	Restricted Shares
Balance at December 31, 2023	228,045	243,633
LTIP awards issued during the year	101,737	151,698
LTIP shares settled during the year	(82,716)	(121,007)
Balance at December 31, 2024	247,066	274,324
LTIP awards issued during the year	81,648	358,264
LTIP shares settled during the year	(78,478)	(261,029)
Balance at December 31, 2025	250,236	371,559

LTIP compensation expense of $9.5 million was recognized in the consolidated statements of comprehensive income for the year ended December 31, 2025 (December 31, 2024 - $9.3 million). The equity classified portion of the LTIP compensation expense was $4.4 million for the year ended December 31, 2025 (December 31, 2024 - $3.0 million) and the liability classified expense was $5.1 million (December 31, 2024 - $6.3 million).

The key estimate in determining the compensation in any period is whether or not the performance criteria were met and the resulting amount of the payout multiplier on the Performance Shares. The payout multiplier is reviewed and approved by the Company's compensation committee on an annual basis. The liability associated with the cash-settled awards is recorded in accounts payable and accrued liabilities for amounts expected to be settled within one year, and in other liabilities for amounts to be settled after one year.

c. Weighted average shares

Basic net earnings per share is calculated by dividing the net income over the weighted average number of common shares outstanding in each of the reporting periods. Basic and diluted weighted average common shares in each of the reporting periods were as follows:

	December 31, 2025	December 31, 2024
Issued ordinary shares at		
beginning of year	25,064,336	22,430,584
Effect of shares repurchased	(427,470)	—
Effect of shares issued during the year:		
Pursuant to long-term incentive plan	10,085	4,025
Pursuant to equity offering	—	1,432,592
Weighted average common shares - basic	24,646,951	23,867,201
Effect of dilutive securities:		
Long-term incentive plan	580,346	279,331
Weighted average common shares - diluted	25,227,297	24,146,532

15. INCOME TAXES

		2025		2024
Current tax expense	$	(13,055)	$	(5,664)
Deferred tax recovery (expense)		15,440		(3,152)
	$	2,385	$	(8,816)

Under current income tax regulations, subsidiaries of the Company are subject to income taxes in the United States and Canada. The applicable statutory rate in the United States for the year ended December 31, 2025 is 27.3% (2024 - 27.4%) and in Canada is 26.3% (2024 - 26.3%). The majority of the Company's tax expense is generated from its US subsidiaries, and as such the Company reconciles its consolidated income tax expense to the statutory tax rate applicable to the United States.

For the year ended December 31, 2025, the Company is also subject to the Organization for Economic Co-operation and Development ("OECD") Pillar Two global minimum tax rules which apply a 15% minimum effective tax rate to multinational enterprises with annual revenue exceeding EUR 750 million. The Company recognizes current tax liabilities for Pillar Two top-up tax in accordance with IAS 12 Income Taxes when it is probable that a liability will arise. The Company has calculated jurisdiction level effective tax rates ("ETRs") as required under Pillar Two rules and has identified a top-up tax liability in certain jurisdictions where the ETR falls below 15% of $2.0 million (2024 - $2.7 million), which is included as part of current tax expense.

The following table provides a detailed reconciliation of the effective tax rate to the statutory tax rate, highlighting key differences and adjustments for the reporting period:

	2025	2024
Income before income taxes	$ 66,043	$ 55,294
Statutory rate	27.3 %	27.4 %
Computed tax expense at statutory rate	(18,057)	$ (15,151)
Effect of tax rate differentials and other restructuring	11,998	9,206
Valuation allowance	8,234	(4,572)
Non-deductible expenses	(289)	(342)
Prior year tax true-ups	1,266	578
Change in unrecognized deferred tax assets	351	2,488
OECD pillar two global minimum tax	(1,999)	(2,730)
Other	881	1,707
Income tax expense	$ 2,385	$ (8,816)

	2025	2024
Deferred tax assets	$ 21,825	$ 5,456
Deferred tax liabilities	(6,966)	(6,302)
	$ 14,859	$ (846)

The tax effect of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities is as follows:

	December 31, 2025	December 31, 2024
Deferred tax assets:		
Accounts receivable	$ 639	$ 549
Accounts payable and provisions	3,058	3,570
Inventories	5,868	5,456
Goodwill and intangibles	1,084	1,105
Lease obligations, net	10,650	7,777
Tax loss carry forwards and future interest deductions	19,607	5,083
Interest rate swap	878	—
Share and debt issuance costs	599	163
Other	319	28
	42,702	23,731
Deferred tax liabilities:		
Prepaid expenses	(2,228)	(1,551)
Property, plant and equipment	(10,917)	(10,649)
Goodwill and intangibles	(14,548)	(11,557)
Interest rate swap	—	(10)
Share and debt issuance costs	(150)	—
Other	—	(810)
	$ (27,843)	$ (24,577)
Deferred tax asset (liabilities)	14,859	(846)

Deferred tax assets and liabilities are measured at the substantively enacted rates expected to apply at the time such temporary differences are forecast to reverse. At December 31, 2025, the Company's Canadian subsidiaries have operating loss carry forwards for income tax purposes of C$33.0 million (December 31, 2024 - C$37.0 million). These operating losses begin to expire in 2042. The operating loss of C$9.2 million (December 31, 2024 - C$9.2 million) and associated deferred income tax asset of C$2.4 million (December 31, 2024 - C$2.4 million) with these operating losses has not been recorded because it is not probable that future taxable income will be generated to utilize the benefit. Operating loss carry forwards of C$23.8 million (December 31, 2024 - C$27.8 million) are expected to be utilized against future earnings and the associated deferred income tax asset recorded was C$6.3 million (December 31, 2024 - C$7.3 million).

At December 31, 2025, the Company and its Canadian subsidiaries have capital losses of approximately C$140.4 million (December 31, 2024 - C$19.8 million), and suspended capital losses of approximately C$44.7 million (December 31, 2024 - C$44.7 million) available to offset future Canadian taxable capital gains. These capital losses arose as a result of internal restructuring and inter-entity transactions during the year ended December 31, 2009. The deferred income tax asset of C$18.5 million (December 31, 2024 - C$8.9 million) associated with these capital losses has not been recorded because it is not probable that future taxable capital gains will be generated to utilize the benefit.

In May 2024, Canada substantively enacted the Excessive Interest and Financing Expenses Limitation ("EIFEL") legislation. The EIFEL legislation is effective for taxation years beginning on or after October 1, 2023 and limited the Company's ability to deduct interest and financing expenses in future periods. Under this new legislation, as at December 31, 2024, the Company had excess interest expense carried forward of C$37.8 million (USD$26.3 million), and associated deferred income tax asset of C$10.7 million (USD$7.4 million) that had not been recorded because it was not probable that future interest income will be generated to utilize the benefit.

In November 2025, the Company completed an internal corporate restructuring, which resulted in our determination that it is more likely than not that the excess interest and financing expense carryforwards could be utilized. As a result, the Company recognized the previously unrecorded deferred tax asset of C$10.7 million (USD$7.4 million), resulting in a deferred tax recovery in profit or loss for the year ended December 31, 2025.

During 2025, the Company generated additional excess interest and financing expense of C$40.5 million (USD$29.5 million), with a related deferred income tax asset of C$9.9 million (USD$7.2 million). This deferred tax asset was recognized in full, as the Company now expects these amounts to be fully utilized against future taxable income.

The Company's US subsidiaries do not have operating loss carry forwards for income tax purposes (December 31, 2024 - nil).

16. FINANCE INCOME AND EXPENSE

	2025	2024
Finance income (expense):		
Interest expense on bank indebtedness	$ (31,252)	$ (30,082)
Receivables financing expense	(4,253)	(4,970)
Accretion of lease obligation	(12,505)	(8,347)
Foreign exchange gain	7,713	874
Other finance income	3,249	911
Net finance expense	$ (37,048)	$ (41,614)

17. SEGMENT REPORTING

Information about geographic areas is as follows:

	2025	2024
Revenue from external customers:		
Canada	$ 170,404	$ 172,363
United States	2,078,862	2,011,895
	$ 2,249,266	$ 2,184,258

	December 31, 2025	December 31, 2024
Non-current assets[1]:		
Canada	$ 19,960	$ 15,355
United States	735,184	727,889
	$ 755,144	$ 743,244

[1] Excludes financial instruments and deferred income taxes.

18. EMPLOYEE REMUNERATION

a. Employee benefits expense

Expenses recognized for employee benefits are summarized below.

	2025	2024
Wages, salaries and benefits	$ 267,834	$ 258,944
Pensions - defined contribution plans	4,277	3,874
LTIP share-based compensation	9,541	9,309
	$ 281,652	$ 272,127

Employee benefit expenses are included in the consolidated statements of comprehensive income as follows:

	2025	2024
Cost of goods sold	$ 46,836	$ 44,831
Selling, distribution, and administration	234,816	227,296
	$ 281,652	$ 272,127

b. Pensions

Certain of our subsidiaries maintain defined contribution 401(k) retirement savings plans ("Plans"). The assets of these Plans are held and related investment transactions are executed by the Plans' Trustees who are third parties and, accordingly, are not reflected in these consolidated financial statements. During the year ended December 31, 2025, the Company contributed and expensed $3.8 million (December 31, 2024 - $3.4 million) in relation to these Plans.

19. RELATED PARTY TRANSACTIONS

The Company's related parties include key management personnel and post-employment benefit plans for the employees of the Company's subsidiaries.

a. Transactions with key management personnel

Key management of the Company includes members of the Board of Directors, the President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and executive team members. Key management personnel remuneration includes the following expenses:

	2025	2024
Short-term employee benefits:		
Salaries and benefits including bonuses	$ 8,277	$ 7,263
LTIP share compensation	7,564	4,619
Automobile benefit	77	85
Total remuneration	$ 15,918	$ 11,967

The defined contribution plans referred to in note 18(b) are related parties of the Company. The Company's transactions with the pension plans include contributions paid to the plans, which are disclosed in note 18(b). The Company has not entered into other transactions with the pension plans, nor has it any outstanding balances at December 31, 2025 or December 31, 2024.

20. PROVISIONS

Legal

The Company and its subsidiaries are subject to legal proceedings from time to time that arise in the ordinary course of its business. Management is of the opinion, based upon information presently available, that it is unlikely that any liability, to the extent not provided for or insured, would be material in relation to the Company's consolidated financial statements as at December 31, 2025.

Trade

In May 2025, the United States Department of Commerce ("Commerce") concluded its review of certain hardwood plywood products from Vietnam which were believed to be circumventing existing Countervailing Duty ("CVD") and Anti-Dumping ("AD") orders against Chinese hardwood plywood. Commerce removed the circumventing designation on products the Company had imported, thereby eliminating the associated duties.

Following this determination, the Company became eligible for a refund of duties previously paid and expensed and recognized a recovery of $9.7 million, net of related costs, within selling, distribution and administration expenses during the second quarter of 2025. During the year ended December 31, 2025, the Company collected $23.0 million in duty refunds. This amount included refunds for duties previously expensed and for out-of-scope notices, which had been recorded as an asset in the consolidated statement of financial position. As at December 31, 2025, included in accounts receivables is $0.9 million of expected refunds of duties previously paid. In addition, the Company recognized $2.5 million of interest income related to duty refunds for the year ended December 31, 2025, which is recorded in other finance income (note 16).

Also during the second quarter of 2025, Commerce initiated new CVD and AD investigations relating to hardwood and decorative plywood imports from China, Indonesia, and Vietnam into the US. In January 2026 Commerce announced preliminary CVD rates ranging from 2.4% to 128.66% depending on the exporter. In February 2026 Commerce announced preliminary AD rates ranging from 19.98% to 196.14% depending on the exporter. Final rate announcements are expected later in 2026. The Company does not expect the outcome of this investigation to have a material effect on its supply chain or result in duty liabilities.

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