ANNUAL REPORT 2024

INTRODUCTION

Stella-Jones[1] manufactures products, namely treated wood utility poles, which support North America's growing needs for electrical distribution and transmission, as well as treated wood railway ties for the operation and maintenance of railway transportation systems.The Company also manufactures and distributes premium treated residential lumber and accessories to Canadian and American retailers for a variety of outdoor applications.

The Company's strong financial position[2] and strategic focus on infrastructure product supply has enabled Stella-Jones to continue its growth, while maintaining an outstanding reputation for customer service. **Its robust operating track record, extensive expertise and solid underlying fundamentals allow Stella-Jones to connect communities and economies across the continent.**

[1] Stella-Jones Inc., or ("the Company")
[2] All figures in this document are in Canadian dollars, unless otherwise stated

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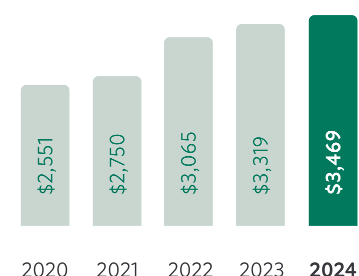
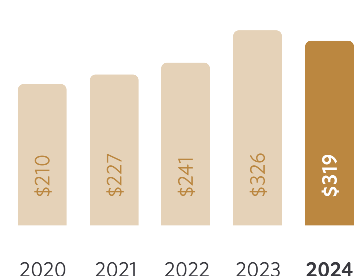
2024 BY THE NUMBERS

SALES (IN MILLIONS OF $)

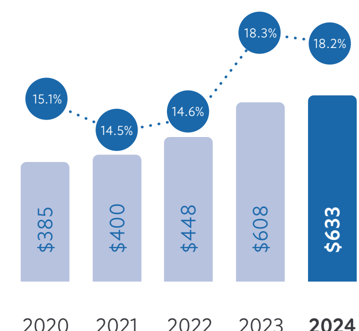


Sales of $3.5 billion increased by 5% compared to 2023. Stella-Jones's sales have grown for the past 24 consecutive years.

NET INCOME (IN MILLIONS OF $)



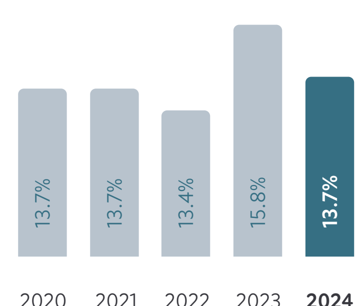
EBITDA[1] (IN MILLIONS OF $)



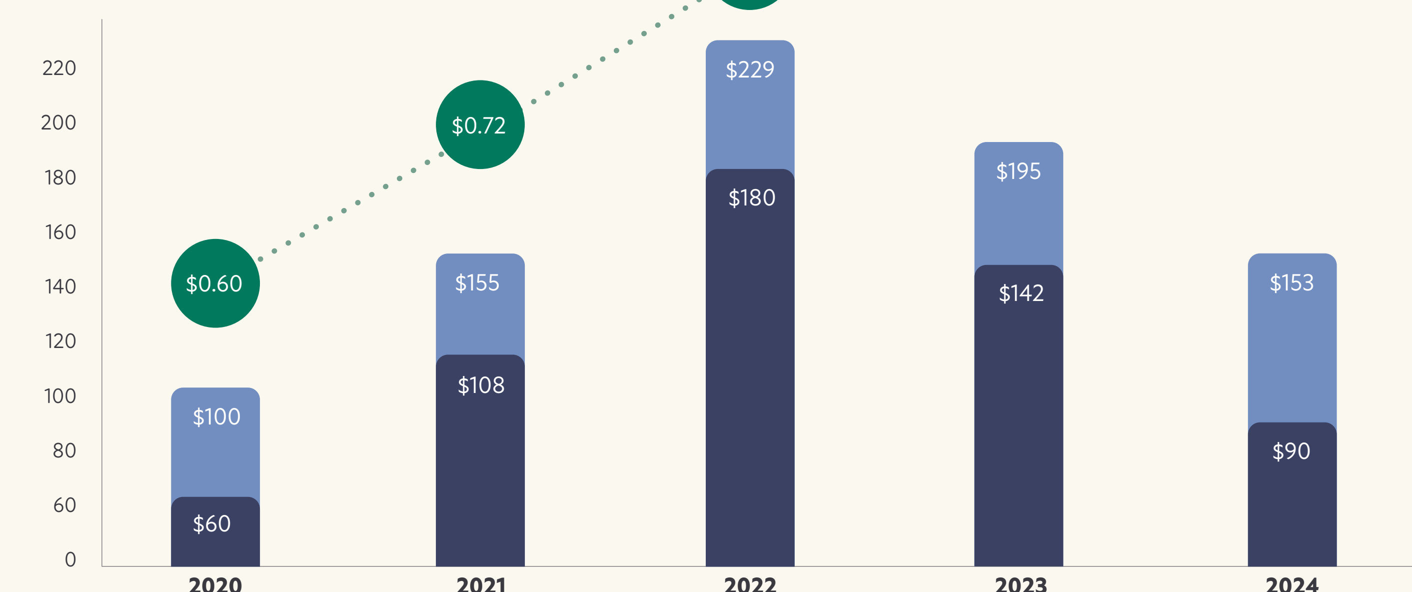
EBITDA Margin[1]

EBITDA[1] grew to $633 million and EBITDA Margin[1] remained elevated at 18.2%, primarily due to organic sales growth of Stella-Jones' infrastructure products.

RETURN ON AVERAGE CAPITAL EMPLOYED ("ROCE")[1]



RETURN TO SHAREHOLDERS



[1] These indicated terms have no standardized meaning under GAAP and are not likely to be comparable to similar measures presented by other issuers. Refer to the section entitled "Non-GAAP and Other Financial Measures" of the Company's Management's Discussion & Analysis ("MD&A") for an explanation of the Non-GAAP and other financial measures used and presented by the Company and a reconciliation of Non-GAAP financial measures to the most directly comparable GAAP measures.

[2] Through dividends and share repurchases

FIVE-YEAR HISTORY & KEY METRICS

FOR THE YEARS ENDED DECEMBER 31	2024	2023	2022	2021	2020
In millions of Canadian dollars, except per share data and financial ratios					
OPERATING RESULTS					
Sales	3,469	3,319	3,065	2,750	2,551
Operating income	503	499	359	326	309
EBITDA[1]	633	608	448	400	385
Net income	319	326	241	227	210
FINANCIAL POSITION					
Inventories	1,759	1,580	1,238	1,106	1,075
Total assets	4,103	3,708	3,073	2,665	2,426
Long-term debt[2]	1,380	1,316	941	734	606
Lease liabilities[2]	323	294	167	144	139
Shareholders' equity	1,941	1,652	1,557	1,448	1,373
PER SHARE DATA					
Earnings per common share – basic and diluted	5.66	5.62	3.93	3.49	3.12
Book value	34.8	29.05	26.34	22.71	20.75
Declared dividends per share	1.12	0.92	0.80	0.72	0.60
FINANCIAL RATIOS					
Operating income margin[1]	14.5%	15.0%	11.7%	11.9%	12.1%
EBITDA margin[1]	18.2%	18.3%	14.6%	14.5%	15.1%
Return on average equity[1]	17.8%	20.3%	16.0%	16.1%	15.8%
Return on average capital employed[1]	13.7%	15.8%	13.4%	13.7%	13.7%
Working capital ratio[1]	7.48	5.07	6.11	5.74	6.05
Net debt-to-total capitalization[1]	0.46:1	0.49:1	0.42:1	0.38:1	0.35:1
Net debt-to-EBITDA[1]	2.6x	2.6x	2.5x	2.2x	1.9x

[1] These indicated terms have no standardized meaning under GAAP and are not likely to be comparable to similar measures presented by other issuers. Refer to the section entitled "Non-GAAP and Other Financial Measures" of the Company's Management's Discussion & Analysis ("MD&A") for an explanation of the Non-GAAP and other financial measures used and presented by the Company and a reconciliation of Non-GAAP financial measures to the most directly comparable GAAP measures.

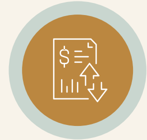
[2] Including current portion.

AT-A-GLANCE*

Stella-Jones is a leading supplier to North America's electrical utilities, providing treated wood utility poles, which are preferred for their durability, cost efficiency and safety during maintenance work. The Company is also a leading supplier of treated wood railway ties and timbers for Class 1, short line and commercial railroad operators across the continent. In addition, Stella-Jones manufactures premium treated residential lumber products and accessories for outdoor applications for Canadian and American retail partners.

24 consecutive years
of increased sales

20 consecutive years
of dividend increase



72% of sales
generated in the United States

Established track record
with the ability to meet expected long-term customer demand

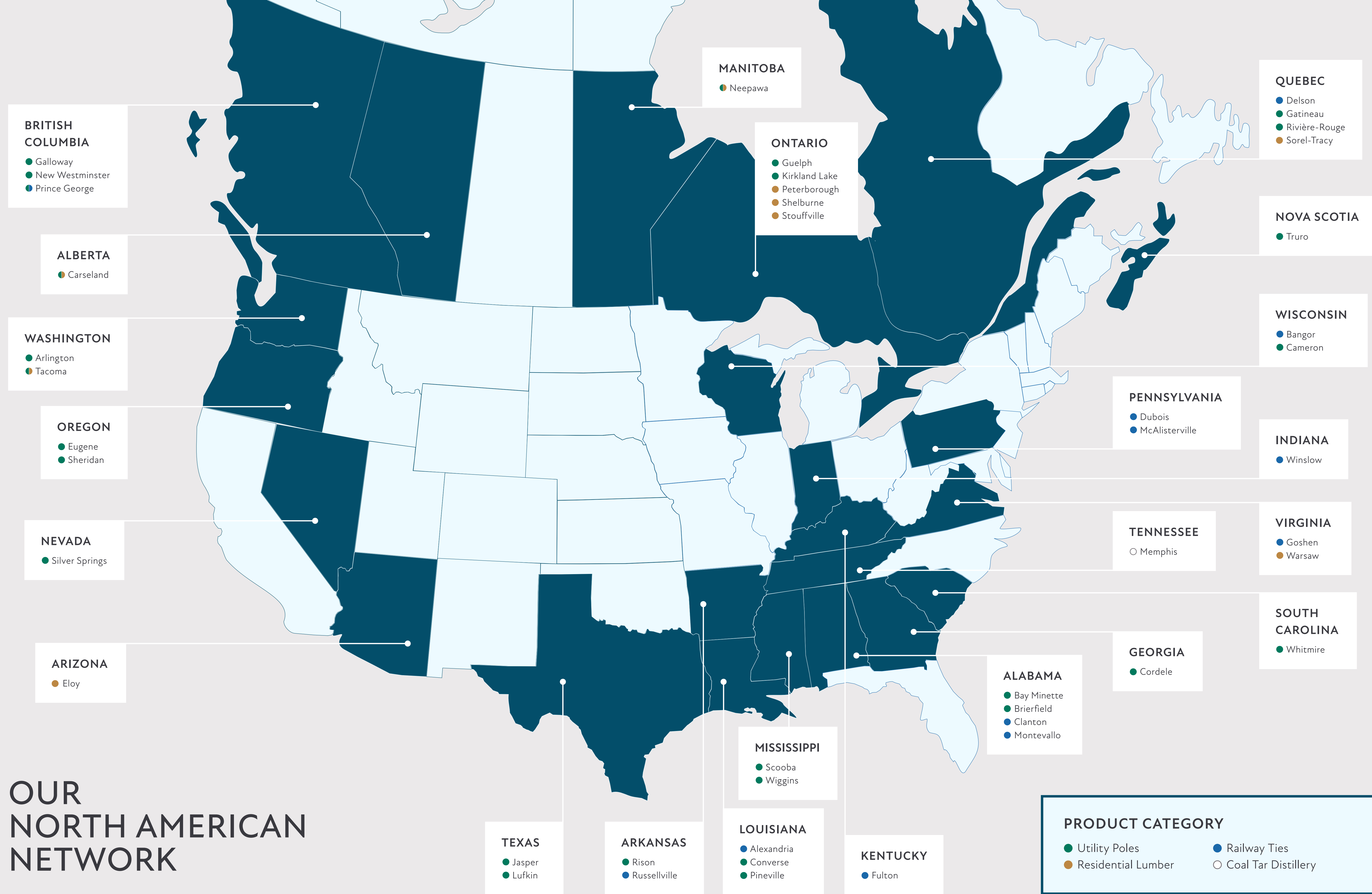
Coast-to-Coast
North American presence that includes 44 wood treating facilities and a coal tar distillery

Established reputation
rooted in high-quality customer service with procurement, manufacturing, and distribution capabilities

Over 3,000
employees across North America

* All data as at December 31, 2024

OUR NORTH AMERICAN NETWORK



A MESSAGE FROM THE CHAIR OF OUR BOARD OF DIRECTORS

DEAR SHAREHOLDERS,

Each year, our entire organization, from Management and employees to the Board itself, takes dedicated and measurable steps to refine and advance the Company's long-term strategy and key priorities of value creation and sustainable growth.

In 2024, Stella-Jones again focused on initiatives to position ourselves to benefit from ongoing tailwinds in our industry. We continued on our successful path of securing long-term customer contracts, coupled with increasing overall capacity and efficiency throughout our network while maintaining unparalleled customer service. To allow for further informed decision making, Stella-Jones also entered the final stages of the implementation of a Company-wide Enterprise Resource Planning ("ERP") solution, which the Audit Committee was tasked with overseeing since we began this initiative. Each wave has brought us insights so that we can continue to have visibility into trends and implement productivity gains coupled with enhanced security and business continuity. Importantly, in 2024, our first ever bond offering brought new and interested parties into the Stella-Jones collective, providing for an even stronger capital base for future growth.

Similarly, the Board of Directors continued to build and shape its corporate governance strategy to reinforce the Company's long-term positioning. Last year, I highlighted areas including broadening certain committee mandates to provide more comprehensive Board oversight of key areas and the inclusion of chosen Environmental, Social and Governance ("ESG") factors and initial share ownership guidelines for executives. In 2024, we expanded on last year's adoption of share ownership guidelines for our senior management team, formalizing and rolling out an official policy in relation thereto, which further strengthens the alignment of our leadership's interests with those of our shareholders. Our Human Resources and Compensation Committee ("HRCC") also took steps for Board members, expanding their minimum share ownership requirements to be based on the value of both their cash compensation and deferred share unit grants.

From a governance perspective, we work to ensure that the Board is positioned to provide the best possible oversight through a combination of fresh ideas and seasoned experience. In 2024, we introduced a committee chair rotation policy to allow each Board committee to gain new perspectives while facilitating succession planning. To that end, we named Anne Giardini as Chair of the Governance and Nomination Committee, succeeding Simon Pelletier, and added Robert Coallier as Vice-Chair of the HRCC in anticipation of Jim Manzi's retirement from the Board in May of 2025. Their contributions have already been notable and we are confident that they will continue to drive our Company forward from an overall governance and accountability perspective. We wish to wholeheartedly thank Jim Manzi for helping lead the way to a more accountable and performance-based philosophy of global compensation for the entire Stella-Jones organization. We also extend our most sincere gratitude to Board member Rhodri Harries, who has chosen not to seek re-election, for his invaluable contributions to the business in his tenure, particularly in his role as part of our Audit and Environmental, Health and Safety Committees.

Annually, the Board performs assessments with an eye to improvement as needed of the Board composition and skills. This year, we updated our Board skills matrix to underscore the importance of climate change, cybersecurity and artificial intelligence in an ever-changing world, and continued our dedicated Board training to fortify our oversight of the organization. As part of our commitment to risk management and the ongoing sustainability of our business, leaders across the organization and our Board engaged in dedicated crisis management planning and related exercises in 2024, establishing a crisis team at the management level, complemented by the formation of an Executive Committee of the Board, to together address urgent, time-sensitive matters affecting the organization. Lastly, our Board continues to participate in on-site plant visits to strengthen its understanding of our people, our processes and the vital components of our enterprise.

SHAREHOLDER ENGAGEMENT

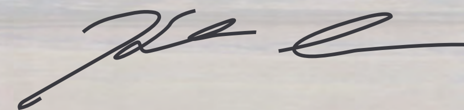
In 2024, we continued a concerted effort to engage investors and meet directly with shareholders. This past year, our Board and committee Chairpersons met investors representing approximately 25% of total shares outstanding, and our senior management team interacted with a wide range of unique continuing and new potential equity and fixed income stakeholders. We appreciated the opportunity to showcase our Company and team while participating in enhanced dialogue to better understand shareholders' perspectives and enrich our overall relationship through an ongoing commitment to transparency and responsiveness.

We are mindful of the degree of clarity required to allow shareholders to better understand Stella-Jones' progress along stated strategies and paths. For the past several years, we have steadily increased the breadth and quality of information in our ESG Report and quarterly Management Discussion & Analysis so that our shareholders can gain greater insights into our Company's performance, progress towards our goals and trends within the industries in which we operate.

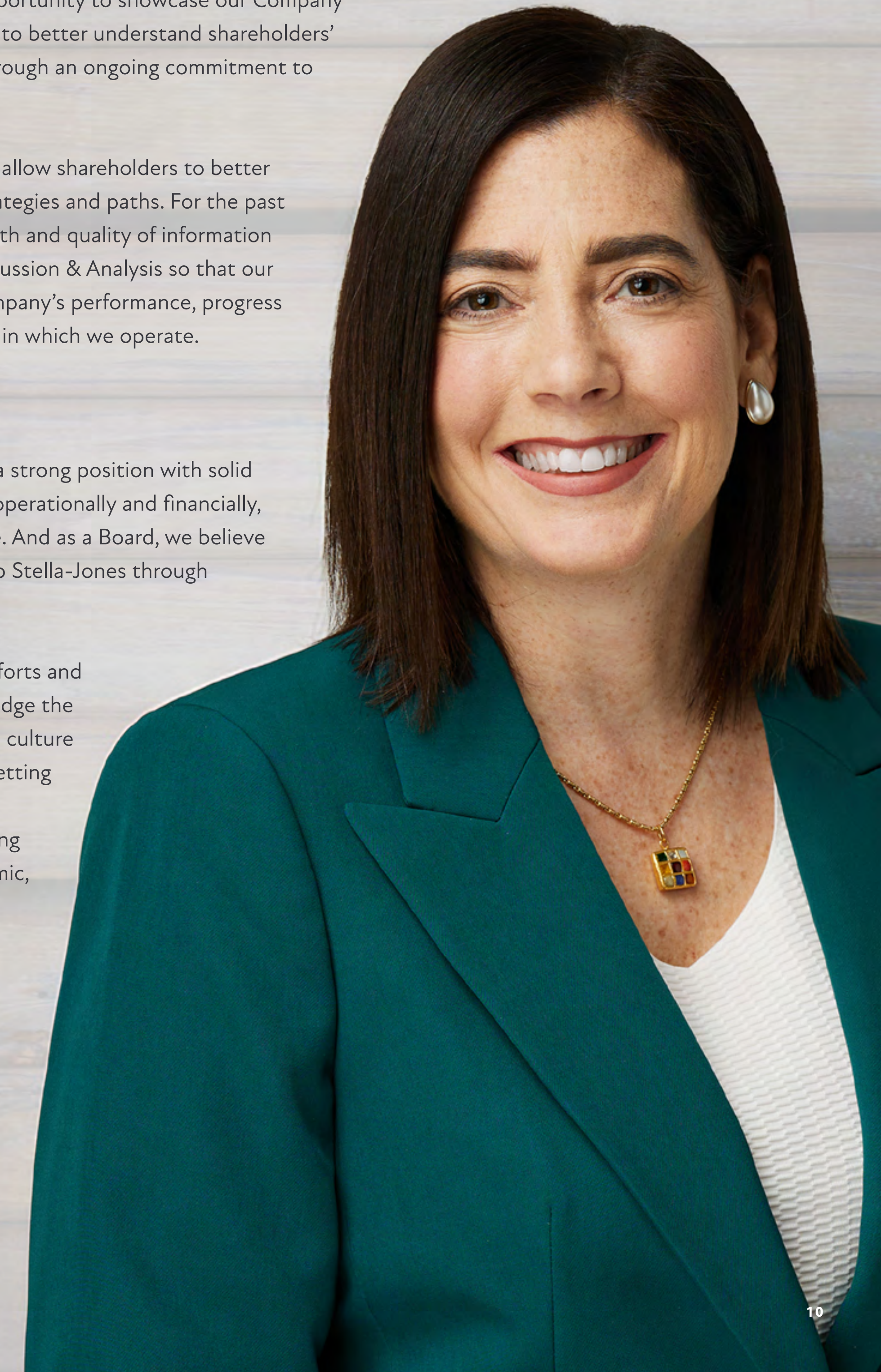
POSITIONED FOR SUCCESS

As we look to 2025 and beyond, Stella-Jones is in a strong position with solid fundamentals. The measures we have taken, both operationally and financially, will help us solidify our preparedness for the future. And as a Board, we believe we have the right mix of skills and expertise to help Stella-Jones through this next wave of growth.

I want to thank our employees for their ongoing efforts and dedication to Stella-Jones. I also want to acknowledge the efforts of our leadership team. They have created a culture that embodies continuous improvement and the setting of high expectations throughout our organization. Our Board has adopted this mindset as well, creating together an extraordinary organization-wide dynamic, which will help us continue to achieve our goals together. Thank you as well to our shareholders and other stakeholders for your ongoing support throughout the year.



Katherine A. Lehman
Chair of the Board of Directors



A MESSAGE FROM OUR PRESIDENT & CEO

TO OUR VALUED SHAREHOLDERS,

I am pleased to welcome you to our 2024 Annual Report, which provides an opportunity to highlight Stella-Jones' achievements and strategic initiatives over the last year. 2024 was underscored by our commitment to unparalleled customer service and operational excellence. Our dedicated team navigated a dynamic environment, seized opportunities and collected wins, ensuring that we continue to deliver for our customers and shareholders. This is and will continue to be the force that propels us on our growth journey.

A JOURNEY BUILT ON GROWTH

I have served the Company over 17 years, five of which as CEO, and I have seen Stella-Jones evolve into a leading North American provider of vital infrastructure products that support the electrical grid and continental transportation. Looking back, one thing has always remained constant: Stella-Jones' unwavering dedication to service its customers.

Our ability to consistently deliver quality products and services has been key to our progress. In just the last five years, sales grew at an average compound rate of 10%, EBITDA more than doubled from the $313 million generated in 2019, and our EBITDA margin expanded by almost 400 bps. We consistently generated solid cashflows and improved our return on average capital employed as we focused on enhancing profitability and capital efficiency. Over the last year, we witnessed a slower than anticipated pace of purchases by utilities, but the underlying fundamentals of our infrastructure business remain rooted in maintenance requirements, which play out over a longer-term horizon. The demand for our products remains very compelling, and we are on track to meet our financial objectives.

2024 was our 24th consecutive year of sales growth. We increased sales to $3.5B and delivered $633 million of EBITDA, or a margin of 18.2%, a reflection of the remarkable efforts of our team and our ability to remain laser-focused on our business' robust underlying fundamentals. We also generated strong operating cash flows of $408 million, further strengthening our balance sheet, and returned to shareholders $348 million out of the $500 million commitment for the 2023 to 2025 period.

The year was further marked by significant investments in our facilities, people and technology to build our capabilities, increase our financial capacity and strengthen our business. These investments will also drive our future prospects and position us to continue to grow.

WHERE WE'RE GOING

I am excited about the future and the long-term growth prospects of the infrastructure markets we serve. Utilities' capex spending is expected to remain elevated for many years, driven by the need to upgrade existing systems and strengthen the electrical grid in North America to support heavier loads. Our utility pole business is well-positioned to benefit from this multi-year secular growth trend. And for railway ties, with our strong competitive advantages and customer-driven innovation, we will continue to work on enhancing relationships with our Class 1 customers and executing on opportunities to drive increased profitability. We are committed to being a partner of choice for our customers. As such, in 2025, our focus will be to build even stronger relationships by expanding our offering to our infrastructure customers. We will be very selective in the acquisition process, prioritizing opportunities that enhance our market and product reach, contribute to earnings growth and ensure a healthy return on invested capital.

As we head into 2025, we are pleased with our strong financial position and flexibility, which we were able to bolster on October 1, 2024 with an inaugural bond offering of $400 million. This recent bond offering provides us with additional financial flexibility to actively pursue growth opportunities. We are dedicated to maintaining our investment-grade leverage ratio and a disciplined capital allocation strategy. Following three years of capital investments that were focused on increasing utility poles capacity and upgrading our network assets, we will look to optimize capacity in 2025 to enhance our operating model. As we enter the final year of our three-year financial plan, we will continue to lead our business with discipline.

BUILDING A BETTER FUTURE

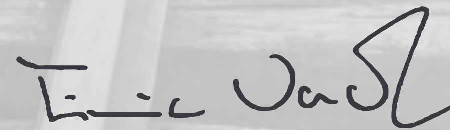
Beyond the meaningful advancements on the initiatives outlined in our Environmental, Social and Governance strategic framework, sustainability at Stella-Jones also means safeguarding and future-readying our business for years to come. In late 2023, we assessed employee engagement, which brought us to invest in communication tools, leadership development programs and career planning to increase transparency and improve retention. We also progressed in our technological transition to a new Enterprise Resource Planning system, which should be completed later in 2025. This new system will provide us with better decision-making data and enable the interface with emerging technologies for years to come. These initiatives are part of a strategic plan to ensure Stella-Jones has the resources and tools to support growth and remain an employer of choice.

Lastly, in recent years, we unified our Environmental Health and Safety approach in North America, further attesting to our commitment to fostering a culture where safety matters above all. The loss of a colleague, friend and community member in a fatal workplace accident at one of our manufacturing facilities in 2024 serves as a stark reminder of the importance of vigilance, care and continuous improvement in workplace safety. The reverberation of this event will be felt by our network and our people for a long time, as we continuously strive to improve our health and safety programs and culture.

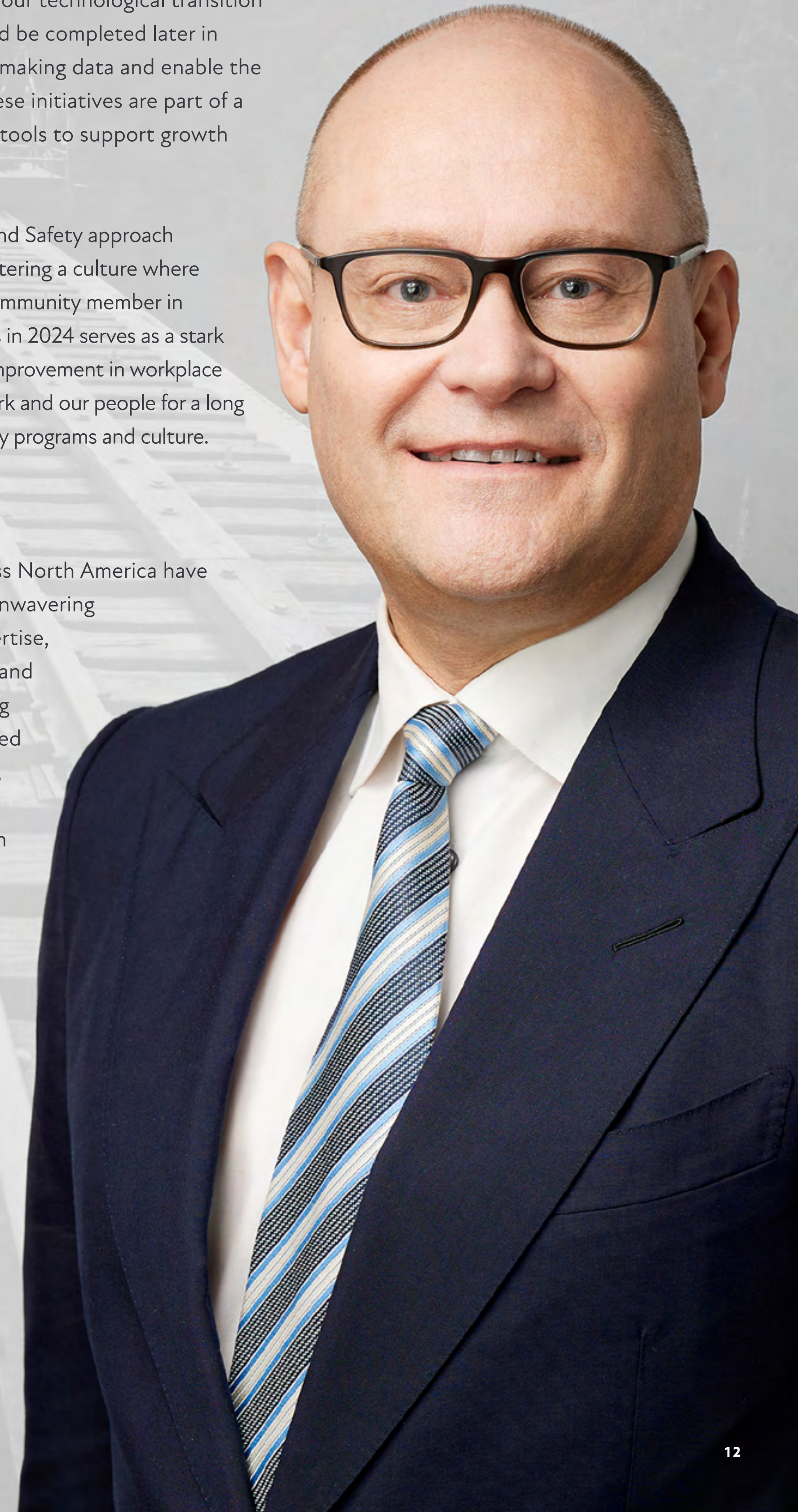
RESILIENCE IN ACTION

Change is often the only constant, but our employees across North America have been a consistent pillar of strength over time. Through an unwavering dedication to customer service and extensive industry expertise, Stella-Jones has been able to foster a culture of ownership and excellence. This approach to business, combined with strong fundamentals in each of our product categories, have enabled us to seize opportunities for growth. Over the last 32 years, Stella-Jones has excelled at developing solutions for customers, supporting emergency response, innovating with technology, exploring new raw materials and expanding community engagement to build an industry leading business. Our resolve to achieve excellence remains steadfast, making Stella-Jones the backbone of solid infrastructures, for stronger communities.

In closing, I thank our Board of Directors for their continued trust and support of our management team and corporate strategy. I also want to acknowledge our shareholders for your continued faith in Stella-Jones.



Eric Vachon
President and Chief Executive Officer



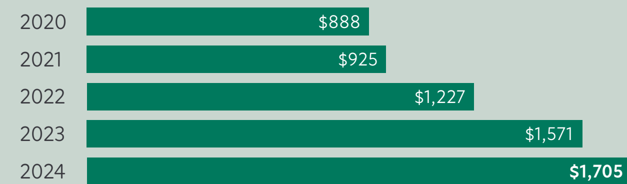
UTILITY POLES

"Elevated spending plans of our customers to strengthen aging infrastructure and our ability to secure long-term sales contracts, all speak to the strong fundamentals of the utility poles product business."

Kevin Comerford
Senior Vice-President,
Utility Poles and
U.S. Residential Lumber

Sales of utility poles increased organically in the mid-single digit range in 2024, despite the slower pace of purchases and a deferral in the execution of projects by utilities. The outlook for the utility poles product category remains strong as Stella-Jones' customers continue to invest in replacing aging infrastructure and increasing grid resiliency. To cater to growing infrastructure demand, Stella-Jones has completed its extensive capital expenditure program, resulting in a broader and more flexible footprint, and providing opportunities to continue to improve operational efficiencies.

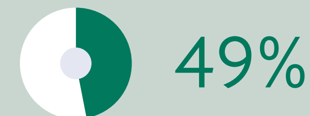
5-YEAR SALES (IN MILLIONS OF $)



2024 SALES

$1,705 MILLION

2024 PERCENTAGE OF SALES



49%

2024 ORGANIC GROWTH

6%

RAILWAY TIES

"In 2024, the railway ties business benefitted from both our unwavering dedication to customer service and replenished untreated tie inventory levels, which allowed us to better service our North American customer base."

Patrick Kirkham
Senior Vice-President,
Railway Ties

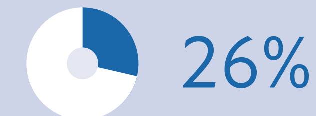
The railway ties product category continued to demonstrate its consistency and resilience throughout 2024. Its solid performance was a reflection of favourable market dynamics for non Class 1 business and the Company's customer-centric approach. The Company leveraged its solid financial position to replenish inventory in 2023 to service the strong non Class 1 market. Railway ties sales to Class 1 customers also increased in 2024, despite the reduction in maintenance programs of certain Class 1 railroads. Stella-Jones remains confident in the long-term outlook for railway ties and in the product category's ability to continue to deliver at minimum low single-digit sales growth.

5-YEAR SALES (IN MILLIONS OF $)

2024 SALES

$890 MILLION

2024 PERCENTAGE OF SALES



26%

2024 ORGANIC GROWTH

6%

RESIDENTIAL LUMBER

"The beginnings of an upward trend in lumber prices in the second half of 2024, as well as early indications of an increase in demand, are promising signs for our residential lumber business as we head into 2025."

Brian Grant
Vice-President,
Canada Residential Lumber
Sales and Procurement

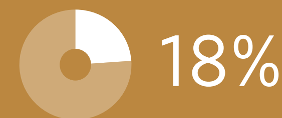
5-YEAR SALES (IN MILLIONS OF $)

While residential lumber sales were lower relative to last year, there are many encouraging indications for the business heading into 2025. Lumber prices are trending upward and industry reports suggest that the remodeling downturn is expected to reverse by the middle of 2025, with renovation and remodeling spending expected to gain from improvements in new home construction and existing home sales. These industry developments suggest residential lumber sales are expected to continue to be within the Company's $600 to $650 million target range in 2025.

2024 SALES

$614 MILLION

2024 PERCENTAGE OF SALES



18%

2024 ORGANIC GROWTH

(5%)

INDUSTRIAL PRODUCTS

Stella-Jones offers a variety of select wood species and preservatives for outdoor applications across the industrial, marine and civic sectors. These products, which include timbers for railway bridges, crossings and construction, and marine and foundation pilings, can withstand a wide range of weather and geographic conditions. In addition, the Company manufactures creosote, a wood preservative used in its treating activities, and additional coal tar-based products, which are sold to third-party customers.

5-YEAR SALES (IN MILLIONS OF $)

2024 SALES

$154 MILLION

2024 PERCENTAGE OF SALES

4%

2024 ORGANIC GROWTH

3%

LOGS AND LUMBER

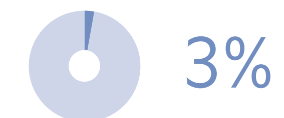
This product category includes the sale of logs harvested in the course of Stella-Jones' procurement process, which are determined to be unsuitable for the manufacturing of utility poles. Additionally, in the course of procuring residential lumber volume, Stella-Jones engages in reselling excess lumber into local home-building markets. Logs and lumber do not generate significant margins.

5-YEAR SALES (IN MILLIONS OF $)

2024 SALES

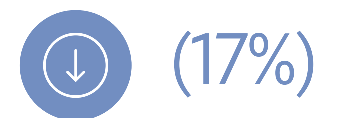
$106 MILLION

2024 PERCENTAGE OF SALES



3%

2024 ORGANIC GROWTH



(17%)

SUSTAINABILITY OVERVIEW

SUSTAINABILITY PERFORMANCE HIGHLIGHTS 2024

Stella-Jones is pursuing a trajectory that integrates both financial performance and shareholder value objectives, as well as the Company's sustainability priorities.

In 2024, we accelerated climate action, making progress on the implementation of our greenhouse gas ("GHG") reduction roadmap and increased transparency through new disclosure.

HEALTH & SAFETY

- 7% reduction in total recordable injury rate
- 13 third-party Health & Safety audits completed

CLIMATE CHANGE & GHG EMISSIONS

- 2.5 Megawatts of installed solar capacity
- $3M CapEx invested in GHG reduction projects

OUR PEOPLE

- 25% women in management
- 39% of facilities representative* of local area diversity

**Considered representative as being within 2% or higher than local area diversity.*

INDIGENOUS PEOPLES

- Advanced work on Indigenous Relationship Agreements with five First Nations in 2024
- $9M worth of Indigenous economic investments underwent due diligence

RESPONSIBLE SUPPLY CHAIN

- Vendors representing 25% of total procurement spend were screened for ESG risk
- 79% of residential lumber procured from third-party sustainably certified sources

ESG RISK GOVERNANCE

- 66 Stella-Jones locations[1] and 443 third-party fibre sourcing areas assessed for nature and biodiversity risks and opportunities in line with the Taskforce on Nature-related Financial Disclosures ("TNFD")
- 356 suppliers assessed for human rights risks

[1] Includes wood treating and utility pole peeling facilities.

CLIMATE REPORT 2024

CONTENT

1. Climate Governance
2. Climate Strategy
3. Climate-Related Risks and Opportunities
4. Metrics and Targets

1. CLIMATE GOVERNANCE

The Environment, Health & Safety Committee of the Board of Directors oversees the Company's climate strategy, targets and objectives, and reports to the Board on performance and progress. The completed climate transition risk and opportunity scenario analysis used the same likelihood and impact categories as the Enterprise Risk Management ("ERM") framework, whilst the physical risk analysis used a bespoke set of criteria. The identified strategies and actions for all scenarios are managed through the ERM process. Senior management reviews the results of all climate-related risk and opportunity analyses.

> *Achieving new levels of disclosure and transparency*

In 2024, the Company completed a gap analysis with the International Sustainability Standards Board ("ISSB") disclosure requirements and has developed a roadmap for implementation. The roadmap builds upon the work already completed in enhancing disclosures around climate related risks and opportunities. In the Company's 2023 ESG Report, transitional risks and opportunities were disclosed for the first time.

2. CLIMATE STRATEGY

Stella-Jones has committed to reducing greenhouse gas emissions in its operations (Scope 1 and 2) by 32% by 2030 compared to a 2022 baseline. Our GHG reduction roadmap, first published in our 2022 ESG Report, outlines the initiatives and technologies identified to help achieve our target. 2024 was focused on completing engineering work and feasibility studies to further refine the roadmap including more detailed capital allocation.

RENEWABLE ELECTRICITY

In 2024, Stella-Jones signed a ten-year agreement to purchase renewable energy certificates ("RECs") generated from the Mesquite wind farm in Texas. The agreement provides Stella-Jones with RECs generated by the project starting in 2025 and will enable the Company to effectively cover 100% of its annual electrical consumption in U.S. and Canadian facilities with renewable energy.

Complimenting the REC purchase, the Company completed its second solar power installation in 2024 at its Cameron, Wisconsin, utility pole manufacturing facility. The system is expected to cover 48% of the site's total electrical requirements and will bring Stella-Jones' total installed solar capacity to 2.5 Megawatts.

OPTIMIZING OUR ENERGY USE

Energy efficiency audits have been completed at six facilities and the site-specific GHG reduction plans developed. In 2024, the first set of projects from the audits commenced, including installation of waste heat recovery units for wood kilns, upgrades to feedwater heating systems, and the development of real time energy monitoring for large consumers such as boilers. The carbon reductions from this first set of projects are expected to be realized during 2025, whilst the Company continues to execute the audit plan and identified opportunities.

USING ALTERNATIVE FUELS

Renewable diesel known as R99 was piloted at four locations during 2024. R99, which is made from a mix of waste and organic oil feedstocks, reduces emissions from mobile equipment by as much as 70% on a life-cycle basis. The total amount consumed in 2024 was 131,239 gallons, equivalent to 874 MT CO2eq avoided.

The opportunity to utilize the wood by-product generated on site in energy production continues to be a focus across the Company. Currently 13 facilities utilize wood fired boilers, and in 2024 the Company undertook feasibility studies for another four locations to switch from natural gas to wood fired units or cogeneration opportunities.

3. CLIMATE-RELATED RISKS AND OPPORTUNITIES

PHYSICAL RISK TO OUR TREATMENT FACILITIES

The physical risk posed by climate change, both acute and chronic, has been modelled using Munich RE NATHAN Globe of Natural Hazards under a 2-degree warming scenario, and the long-term time horizon of 2100. The financial effect is a relative risk rating which is calculated as the maximum financial loss per facility based on real asset values. The climate-related physical risks that could reasonably be expected to impact Stella-Jones over the long-term include extreme heat which impacts production through increased downtime and additional costs incurred to help mitigate the effects of extreme heat on our workforce, and wildfires, which have the potential for catastrophic loss of assets and inventory. The maximum financial effect of the time-horizon is modelled at $171 million. Assumptions include no change to the physical asset inventory under the modelled time horizon.

TRANSITION RISK AND OPPORTUNITIES

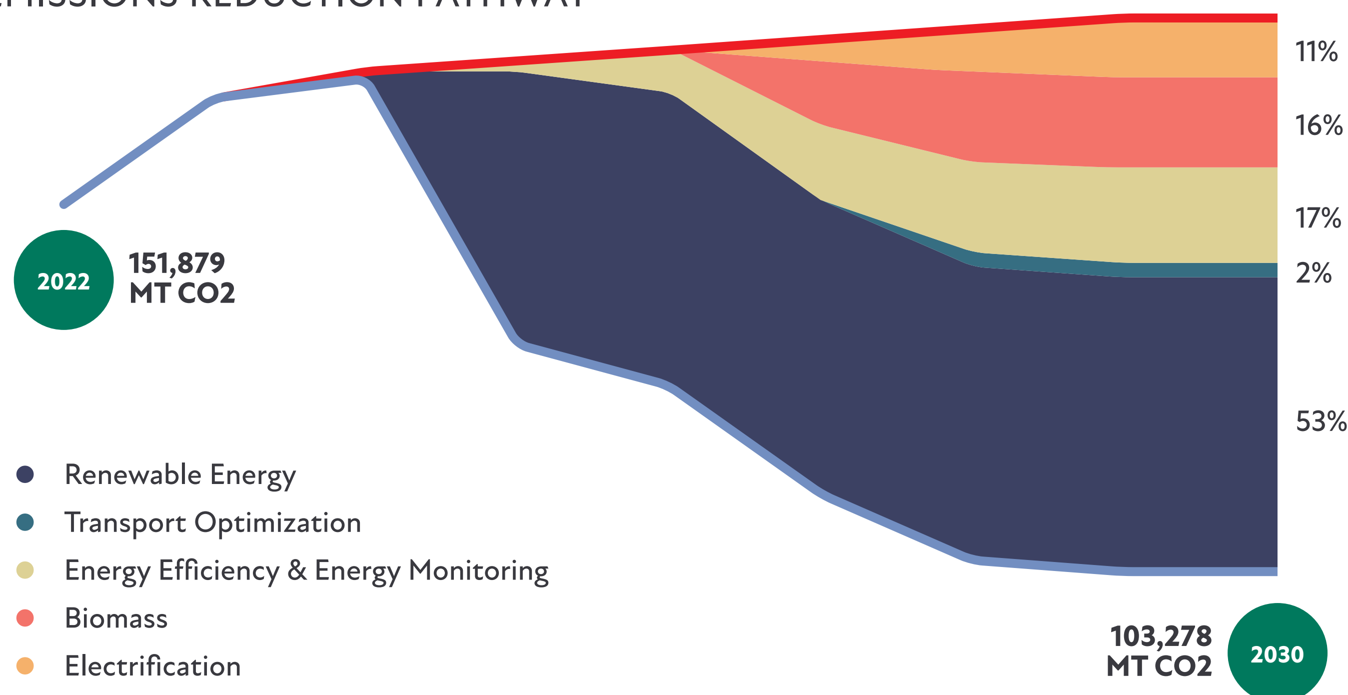
The assessment of transitional risks and opportunities used representative concentration pathway ("RCP") 1.9, where global warming is limited to below 1.5°C, and RCP 7.5 which is a high warming scenario of 4°C. These scenarios used a bespoke climate model over a 2030- and 2050-time horizon. In the 1.5°C scenario, increased carbon pricing would lead to higher costs for the fuels used in our production processes as well as a reduction in the supply of fibre and higher overall fibre cost due to increased incentives to set aside harvestable land for carbon mitigation and offsets. The overall demand for utility poles is expected to increase under the 1.5°C scenario.

The assumptions used in the modelling included estimates for carbon pricing and Stella-Jones' growth over the different time horizons. The analysis also included three pathways; business as usual, implementation of Stella-Jones' decarbonization roadmap, and a net-zero pathway where emissions reduce by 90% by 2050.

The primary financial impact of these risks is increased direct costs of product inputs. Under a 1.5°C scenario with a business-as-usual approach, cumulative carbon pricing costs could reach $4 billion by 2050. Additionally, projected fibre costs may rise by 33% between 2025 and 2050 under the same scenario. To enhance resilience, Stella-Jones is implementing its GHG reduction roadmap to mitigate carbon pricing impacts and maintaining strong relationships with a diverse fiber supply base to ensure supply flexibility.

Projected revenue from increased market demand could rise by up to 28% in 2050 compared to 2025 under a 1.5°C scenario, driven by growing electrification requirements. The Company's strategy to capitalize on this opportunity includes leveraging strong customer relationships, ensuring quality and reliable supply, and promoting the benefits of wood utility poles as a sustainable, renewable, and carbon-positive material.

OUR ABSOLUTE SCOPE 1 & SCOPE 2 EMISSIONS REDUCTION PATHWAY



4. METRICS AND TARGETS

Below is the Company's 2030 GHG reduction target and an overview of scope 1, 2 and 3 GHG emissions. Stella-Jones has adopted an absolute emissions reduction target, ensuring a total reduction in emissions, even as the business continues to grow. The Company is also evaluating a Science-Based Target ("SBT") to align its absolute emissions reduction with the global climate goal of limiting warming to below 1.5°C. As part of this process, Stella-Jones is assessing the inclusion of a Scope 3 reduction target.

TARGET: REDUCE SCOPE 1 & 2 GHG EMISSIONS BY 32% COMPARED TO A 2022 BASE YEAR.

	UNIT	2021	2022	2023
SCOPE 1 - GHG EMISSIONS	MT CO2EQ	95,886	123,685	134,634
SCOPE 2- GHG EMISSIONS	MT CO2EQ	25,648	28,194	31,006
SCOPE 3 - GHG EMISSIONS	MT CO2EQ	Data not captured	965,930	1,035,651

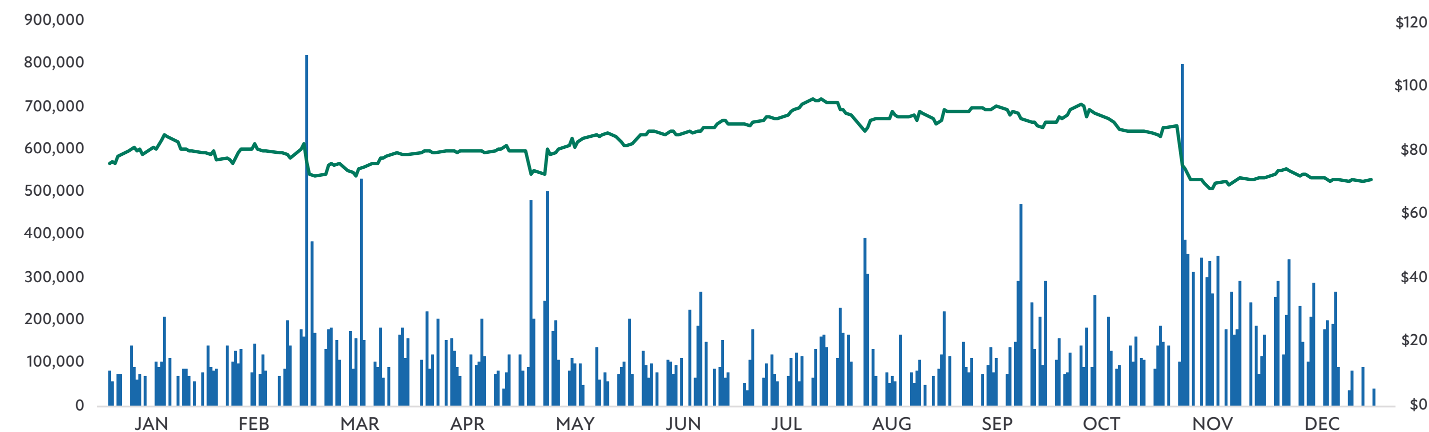
SHARE INFORMATION

FOR THE YEARS ENDED DECEMBER 31	2024	2023	2022	2021	2020
(unaudited)					
TRADING DATA ON COMMON SHARES[1]					
52-week high ($)	96.19	84.63	50.90	54.09	47.37
52-week low ($)	68.16	46.95	30.54	38.58	23.34
Closing ($)	71.19	77.12	48.52	40.01	46.28
Total Volume	37,606,084	31,771,617	41,242,642	43,453,116	47,590,783
Average Daily Volumes	149,230	127,086	164,971	173,120	188,852
OTHER STATISTICS					
Dividends on common shares (in millions $)	63	53	49	47	40
Dividends per share ($)	1.12	0.92	0.80	0.72	0.60
Dividend yield (%)	1.6%	1.2%	1.6%	1.8%	1.3%
Average number of shares outstanding (000's)	56,403	57,963	61,421	65,002	67,260
Average number of diluted shares outstanding (000's)	56,407	57,969	61,421	65,002	67,264
Shares outstanding at year end (000's)	55,825	56,867	59,116	63,773	66,187
Public float (000's)	41,089	49,112	50,987	56,051	50,837
Market capitalization (in millions $)	3,974	4,386	2,868	2,552	3,063
Enterprise value[2] (in millions $)	5,354	5,702	3,809	3,286	3,669

[1] Based on data from the TSX.

[2] Enterprise value is defined as market capitalization plus long-term debt, including the current portion.

2024 CLOSING SHARE | PRICE & VOLUME



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Katherine A. Lehman
Chair of the Board, Stella-Jones Inc.
Member of the Audit Committee
Director since October 2016

Michelle Banik
Member of the Governance and Nomination Committee
Member of the Human Resources and Compensation Committee
Director since January 2024

Robert Coallier
Vice-Chair of the Human Resources and Compensation Committee
Member of the Audit Committee
Director since January 2020

Anne E. Giardini
Chair of the Governance and Nomination Committee
Member of the Environmental, Health and Safety Committee
Director since January 2021

Rhodri J. Harries
Member of the Audit Committee
Member of the Environmental, Health and Safety Committee
Director since May 2020

Karen Laflamme, FCPA, ASC
Chair of the Audit Committee
Member of the Governance and Nomination Committee
Director since December 2018

James A. Manzi, Jr.
Chair of the Human Resources and Compensation Committee
Member of the Governance and Nomination Committee
Director since April 2015

Douglas Muzyka
Chair of the Environmental, Health and Safety Committee
Member of the Governance and Nomination Committee
Director since December 2019

Simon Pelletier
Member of the Environmental, Health and Safety Committee
Member of the Human Resources and Compensation Committee
Director since May 2012

Eric Vachon, CPA
President and Chief Executive Officer, Stella-Jones Inc.
Director since October 2019

SENIOR MANAGEMENT

Eric Vachon
President & Chief Executive Officer

Silvana Travaglini
Senior Vice-President and Chief Financial Officer

Richard Cuddihy
Senior Vice-President and Chief People Officer

Kevin Comerford
Senior Vice-President, Utility Poles and U.S. Residential Lumber

Patrick Kirkham
Senior Vice-President, Railway Ties

Marco Albanesi
Vice-President, Corporate Development and Treasury

Joel Alexander
Vice-President, Procurement, Southern Yellow Pine

Dean Anderson
Vice-President, Utility Pole Sales

Steve Bryant
Vice-President, Operations Southern Yellow Pine-West

Sylvain Couture
Vice-President, Utility Pole and Residential Lumber Operations, Eastern Canada

Jason Dallas
Vice-President, Railway Tie Procurement

Marcell Driessen
Vice-President, Human Resources

Marla Eichenbaum
Vice-President, General Counsel and Secretary

Brian Grant
Vice-President, Canada Residential Lumber Sales and Procurement

Mathieu Hebert
Vice-President, Finance

James Kenner
Vice-President, Risk Management and General Counsel, U.S. Operations

Steve Larocque
Vice-President, Information Technology

Jeremy Meyer
Vice-President, Utility Pole Sales

Andy Morgan
Vice-President, Utility Pole Operations (Western Species)

Gordon Murray
Vice-President, Research and Development

Glynn Pittman
Vice-President, Utility Pole Operations (Southern Yellow Pine)

Jim Raines
Vice-President, Global Railway Tie Sales

Patrick Stark
Vice-President, Environment, Health and Safety

Jon Younce
Vice-President, Utility Pole and U.S. Residential Lumber Procurement

David Whitted
Vice-President, Railway Tie Operations and Production Planning

A full report of Stella-Jones' corporate governance practices is set out in the Management Proxy Circular for its May 7, 2025 Annual Meeting of Shareholders.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(in millions of Canadian dollars)

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INTRODUCTION

The following is Stella-Jones Inc.'s management discussion and analysis ("MD&A"). Throughout this MD&A, the terms "Company" and "Stella-Jones" shall mean Stella-Jones Inc. with its subsidiaries, either individually or collectively.

This MD&A and the Company's audited consolidated financial statements were reviewed by the Audit Committee and approved by the Board of Directors on February 26, 2025. The MD&A provides a review of the significant developments and financial position, operating results and cash flows of the Company as at and for the year ended December 31, 2024. The MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2024 and 2023 and the notes thereto.

This MD&A contains statements that are forward-looking in nature. The words "may", "could", "should", "would", "assumptions", "plan", "strategy", "believe", "anticipate", "estimate", "expect", "intend", "objective", the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Forward-looking statements include, without limitation, the financial guidance and other statements contained in the "Strategy" and "2023-2025 Financial Objectives" sections below, which are provided for the purpose of assisting the reader in understanding the Company's financial position, operating results and cash flows and management's current expectations and plans (and may not be appropriate for other purposes). Such statements are based upon a number of assumptions and involve known and unknown risks and uncertainties that may cause the actual results of the Company to be materially different from those expressed or implied by such forward-looking statements. Such items include, among others: general political, economic and business conditions, evolution in customer demand for the Company's products and services, product selling prices, availability and cost of raw materials, operational disruption, climate change, failure to recruit and retain qualified workforce, information security breaches or other cyber-security threats, changes in foreign currency rates, the ability of the Company to raise capital, regulatory and environmental compliance and factors and assumptions referenced herein and in the Company's continuous disclosure filings. Unless required to do so under applicable securities legislation, the Company's management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes after the date hereof.

The Company's audited consolidated financial statements are reported in Canadian dollars and are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). All amounts in this MD&A are in Canadian dollars unless otherwise indicated.

This MD&A also contains non-GAAP financial measures, non-GAAP ratios and other financial measures which are not prescribed by IFRS Accounting Standards and are not likely to be comparable to similar measures and ratios presented by other issuers. Refer to the section entitled "Non-GAAP and Other Financial Measures" of this MD&A for an explanation of the non-GAAP financial measures, non-GAAP ratios and other financial measures used and presented by the Company and a reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures.

Additional information, including the Company's Annual Information Form, quarterly and annual reports, and supplementary information is available on the SEDAR+ website at www.sedarplus.ca. Press releases and other information are also available in the Investor Relations section of the Company's website at www.stella-jones.com.

OUR BUSINESS

Stella-Jones is a leading North American manufacturer of products focused on supporting infrastructure that are essential to the delivery of electrical distribution and transmission, and the operation and maintenance of railway transportation systems. It supplies the continent's major electrical utilities companies with treated wood utility poles and North America's Class 1, short line and commercial railroad operators with treated wood railway ties and timbers. It also supports infrastructure with industrial products, namely timbers for railway bridges, crossings and construction, marine and foundation pilings, and coal tar-based products. Additionally, the Company manufactures and distributes premium treated residential lumber and accessories to Canadian and American retailers for outdoor applications, with a significant portion of the business devoted to servicing Canadian customers through its national manufacturing and distribution network.

The Company's organic growth and strategic acquisitions have allowed it to expand its North American network by broadening its product offerings and capacity, to reinforce the strength and reliability of its raw material sourcing, and to provide greater service to customers. This strategy has contributed to solid and sustained customer relationships across North America and has expanded access to critical suppliers. It has also enabled the Company to further strengthen its seasoned management team, adding extensive expertise in all divisions throughout North America.

Stella-Jones' proven track record of delivering solid results has set the foundation for a strong cash flow-generating business, enabling the Company to continually reinvest in its network and return capital to shareholders through steadily increasing dividends and share repurchases.

As at December 31, 2024, the Company operated 44 wood treating plants and a coal tar distillery and its workforce comprised more than 3,000 employees. The Company's facilities are located across Canada and the United States and are complemented by an extensive procurement and distribution network.

The Company's common shares are listed on the Toronto Stock Exchange (TSX: SJ).

OUR MISSION

Stella-Jones aims to be the performance leader in the industries in which it operates and a model corporate citizen, acting with integrity, and exercising a rigorous standard of environmental and social responsibility, and governance.

Stella-Jones is committed to providing a safe, respectful, inclusive, and productive environment for its employees, where problem solving, initiative and high standards of performance are rewarded.

Stella-Jones will achieve these goals by focusing on customer satisfaction, innovative work practices and the optimal use of its resources and by investing in its people through training and development to enable professional growth across the organization.

OUR STRATEGY

Stella-Jones' strategy is to solidify its leadership position in its core product categories and in key markets, through organic growth, network efficiencies, innovation and accretive acquisitions. The Company pursues infrastructure-related and other strategic opportunities that leverage its extensive network, customer base, fibre sourcing and numerous competitive strengths while also contributing to its ability to generate a consistent cash flow.

The Company integrates environmental, social and governance considerations into its daily business decisions and strategies, recognizing that this will make it a more resilient, agile, and sustainable business.

Capital Management

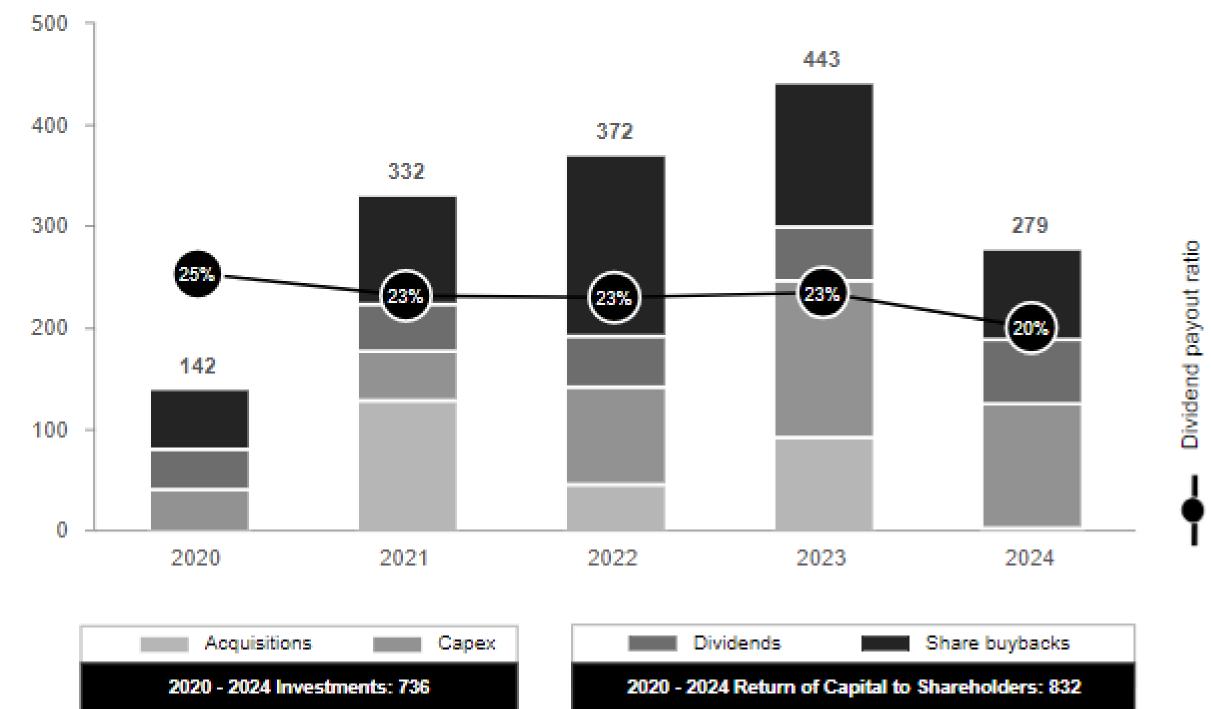
The Company's capital allocation strategy leverages its consistent and strong cash flow generation while enhancing its long-term stability and shareholder value creation. To maintain the Company's strong financial position and financial flexibility, capital is deployed in a disciplined manner, balancing growth investments and the return of capital to shareholders.

The Company's current strategy is to:

- Invest between $75 and $85 million annually in capital expenditures to maintain the quality and reliability of its assets, ensure the safety of its employees, improve productivity and pursue environmental and sustainability initiatives;
- Pursue accretive infrastructure-related acquisitions that enhance the Company's strategic positioning and drive future earnings growth;
- Maintain a durable dividend payout, targeting dividends equivalent to 20% to 30% of the prior year's reported earnings per share; and
- Return excess capital to shareholders through share repurchases.

As part of its capital allocation approach, Stella-Jones targets a net debt-to-EBITDA ratio between 2.0x and 2.5x, but may deviate from its leverage target to pursue acquisitions and other strategic opportunities, and/or fund its seasonal working capital requirements.

The Company's capital allocation since 2020 is summarized below:
(in millions of $, except %)



2023-2025 FINANCIAL OBJECTIVES

The following is a summary of the Company's 2023-2025 financial objectives:

(in millions of dollars, except percentages and ratios)	**2023-2025 Objectives**
Sales	*approx*. $3,600
EBITDA margin [1]	> 17%
Return to Shareholders: cumulative	> $500
Net Debt-to-EBITDA [1]	2.0x-2.5x

Excluding potential future acquisitions, total sales are expected to be approximately $3.6 billion by December 31, 2025, representing a compound annual growth rate ("CAGR") of 5.5% for the 2023 to 2025 period. For utility poles, the meaningful increases in infrastructure investments forecasted by utilities and the longer-term sales contracts secured from new and existing customers support the Company's confidence in a sustained mid-single-digit sales growth for this product category. Given the stable maintenance-driven demand for railway ties, the Company remains assured in its ability to consistently deliver at a minimum a low single-digit sales growth for this product category. For residential lumber, sales are forecasted to remain in the $600 million to $650 million target range for this product category, representing less than 20% of total sales.

Since 2023, the Company has delivered a significant improvement in EBITDA margin[1]. It generated an EBITDA margin[1] of 18.3% in 2023 and 18.2% in 2024 and expects to generate an above 17% margin in 2025. This reflects an 11% EBITDA CAGR for the 2023 to 2025 period.

The Company is on target to returning in excess of $500 million to shareholders through dividends and share repurchases in the 2023 to 2025 period. As at December 31, 2024, the Company had returned to shareholders $348 million out of the $500 million commitment.

The Company targets to maintain its net debt-to-EBITDA[1] in the range of 2.0x to 2.5x, but may deviate from its leverage target to pursue acquisitions and other strategic opportunities, and/or fund its seasonal working capital requirements. As at December 31, 2024, the Company's net debt-to-EBITDA[1] stood slightly above the target range at 2.6x, as the appreciation of the closing rate of the U.S. dollar relative to the Canadian dollar resulted in a higher value of the Company's net debt denominated in U.S. dollars, when expressed in Canadian dollars.

The Company assumed that the Canadian dollar will trade, on average, at Can $1.36 per U.S. dollar for 2025.

[1] These indicated terms have no standardized meaning under GAAP and are not likely to be comparable to similar measures presented by other issuers. For more information, please refer to the section entitled "Non-GAAP and Other Financial Measures" of this MD&A for an explanation of the non-GAAP and other financial measures used and presented by the Company and a reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures.

HIGHLIGHTS

OVERVIEW OF 2024

Sales in 2024 were up 5% to $3,469 million, compared to $3,319 million last year. Excluding the contribution from the acquisition of the assets of Baldwin Pole and Piling Company, Inc., Baldwin Pole Mississippi, LLC and Baldwin Pole & Piling, Iowa Corporation in July 2023 (collectively, "Baldwin"), and the positive effect of currency conversion, sales were up $89 million, or 3%. The increase was driven by a 6% organic sales growth[1] of the Company's infrastructure businesses, namely utility poles, railway ties and industrial products, partially offset by lower residential lumber and logs and lumber sales when compared to 2023. Infrastructure sales benefited from favourable price adjustments across all product categories and higher railway ties volumes but were attenuated by the slower pace of purchases and a deferral in the execution of projects by utilities. Residential lumber sales were lower due to softer consumer demand when compared to last year, but remained within the target range for this product category, at $614 million.

While operating income was relatively unchanged compared to last year, EBITDA[1] increased to $633 million in 2024 compared to $608 million in 2023, largely due to the sales growth of the Company's infrastructure product categories. EBITDA margin[1] remained elevated at 18.2% in 2024, similar to the 18.3% margin generated in 2023.

During the year ended December 31, 2024, Stella-Jones used the cash generated from operations of $408 million to invest in its network as well as return $153 million to shareholders, through dividends and share repurchases. In 2024, the Company invested a net amount of $88 million to maintain its assets and enhance productivity, and $34 million to complete its growth investments for utility poles. Over the 2022 to 2024 period, approximately $130 million was invested in growth capital expenditures. The dividend paid in 2024 amounted to $1.12 per share, representing a 22% increase compared to 2023.

As at December 31, 2024, the Company maintained a healthy financial position. It had available liquidity of $802 million and its net debt-to-EBITDA[1] stood at 2.6x. The appreciation of the closing rate of the U.S. dollar relative to the Canadian dollar resulted in a higher value of the Company's net debt denominated in U.S. dollars, when expressed in Canadian dollars.

[1] These indicated terms have no standardized meaning under GAAP and are not likely to be comparable to similar measures presented by other issuers. For more information, please refer to the section entitled "Non-GAAP and Other Financial Measures" of this MD&A for an explanation of the non-GAAP and other financial measures used and presented by the Company and a reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures.

FINANCIAL HIGHLIGHTS

Selected Key Indicators (in millions of dollars except ratios and per share data)	2024	2023	2022
Operating results			
Sales	3,469	3,319	3,065
Gross profit[1]	724	688	524
Gross profit margin[1]	20.9%	20.7%	17.1%
Operating income	503	499	359
Operating income margin[1]	14.5%	15.0%	11.7%
EBITDA[1]	633	608	448
EBITDA margin[1]	18.2%	18.3%	14.6%
Net income	319	326	241
Earnings per share (“EPS”) - basic & diluted	5.66	5.62	3.93
Cash flows from (used in)			
Operating activities	408	107	255
Financing activities	(221)	151	(101)
Investing activities	(137)	(258)	(154)
Financial Position			
Inventories	1,759	1,580	1,238
Total assets	4,103	3,708	3,073
Long-term debt[2]	1,380	1,316	941
Lease liabilities[2]	323	294	167
Total non-current liabilities	1,876	1,672	1,257
Shareholders’ equity	1,941	1,652	1,557
Other data			
Return on average equity[1]	17.8%	20.3%	16.0%
Return on average capital employed[1]	13.7%	15.8%	13.4%
Declared dividends per share	1.12	0.92	0.80
Working capital ratio[1]	7.48	5.07	6.11
Net debt-to-total capitalization[1]	0.46:1	0.49:1	0.42:1
Net debt-to-EBITDA[1]	2.6x	2.6x	2.5x

[1] These indicated terms have no standardized meaning under GAAP and are not likely to be comparable to similar measures presented by other issuers. For more information, please refer to the section entitled “Non-GAAP and Other Financial Measures” of this MD&A for an explanation of the non-GAAP and other financial measures used and presented by the Company and a reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures.

[2] Including current portion.

NON-GAAP AND OTHER FINANCIAL MEASURES

This section includes information required by National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure in respect of “specified financial measures” (as defined therein).

The below-described non-GAAP financial measures, non-GAAP ratios and other financial measures have no standardized meaning under GAAP and are not likely to be comparable to similar measures presented by other issuers. The Company’s method of calculating these measures may differ from the methods used by others, and, accordingly, the definition of these measures may not be comparable to similar measures presented by other issuers. In addition, non-GAAP financial measures, non-GAAP ratios and other financial measures should not be viewed as a substitute for the related financial information prepared in accordance with GAAP.

Non-GAAP financial measures include:

- **Organic sales growth**: Sales of a given period compared to sales of the comparative period, excluding the effect of acquisitions and foreign currency changes
- **Gross profit**: Sales less cost of sales
- **EBITDA**: Operating income before depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets (also referred to as earnings before interest, taxes, depreciation and amortization)
- **Capital employed**: Total assets excluding cash and cash equivalents less current non-interest bearing liabilities
- **Average capital employed:** 12-month average of the capital employed balance at the beginning of the12-month period and the quarter-end capital employed balances throughout the remainder of the 12-month period
- **Net debt**: Sum of long-term debt and lease liabilities (including the current portion) less cash and cash equivalents

Non-GAAP ratios include:

- **Organic sales growth percentage:** Organic sales growth divided by sales for the corresponding period
- **Gross profit margin**: Gross profit divided by sales for the corresponding period
- **EBITDA margin**: EBITDA divided by sales for the corresponding period
- **Return on average capital employed (“ROCE”)**: Trailing 12-month (“TTM”) operating income divided by the average capital employed
- **Net debt-to-total capitalization**: Net debt divided by the sum of net debt and shareholders’ equity
- **Net debt-to-EBITDA**: Net debt divided by TTM EBITDA

Other financial measures include:

- **Operating income margin**: Operating income divided by sales for the corresponding period
- **Return on average equity**: TTM net income divided by the average shareholders’ equity (average of the beginning and ending 12-month period)
- **Working capital ratio**: Current assets divided by current liabilities

Management considers these non-GAAP and specified financial measures to be useful information to assist knowledgeable investors to understand the Company’s financial position, operating results and cash flows as they provide a supplemental measure of its performance. Management uses non-GAAP financial measures, non-GAAP financial ratios and other financial measures in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets, to assess the Company’s ability to meet future debt service, capital expenditure and working capital requirements, and to evaluate senior management’s performance. More specifically:

- **Organic sales growth and organic sales growth percentage**: The Company uses these measures to analyze the level of activity excluding the effect of acquisitions and the impact of foreign exchange fluctuations, in order to facilitate period-to-period comparisons. Management believes these measures are used by investors and analysts to evaluate the Company's performance.

- **Gross profit and gross profit margin:** The Company uses these financial measures to evaluate its ongoing operational performance.
- **EBITDA and EBITDA margin:** The Company believes these measures provide investors with useful information because they are common industry measures used by investors and analysts to measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement. These measures are also key metrics of the Company's operational and financial performance and are used to evaluate senior management's performance.
- **Average capital employed:** The Company uses the average capital employed to evaluate and monitor how much it is investing in its business.
- **ROCE:** The Company uses ROCE as a performance indicator to measure the efficiency of its invested capital and to evaluate senior management's performance.
- **Net debt, net debt-to-EBITDA and net debt-to-total capitalization:** The Company believes these measures are indicators of the financial leverage of the Company.

The following tables present the reconciliations of non-GAAP financial measures to their most comparable GAAP measures.

Reconciliation of Operating Income to EBITDA (in millions of dollars)	**Three-month periods ended December 31,**		**Years ended December 31,**		
	2024	**2023**	**2024**	**2023**	**2022**
Operating income	81	89	503	499	359
Depreciation and amortization	34	31	130	109	89
EBITDA	**115**	**120**	**633**	**608**	**448**

Reconciliation of Average Capital Employed (in millions of dollars)	**Years ended December 31,**		
	2024	**2023**	**2022**
Average total assets	3,940	3,407	2,885
Less:			
Average cash and cash equivalents	10	—	—
Average current liabilities	328	376	254
Add:			
Average current portion of lease liabilities	58	46	38
Average current portion of long-term debt	21	82	7
Average capital employed	**3,681**	**3,159**	**2,676**
Operating income (TTM)	503	499	359
ROCE	**13.7%**	**15.8%**	**13.4%**

Reconciliation of Long-Term Debt to Net Debt (in millions of dollars)	**Years ended December 31,**		
	2024	**2023**	**2022**
Long-term debt, including current portion	1,380	1,316	941
Add:			
Lease liabilities, including current portion	323	294	167
Less:			
Cash and cash equivalents	50	—	—
Net Debt	**1,653**	**1,610**	**1,108**
EBITDA (TTM)	633	608	448
Net Debt-to-EBITDA	**2.6x**	**2.6x**	**2.5x**

FOREIGN EXCHANGE

The table below shows average and closing exchange rates applicable to Stella-Jones' quarters for the years 2024 and 2023. Average rates are used to translate sales and expenses for the periods mentioned, while closing rates translate assets and liabilities of foreign operations and monetary assets and liabilities of the Canadian operations denominated in U.S. dollars.

US$/Can$ rate	**2024**		**2023**	
	Average	**Closing**	**Average**	**Closing**
First Quarter	1.35	1.36	1.35	1.35
Second Quarter	1.37	1.37	1.34	1.32
Third Quarter	1.36	1.35	1.34	1.35
Fourth Quarter	1.40	1.44	1.36	1.32
Fiscal Year	1.37	1.44	1.35	1.32

- Average rate: The appreciation of the U.S. dollar relative to the Canadian dollar during 2024 compared to 2023 resulted in a positive impact on sales and an unfavourable impact on cost of sales.

- Closing rate: The appreciation of the value of the U.S. dollar relative to the Canadian dollar as at December 31, 2024, compared to December 31, 2023 resulted in a higher value of assets and liabilities denominated in U.S. dollars, when expressed in Canadian dollars.

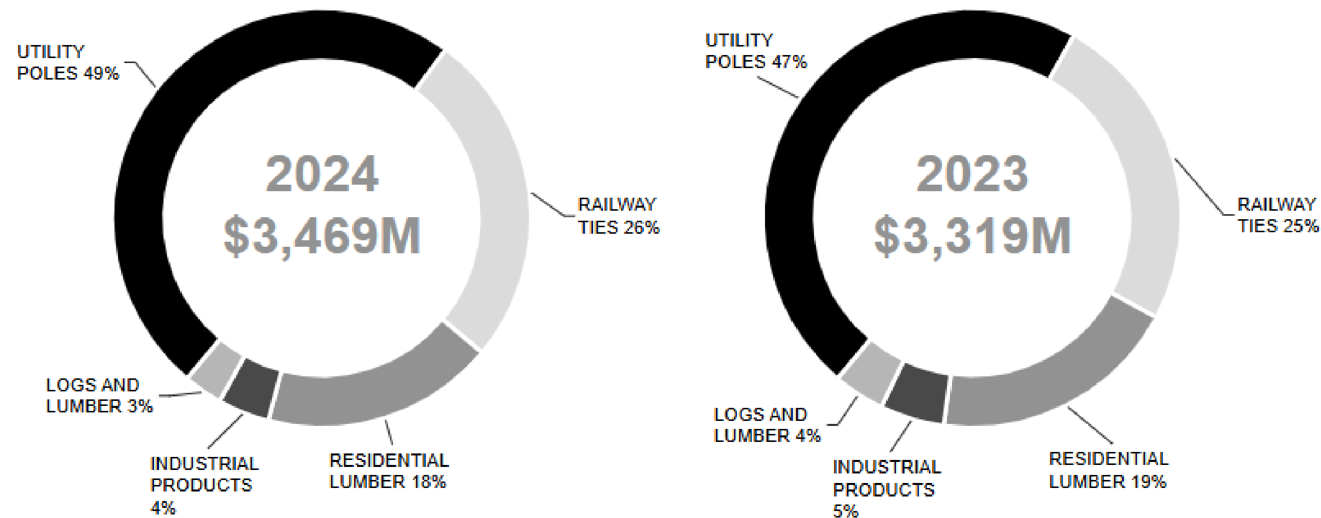
OPERATING RESULTS

Sales

Sales for the year ended December 31, 2024 reached $3,469 million, up $150 million, versus sales of $3,319 million in 2023. Excluding the contribution from the acquisition of the Baldwin assets of $25 million and the currency conversion effect of $36 million, pressure-treated wood sales rose $110 million, or 3%. Infrastructure sales grew organically by $144 million or 6%, while residential lumber sales decreased by $34 million. Favourable pricing across all infrastructure product categories and higher railway ties volumes were partially offset by lower volumes for utility poles and residential lumber. The decrease in logs and lumber sales compared to last year was largely attributable to lower logs sales.

Sales (in millions of dollars, except percentages)	Utility Poles	Railway Ties	Residential Lumber	Industrial Products	Total Pressure-Treated Wood	Logs & Lumber	Consolidated Sales
2023	**1,571**	**828**	**645**	**148**	**3,192**	**127**	**3,319**
Acquisitions	25	—	—	—	**25**	—	**25**
FX impact	21	11	3	1	**36**	—	**36**
Organic growth	88	51	(34)	5	**110**	(21)	**89**
2024	**1,705**	**890**	**614**	**154**	**3,363**	**106**	**3,469**
Organic growth %	6%	6%	(5%)	3%	**3%**	(17%)	**3%**

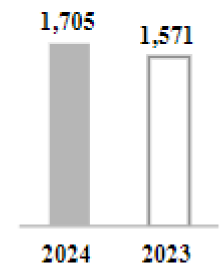
Sales by Product Category
(% of sales)



Utility poles

Utility poles sales increased to $1,705 million in 2024, compared to sales of $1,571 million in 2023. Excluding the contribution from the acquisition of assets of Baldwin in July 2023 and the currency conversion effect, utility poles sales increased by $88 million, or 6%, driven by sales price adjustments to cover increased costs. This increase was offset in part by lower volumes when compared to last year. Incremental multi-year commitments were secured from new and existing customers but volumes were impacted by the slower pace of purchases and a deferral in the execution of projects by utilities, largely influenced by economic factors, including inflation and utilities' supply chain constraints, as well as timing of utilities' rate-based funding. Utility poles sales accounted for 49% of the Company's total sales in 2024.

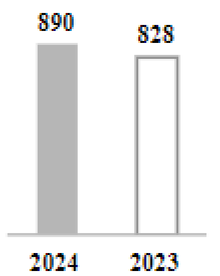
UTILITY POLES SALES
(in millions of $)



Railway ties

Railway ties sales were $890 million in 2024, compared to sales of $828 million in 2023. Excluding the currency conversion effect, railway ties sales increased $51 million, or 6%. The increase was attributable to higher volumes, mainly for non-Class 1 business due to the replenished level of railway ties inventory, as well as improved pricing, when compared to last year. Railway ties sales accounted for 26% of the Company's total sales in 2024.

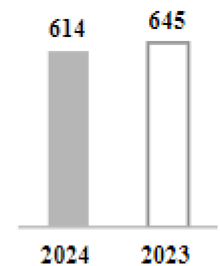
RAILWAY TIES SALES
(in millions of $)



Residential lumber

Sales in the residential lumber category decreased to the lower end of the $600 to $650 million target range, at $614 million in 2024, compared to sales of $645 million in 2023. Excluding the currency conversion effect, residential lumber sales decreased $34 million, or 5%, all explained by lower sales volumes due to softer consumer demand. The average market price of lumber remained relatively unchanged in 2024 when compared to 2023. Residential lumber sales accounted for 18% of the Company's total sales in 2024.

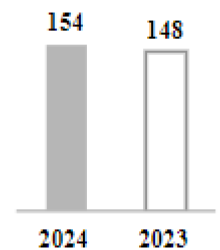
RESIDENTIAL LUMBER SALES
(in millions of $)



Industrial products

Industrial product sales were $154 million in 2024 compared to sales of $148 million in 2023. Excluding the currency conversion effect, industrial product sales increased five million dollars, or 3%, mainly driven by higher sales for railway bridges and crossings. Industrial product sales represented 4% of the Company's total sales in 2024.

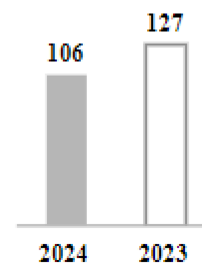
INDUSTRIAL PRODUCTS SALES
(in millions of $)



Logs and lumber

Sales in the logs and lumber product category were $106 million in 2024, down compared to $127 million in 2023. In the course of procuring logs for utility poles and lumber for its residential lumber program, logs unsuitable for use as utility poles and excess lumber are obtained and resold. The decrease in sales was explained by less logs sales activity. Logs and lumber sales represented 3% of the Company's total sales in 2024.

LOGS AND LUMBER SALES
(in millions of $)



Sales by Geographic Region

Sales in the United States amounted to $2,515 million, or 72% of sales in 2024, up $59 million, or 2%, compared to sales of $2,456 million in 2023. The increase was explained by higher pricing, particularly for utility poles, the appreciation of the value of the U.S. dollar relative to the Canadian dollar compared to 2023 and the contribution from the acquisition of the Baldwin assets, offset in part by lower volumes for all product categories, except railway ties.

Sales in Canada amounted to $954 million, or 28% of sales in 2024, up $91 million, or 11%, compared to sales of $863 million in 2023. The increase was attributable to pricing and volume gains for utility poles and railway ties, partially offset by lower residential lumber and logs and lumber sales.

Cost of sales

Cost of sales, including depreciation of property, plant and equipment, right-of-use assets as well as amortization of intangible assets, was $2,745 million, or 79.1% of sales, compared to cost of sales of $2,631 million, or 79.3% of sales, in 2023. The increase in absolute dollars was explained by higher input costs, an increase in railway ties sales volumes, offset in part by lower utility poles, residential lumber and logs and lumber volumes. The additional cost of sales attributable to the acquisition of Baldwin and the appreciation of the U.S. dollar also contributed to the higher cost of sales versus 2023.

Total depreciation and amortization was $130 million in 2024, with $115 million recorded as cost of sales, compared to $109 million last year, with $94 million recorded as cost of sales. The increase was largely explained by the depreciation of the right-of-use assets and capital projects added in 2023 and 2024.

Gross profit

Gross profit was $724 million in 2024, compared to $688 million in 2023, representing a margin of 20.9% and 20.7% respectively. The increase in gross profit in absolute dollars was largely due to favourable price adjustments to cover increased costs for the Company's infrastructure product categories and higher railway ties volumes, partially offset by lower sales volumes for utility poles and residential lumber. The acquisition of the Baldwin assets in 2023, and the positive impact of the currency conversion also contributed to the higher gross profit for the year ended December 31, 2024.

Selling and administrative

Selling and administrative expenses for 2024 amounted to $206 million, compared to $181 million in the prior year, including depreciation and amortization of $15 million in 2024 and 2023. The increase in selling and administrative expenses was mainly attributable to higher compensation expense and consulting fees, as well as an increase in information technology-related costs. As a percentage of sales, selling and administrative expense, excluding depreciation and amortization, represented 5.5% of sales in 2024 compared to 5.0% in 2023.

Other losses, net

Other losses, net for 2024 consisted mainly of site remediation provisions of $10 million, largely attributable to two facilities, one of which was damaged by fire in 2023. Losses related to the retirement of idled equipment of five million dollars were also recorded as "Other losses, net" for 2024.

In 2023, the Company recognized a nine million dollar non-cash write-down of its Silver Springs, Nevada, facility damaged by fire and two million dollars of clean-up costs, with a corresponding insurance recovery. The Company also recorded site remediation provisions and environmental-related clean-up costs, net of insurance recovery, of six million dollars, largely related to the preservative release at one of its facilities, and two million dollars of losses related to the retirement of idled equipment.

Financial expenses

Financial expenses amounted to $88 million in 2024, up from $68 million last year. The increase in financial expenses was explained by a higher debt level, mainly to support the Company's growth. The average cost of borrowing for 2024 was relatively unchanged versus 2023, as the higher cost of borrowing in the first half of 2024 was offset by a lower borrowing rate in the latter part of the year, when compared to 2023.

Income before income taxes and income tax expense

Income before income taxes was $415 million, or 12.0% of sales in 2024 versus $431 million, or 13.0% of sales in 2023. The provision for income taxes totaled $96 million in 2024 compared to $105 million in 2023, representing an effective tax rate of approximately 23% in 2024 and 24% last year. The lower effective tax rate for 2024 was mainly attributable to a change in the mix of income from various jurisdictions.

Net income

Net income in 2024 was $319 million, compared to net income of $326 million in 2023. Despite the lower net income, earnings per share in 2024 was higher at $5.66 versus $5.62 in 2023 due to the continued repurchase of shares through the Company's normal course issuer bids.

QUARTERLY RESULTS

The Company's sales follow a seasonal pattern, with utility poles, railway ties, and industrial products shipments stronger in the second and third quarters to provide industrial end users with products for their summer maintenance projects. Residential lumber sales also follow a similar seasonal pattern. In the fall and winter seasons, there tends to be less activity; as a result, the first and fourth quarters are typically characterized by relatively lower sales. The table below sets forth selected financial information for the Company's last eight quarters:

2024

For the quarters ended (in millions of dollars, except EPS)	**March 31**	**June 30**	**Sept. 30**	**Dec. 31**	**Total**
Sales	775	1,049	915	730	3,469
Operating income	124	168	130	81	503
EBITDA	156	200	162	115	633
Net income	77	110	80	52	319
EPS - basic and diluted [1]	1.36	1.94	1.42	0.93	5.66

2023

For the quarters ended (in millions of dollars, except EPS)	**March 31**	**June 30**	**Sept. 30**	**Dec. 31**	**Total**
Sales	710	972	949	688	3,319
Operating income	95	149	166	89	499
EBITDA	120	175	193	120	608
Net income	60	100	110	56	326
EPS - basic and diluted [1]	1.03	1.72	1.91	0.98	5.62

[1] Quarterly EPS may not add to year-to-date EPS due to rounding

FOURTH QUARTER RESULTS

Highlights

Selected Key Indicators (in millions of dollars except ratios and per share data)	**Q4-2024**	**Q4-2023**	**Variation ($)**	**Variation (%)**
Operating results				
Sales	730	688	42	6%
Gross profit	138	137	1	1%
Gross profit margin	18.9%	19.9%	n/a	(100 bps)
Operating income	81	89	(8)	(9%)
Operating income margin	11.1%	12.9%	n/a	(180 bps)
EBITDA	115	120	(5)	(4%)
EBITDA margin	15.8%	17.4%	n/a	(160 bps)
Net income	52	56	(4)	(7%)
EPS – basic & diluted	0.93	0.98	(0.05)	(5%)

Operating Results

Sales for the fourth quarter of 2024 amounted to $730 million, up 6% from sales of $688 million for the same period in 2023. Excluding the currency conversion of $14 million, pressure-treated wood sales rose $31 million, or 5% due to higher railway ties sales attributable to an increase in Class 1 volumes and improved residential lumber sales, while utility poles sales were relatively unchanged. Lower logs and lumber sales were driven by a decrease in log sales activity, compared to the fourth quarter last year.

Sales (in millions of dollars, except percentages)	**Utility Poles**	**Railway Ties**	**Residential Lumber**	**Industrial Products**	**Total Pressure-Treated Wood**	**Logs & Lumber**	**Consolidated Sales**
Q4-2023	**383**	**165**	**82**	**27**	**657**	**31**	**688**
FX impact	8	4	1	1	**14**	—	**14**
Organic growth	(6)	24	10	3	**31**	(3)	**28**
Q4-2024	**385**	**193**	**93**	**31**	**702**	**28**	**730**
Organic growth %	(2%)	15%	12%	11%	**5%**	(10%)	**4%**

Utility poles sales totaled $385 million, compared to $383 million in the same period last year. Excluding the currency conversion effect, sales decreased by 2%, due to lower volumes from non-contract business, offset in large part by favourable price adjustments to cover increased costs. Sales of railway ties amounted to $193 million, compared to $165 million in the same period last year. Excluding the currency conversion effect, railway ties sales rose 15%, largely explained by the timing of Class 1 shipments. For the year, Class 1 volumes increased modestly when compared to 2023. Residential lumber sales totaled $93 million, up from $82 million of sales generated in the same period in 2023, reflecting a 12% organic sales growth. The increase in residential lumber sales stemmed from favourable pricing attributable to the increase in the market price of lumber, as well as higher sales volumes, when compared to the same period last year. Industrial products sales amounted to $31 million, up from $27 million last year. The organic sales growth of 11% was mainly attributable to higher sales for railway bridges and crossings. Logs and lumber sales totaled $28 million, down 10% compared to the same period last year.

Gross profit was $138 million in the fourth quarter of 2024, relatively unchanged compared to gross profit of $137 million in the fourth quarter of 2023. As a percentage of sales, gross profit decreased from 19.9% in the fourth quarter of 2023 to 18.9% in the fourth quarter of 2024 due to a less favourable sales mix.

Net income for the period amounted to $52 million, or $0.93 per share, compared with $56 million, or $0.98 per share, in the corresponding period of 2023.

STATEMENT OF FINANCIAL POSITION

As a majority of the Company's assets and liabilities are denominated in U.S. dollars, exchange rate variations may significantly affect their value. The appreciation of the value of the U.S. dollar relative to the Canadian dollar as at December 31, 2024, compared to December 31, 2023 (see "Foreign Exchange section"), resulted in a higher value of assets and liabilities denominated in U.S. dollars, when expressed in Canadian dollars.

Assets

As at December 31, 2024, total assets stood at $4,103 million versus $3,708 million as at December 31, 2023. The increase in total assets largely reflected an increase in inventories, property, plant and equipment and the currency translation effect on U.S. dollar denominated assets. Note that the following table provides information on assets using select line items from the consolidated statements of financial position.

Assets (in millions of dollars)	**As at December 31, 2024**	**As at December 31, 2023**	**Variance**
Cash and cash equivalents	50	—	50
Accounts receivable	277	308	(31)
Inventories	1,759	1,580	179
Other	53	59	(6)
Total current assets	**2,139**	**1,947**	**192**
Property, plant and equipment	1,048	906	142
Right-of-use assets	311	285	26
Intangible assets	170	169	1
Goodwill	406	375	31
Other	29	26	3
Total non-current assets	**1,964**	**1,761**	**203**
Total assets	**4,103**	**3,708**	**395**

Accounts receivable were $277 million as at December 31, 2024, compared to $308 million as at December 31, 2023. The decrease was largely attributable to a reduction in the days of sales outstanding in trade receivables, when compared to the same period last year, partially offset by the effect of currency translation of U.S. dollar denominated accounts receivables. In the normal course of business, the Company has entered into facilities with certain financial institutions whereby it can sell, without credit recourse, eligible trade receivables to the concerned financial institutions. Accounts receivable are net of the trade receivables sold during the year.

Inventories stood at $1,759 million as at December 31, 2024, up from $1,580 million as at December 31, 2023. The increase in inventories was largely explained by the higher average cost of inventory and the effect of currency translation of U.S. dollar denominated inventories of about $100 million.

Given the long periods required to air-season wood, which can occasionally exceed nine months before a sale is concluded, inventories are a significant component of working capital and the turnover is relatively low. In addition, significant raw material and finished goods inventory are required at certain times of the year to support the residential lumber product category. The Company maintains solid relationships and enters into long-term contracts with customers to better ascertain inventory requirements. Management continuously monitors the levels of inventory and market demand for its products. Production is adjusted accordingly to optimize efficiency and capacity utilization.

Property, plant and equipment stood at $1,048 million as at December 31, 2024, compared with $906 million as at December 31, 2023. The increase reflected the purchase of property, plant and equipment of $134 million during 2024 and the effect of currency translation of U.S. dollar denominated property, plant and equipment of about $60 million, partially offset by the depreciation expense of $46 million for the year.

Right-of-use assets totaled $311 million as at December 31, 2024, compared to $285 million as at December 31, 2023. The increase reflected the additions of right-of-use assets, largely land and rolling stock, of $76 million, and the effect of U.S. dollar denominated right-of-use assets, offset by the depreciation expense of $66 million for the year.

Intangible assets and goodwill totaled $170 million and $406 million, respectively, as at December 31, 2024. Intangible assets consist mainly of customer relationships, a creosote registration and software costs. As at December 31, 2023, intangible assets and goodwill were $169 million and $375 million, respectively. The intangible assets remained relatively stable as software expenditures of nine million dollars and the effect of U.S. dollar denominated intangible assets were offset by the amortization expense of $18 million. The increase in goodwill was explained by the effect of currency translation on US-based goodwill.

Liabilities

As at December 31, 2024, Stella-Jones' total liabilities stood at $2,162 million, up from $2,056 million as at December 31, 2023. The increase in total liabilities largely reflected the currency translation effect on U.S. dollar denominated liabilities. Note that the following table provides information on liabilities using select line items from the consolidated statements of financial position.

Liabilities (in millions of dollars)	**As at December 31, 2024**	**As at December 31, 2023**	**Variance**
Accounts payable and accrued liabilities	180	204	(24)
Current portion of long-term debt	1	100	(99)
Current portion of lease liabilities	64	54	10
Other	41	26	15
Total current liabilities	**286**	**384**	**(98)**
Long-term debt	1,379	1,216	163
Lease liabilities	259	240	19
Deferred income taxes	197	175	22
Other	41	41	—
Total non-current liabilities	**1,876**	**1,672**	**204**
Total liabilities	**2,162**	**2,056**	**106**

Long-Term Debt

The Company's long-term debt, including the current portion, increased to $1,380 million as at December 31, 2024 from $1,316 million as at December 31, 2023. During the year ended December 31, 2024, the Company reduced its net borrowings by six million dollars, but the appreciation of the closing rate of the U.S. dollar relative to the Canadian dollar increased the long-term debt denominated in U.S. dollar when expressed in Canadian dollars by $72 million. The reduction in net borrowings in 2024 included the US$75 million repayment of unsecured senior notes, classified as current portion of long-term as at December 31, 2023.

Long-Term Debt (in millions of dollars)	**As at December 31, 2024**	**As at December 31, 2023**
Unsecured revolving credit facilities	295	750
Unsecured term loan facilities	576	364
Unsecured senior notes	508	198
Other	1	4
Total Long-Term Debt	**1,380**	**1,316**

On December 20, 2024, the Company amended and restated its syndicated credit agreement in order to, among other things, (i) increase the amount available under the unsecured revolving credit facility from US$400 million to US$600 million; (ii) extend the maturity date to December 20, 2029; and (iii) increase the required level of net funded debt-to-EBITDA ratio to 3.75:1.00. The amended syndicated credit agreement also includes a reset of the existing accordion feature whereby the Company may request an increase in an aggregate amount of US$400 million, subject to lenders' approval.

In October 2024, the Company completed a private placement of $400 million aggregate principal amount of unsecured senior notes due October 1st, 2031, bearing interest at the rate of 4.312% per annum, payable semi-annually until maturity. The notes are ranked pari passu with all other unsecured and unsubordinated obligations of the Company. DBRS Limited assigned a rating of BBB with a stable trend to the Company's $400 million senior unsecured notes. The Company used the net proceeds from the notes to repay existing indebtedness under its revolving credit facilities.

As at December 31, 2024, the Company's net debt-to-EBITDA ratio stood at 2.6x and was in full compliance with its debt covenants, reporting requirements and financial ratios.

Shareholders' Equity

Shareholders' equity stood at $1,941 million as at December 31, 2024, compared to $1,652 million as at December 31, 2023.

Shareholders' Equity (in millions of dollars)	**As at December 31, 2024**	**As at December 31, 2023**	**Variance**
Capital stock	188	189	(1)
Retained earnings	1,498	1,329	169
Accumulated other comprehensive income	255	134	121
Total shareholders' equity	**1,941**	**1,652**	**289**

The increase in shareholders' equity as at December 31, 2024 was attributable to net income of $319 million and a $121 million increase in accumulated other comprehensive income, mainly related to the currency translation of foreign operations, partially offset by $90 million of share repurchases and $63 million of dividends.

On November 6, 2023, the TSX accepted the Company's Notice of Intention to Make a Normal Course Issuer Bid ("NCIB") to purchase for cancellation up to 2,500,000 common shares during the 12-month period commencing November 14, 2023 and ending November 13, 2024, representing approximately 5.0% of the public float of its common shares. The Company repurchased 1,192,595 common shares for cancellation in consideration of $100 million, under this NCIB.

On November 5, 2024, the TSX accepted the Company's Notice of Intention to Make a NCIB to purchase for cancellation up to 2,500,000 common shares during the 12-month period commencing November 14, 2024 and ending November 13, 2025, representing approximately 4.5% of the common shares outstanding.

In 2024, the Company repurchased 1,078,577 common shares for cancellation in consideration of $90 million under its NCIBs then in effect.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth summarized cash flow components for the years indicated:

Summary of cash flows (in millions of dollars)	**Years ended December 31,**	
	2024	**2023**
Operating activities	408	107
Financing activities	(221)	151
Investing activities	(137)	(258)
Net change in cash and cash equivalents during the year	50	—
Cash and cash equivalents - Beginning of year	—	—
Cash and cash equivalents – End of year	50	—

The Company believes that its cash flow from operations and available credit facilities are adequate to finance its business plans, meet its working capital requirements and maintain its assets. As at December 31, 2024, the Company had $802 million of available liquidity, including $752 million (US$523 million) available under its revolving credit facilities.

Cash flows from operating activities

Cash flows from operating activities amounted to $408 million in 2024, compared to $107 million in 2023, largely reflecting favourable non-cash working capital movements. Following an investment in inventory of $353 million in 2023, to support the anticipated demand growth for utility poles and to replenish railway ties inventories, the net increase in inventory in 2024 was reduced to $82 million. Cash flows from operating activities before changes in non-cash working capital components and interest and income taxes paid was $637 million in 2024, compared to $619 million in 2023. Changes in non-cash working capital components decreased liquidity by $57 million in 2024, driven by the increase in inventory.

The following table provides information on cash flows from operating activities from the consolidated statements of cash flows.

Cash flows from operating activities (in millions of dollars)	Years ended December 31,	
	2024	2023
Net income	319	326
Depreciation and amortization	130	109
Financial expenses	88	68
Income tax expense	96	105
Other	4	11
Cash flows from operating activities before changes in non-cash working capital components and interest and income taxes paid	**637**	**619**
Accounts receivable	56	(7)
Inventories	(82)	(353)
Income taxes receivable	—	(2)
Other current assets	9	8
Accounts payable and accrued liabilities	(40)	9
Changes in non-cash working capital components	**(57)**	**(345)**
Interest paid	(85)	(68)
Income taxes paid	(87)	(99)
Cash flows from operating activities	**408**	**107**

Cash flows (used in) from financing activities

Financing activities in 2024 decreased cash flows by $221 million, compared to an increase of $151 million in 2023. During the year ended December 31, 2024, the Company issued $400 million of senior unsecured notes (the "Notes"), borrowed $168 million (US$125 million) under its U.S. Farm Credit term loan facility ("Term Loan"), and used the net proceeds from the Notes and Term Loan to repay $471 million of indebtedness under its unsecured revolving credit facilities and $102 million (US$75 million) of the unsecured senior notes issued to certain U.S. investors. In addition, in 2024, the Company repaid lease liabilities of $62 million, paid dividends of $63 million, in line with its capital allocation policy, and repurchased shares for $90 million. In 2023, the Company increased net borrowings under its credit facilities by $394 million to finance growth investments and increase inventory levels, repaid lease liabilities of $50 million and returned $195 million to shareholders.

The following table provides information on cash flows (used in) from financing activities using select line items from the consolidated statements of cash flows.

Cash flows (used in) from financing activities (in millions of dollars)	Years ended December 31,	
	2024	2023
Net change in revolving credit facilities	(471)	362
Net proceeds from long-term debt	465	32
Repayment of lease liabilities	(62)	(50)
Dividends on common shares	(63)	(53)
Repurchase of common shares	(90)	(142)
Other	—	2
Cash flows (used in) from financing activities	**(221)**	**151**

Cash flows used in investing activities

Investing activities used liquidity of $137 million in 2024, mainly explained by the purchase of property, plant and equipment, including $34 million of utility poles growth capital expenditures. In 2023, investing activities totaled $258 million and primarily consisted of the purchase of property, plant and equipment, including $60 million of utility poles growth capital expenditures, and the acquisition of substantially all the assets of IndusTREE Pole & Piling, LLC, Balfour Pole Co., LLC and Baldwin.

The following table provides information on cash flows used in investing activities from the consolidated statements of cash flows.

Cash flows used in investing activities (in millions of dollars)	Years ended December 31,	
	2024	2023
Business combinations	(4)	(93)
Purchase of property, plant and equipment	(132)	(155)
Property insurance proceeds	10	—
Additions of intangible assets	(11)	(10)
Cash flows used in investing activities	**(137)**	**(258)**

Financial obligations

The following table details the maturities of the financial obligations as at December 31, 2024:

Financial obligations (in millions of dollars)	Carrying Amount	Contractual Cash flows	Less than 1 year	Years 2-3	Years 4-5	More than 5 years
Accounts payable and accrued liabilities	180	180	180	—	—	—
Long-term debt obligations*	1,380	1,710	62	299	686	663
Minimum payment under lease liabilities*	323	384	74	128	65	117
Financial obligations	**1,883**	**2,274**	**316**	**427**	**751**	**780**

* Includes interest payments. Interest on variable interest debt is assumed to remain unchanged from the rates in effect as at December 31, 2024.

SHARE AND STOCK OPTION INFORMATION

As at December 31, 2024, the capital stock issued and outstanding of the Company consisted of 55,824,953 common shares (56,866,712 as at December 31, 2023).

The following table presents the outstanding capital stock activity for the year ended December 31, 2024:

Number of shares	Year ended December 31, 2024
Balance – Beginning of year	56,866,712
Common shares repurchased	(1,078,577)
Stock option exercised	15,000
Employee share purchase plans	21,818
Balance – End of year	**55,824,953**

As at February 25, 2025, the capital stock issued and outstanding consisted of 55,705,521 common shares.

As at December 31, 2024, the number of outstanding and exercisable options to acquire common shares issued under the Company's Stock Option Plan was 5,000 (December 31, 2023 – 20,000). As at February 25, 2025, the number of outstanding and exercisable options was 5,000.

DIVIDENDS

In 2024, the Company's Board of Directors declared the following quarterly dividends:

Declared	Record Date	Payable Date	Dividend
			$
February 28, 2024	April 1, 2024	April 19, 2024	0.28
May 7, 2024	June 3, 2024	June 21, 2024	0.28
August 6, 2024	September 3, 2024	September 23, 2024	0.28
November 5, 2024	December 2, 2024	December 20, 2024	0.28

The declaration, amount and date of any future dividends will continue to be considered by the Board of Directors of the Company based on the Company's capital allocation strategy. There can be no assurance as to the amount or timing of such dividends in the future.

COMMITMENTS AND CONTINGENCIES

The Company is, from time to time, involved in various claims and legal proceedings arising in the ordinary course of business. The Company believes that a final determination of these proceedings cannot be made at this time but should not materially affect the Company's cash flows, financial position or results of operations.

The Company has issued guarantees under letters of credit and various bid and performance bonds for a total of $68 million as at December 31, 2024 (2023 – $48 million). The Company does not believe these guarantees are likely to be called on and, as such, no provisions have been recorded in the consolidated financial statements. The Company has also entered into a ten-year agreement to purchase renewable energy certificates for a total commitment of eight million dollars (2023 – nil).

The Company's operations are subject to Canadian federal and provincial as well as U.S. federal and state environmental laws and regulations governing, among other matters, air emissions, waste management, wastewater effluent discharges and use of antimicrobial pesticide products. The Company takes measures to comply with such laws and regulations. However, the measures taken are subject to the uncertainties of changing legal requirements, enforcement practices and developing technological processes.

SUBSEQUENT EVENTS

a) On February 4, 2025, the Company amended the U.S. Farm Credit Agreement in order to, among other things, extend the term of the Revolving Credit Facility of US$150 million from March 3, 2028 to February 4, 2030 and increase the required level of net funded debt-to-EBITDA ratio to 3.75:1.00.

b) On February 26, 2025, the Board of Directors declared a quarterly dividend of $0.31 per common share payable on April 18, 2025 to shareholders of record at the close of business on April 1, 2025. This dividend is designated to be an eligible dividend.

RISKS AND UNCERTAINTIES

The Company is exposed to risks and uncertainties that, if not properly mitigated, could materially affect its business, financial position, future results, reputation, as well as the market price of its common shares. The Board of Directors requires that the Company's management identify and properly manage the principal risks related to the Company's business operations. The Company has put in place policies and procedures to manage, on an ongoing basis, its principal risks and uncertainties and mitigate their impact, but the Company cannot provide assurances that any such efforts will be successful.

The principal risks and uncertainties to which the Company is exposed are described below. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also materially affect its business, financial position and future results.

Operational Risks

Dependence on Major Customers
The Company is dependent on major customers for a significant portion of its sales, and the loss of one or more of its major customers could result in a substantial reduction in its results. For the year ended December 31, 2024, the Company's top 10 customers accounted for 40% of its sales. During this same period, the Company's largest customer accounted for 14% of total sales and is associated with the residential lumber product category, while the second largest customer accounted for 4% of total sales and is associated with the railway ties product category.

Availability and Cost of Raw Materials
Management considers that the Company may be affected by potential fluctuations in wood supply and prices. While the Company has entered into long-term cutting licenses and benefits from long-standing relationships with private woodland owners and other suppliers, there can be no assurance that such licenses will be respected or renewed on expiry, or that its suppliers will continue to provide sufficient timber to the Company. Increasing governance of forest management may also impact wood supply. In certain regions, like British Columbia, Canada, the Company is developing long-term business relationships with Indigenous communities, but there is no assurance that it will succeed in securing the available wood.

There are a limited number of suppliers for certain preservatives that the Company employs in its production process, which lessens the availability of alternate sources of supply in the event of unforeseen shortages or disruptions of production. Certain suppliers may also reduce or cease production of specific preservatives, while changes in legislation may require the application of alternative preservatives to those historically utilized. Although the Company does not have direct suppliers based in Russia or Ukraine, further escalation of this conflict may also increase supply chain disruptions, creating availability challenges and requiring the Company to evaluate substitute products that are reasonably priced, safe, effective and acceptable to the Company's customers. While the Company is mitigating this risk by researching, identifying and securing alternate suppliers and preservatives outside of its traditional sources of supply, there can be no assurance that it will be able to secure the sufficient supply of all materials required to manufacture its products, which in turn could adversely impact the Company's results of operations.

Countries impose, modify and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions. In these circumstances, the Company cannot predict future developments regarding tariffs and other trade restrictions or quantify their impact. The imposition of tariffs could disrupt established supply chains and increase the cost of the Company's raw materials, which could adversely affect its results of operations. While several agreements with the Company's customers provide for sales price indexation based on fluctuations in raw materials costs and certain industrial price indices, the impact on the Company's results of operations will be influenced by its ability to pass on costs related to tariffs and to pass them on in a timely manner.

Operational Disruption
The Company's operations could be disrupted by natural or human-induced disasters. The magnitude of the impact on results will depend on certain factors, including the nature of the disruption, its duration and the

location affected by the disrupting event. While the Company has implemented a business continuity plan and holds insurance policies to mitigate the impact of most catastrophic events, the occurrence of business disruptions could, among other impacts, harm the Company's financial position and results of operations, increase its operating costs, make it difficult or impossible to provide products to customers or to receive raw material from suppliers, or require substantial expenditures and recovery time in order to fully resume operations.

Pandemic, Epidemic or Outbreak of Infectious Disease
The outbreak of a disease or virus could create significant volatility and uncertainty and economic disruption and can pose the risk that the employees, suppliers, customers and business partners may be prevented from conducting business activities. It may also result in governments worldwide enacting emergency preventive measures and restrictions. These emergency measures and restrictions may cause material disruptions to the Company's operations and those of its suppliers or customers, which in turn, could adversely impact the business, financial position, results of operations and cash flows of the Company.

Climate Change
The effects of global climate change are increasing the severity and frequency of natural threats on the Company's business and may result in increased operational and capital costs. Some of the more significant climate-related risks that the Company has identified include 1) increased costs as a result of damage to one or more of the Company's facilities and/or equipment and to those of its suppliers and customers and 2) increased production downtime and costs due to longer-term changes in climate patterns such as chronic heat waves. Measures taken to mitigate climate-related risks include business continuity and disaster recovery plans and strategies. The magnitude of the effects of climate change could be unpredictable and therefore, the Company's plans may not successfully mitigate the consequences of a natural disaster, which could adversely impact the business, financial position, results of operations and cash flows of the Company.

In addition to the physical risks associated with changes in climate conditions, there is the risk of governmental responses to such changes. The effects of global climate change, including complying with evolving climate change regulations and transitioning to a low carbon economy, could require substantial expenditures, result in increased operating costs and reduce the availability of fibre as harvestable land may be set aside for carbon mitigation and offsets.

Implementation of Environmental, Social and Governance ("ESG") Initiatives and Standards
The expectations for the rapid implementation of initiatives related to ESG matters are increasingly high. In its efforts to improve its sustainability performance, the Company developed an organization-wide ESG strategy which contains certain goals and targets. These goals and targets reflect the Company's current plans and aspirations, are based on available data and estimates, and it is not guaranteed that the Company will be able to achieve them. Failure to adequately update, accomplish or accurately track and report on these goals and targets on a timely basis, or at all, could represent a competitive disadvantage and a reputation and business risk.

Emerging ESG regulations and standards may also increase the Company's disclosure and reporting obligations. Failure to implement detailed and solid data gathering and analysis processes with effective controls to comply with regulations and expectations of stakeholders, could impact the Company's ability to provide accurate, complete, reliable and timely reporting.

Reliance on Key Personnel
The Company's senior management and other key employees have extensive experience in the industry and with the business, suppliers, products and customers. The loss of senior management knowledge and expertise as a result of the loss of one or more members of the core management team, or the departure of key employees with knowledge in engineering, forestry, wood treating and other specialized areas could negatively affect the Company's ability to develop and pursue its business strategies, which could adversely affect its business and operating results.

Recruitment, Retention and Management of Qualified Workforce
The Company's ability to build upon its record of performance and continue to achieve sustainable growth are dependent, to a significant extent, on its ability to recruit, develop and retain quality personnel, develop sound strategies for succession and maintain good relations with its employees. Social and demographic trends, and changes in employees' lifestyles and expectations, can make it more challenging to hire and retain personnel. Difficulty in attracting qualified employees and retaining valuable internal expertise, or the occurrence of work stoppages could lead to operational disruptions or increased costs.

Cybersecurity and Data Protection
The Company relies on information technology to securely process, transmit and store electronic data in its daily business activities. Despite its security design and controls, and those of third-party providers, the Company's information technology and infrastructure may be vulnerable to cyber incidents. Cyber threats vary in technique and sources, including through the use of emerging artificial intelligence technologies, are persistent, and are increasingly more targeted and difficult to detect and prevent. Cyber attacks and security breaches could include unauthorized attempts to access, disable, improperly modify or degrade the Company's information technology systems, networks and websites, the introduction of computer viruses and other malicious codes, and fraudulent "phishing" emails that seek to misappropriate data and information or install malware onto users' computers. Any such breach could result in operational disruption and increased costs or the misappropriation of sensitive data that could subject the Company to litigation and have a negative impact on its reputation or an impact to customers or suppliers. To limit exposure to incidents that may affect confidentiality, integrity and availability of information, the Company has introduced information security policies, procedures and technical controls and it routinely engages a third party to assess the maturity of its information security program against the National Institute of Standards and Technology ("NIST") Cybersecurity Framework. All employees receive security awareness training including communication of processes for reporting a potential security incident. The Company has a Cyber Incident Response Plan in place which provides a documented framework for handling high severity security and privacy incidents and facilitates coordination across multiple parts of the Company and with external expertise when necessary. Additionally, the Company has existing procedures to determine the potential materiality of a cybersecurity incident. These procedures include reporting protocols to and oversight from our Board of Directors. The Company routinely performs simulations and drills at both a technical and management level. Such measures may not be adequate or effective to prevent or identify or mitigate attacks by hackers or breaches caused by employee error, malfeasance or other disruptions, which could cause damage and could adversely affect the Company's business and operating results. In addition, the Company relies on information technology systems to operate, and any disruption to such systems could cause a disruption to daily operations while the systems are being repaired or updated.

Enterprise Resource Planning ("ERP") Implementation
The Company is in the process of deploying a new ERP system. Such a change involves detailed planning, transformation of current business and financial processes, as well as substantial testing and employee training. The Company began the roll-out in 2021, with the goal of being fully operational across the organization by 2025. During the deployment process, the Company could experience disruptions to business information systems and operations. Any disruptions could adversely affect the Company's ability to process transactions, provide accurate, timely and reliable reports on financial and operating results as well as assess the effectiveness of internal controls over financial reporting and disclosure controls and procedures. In addition, it is possible that the deployment process may exceed the expected time frame and budget, and there can be no assurance that the system will be beneficial to the extent anticipated. The Company has adopted a phased approach and believes it is taking the necessary steps, including deploying both internal resources and third-party consultants to mitigate the implementation risk.

Strategic Risks

Political and Economic Conditions
A negative change in political conditions or political instability, including significant civil unrest, acts of war or terrorist activities, and adverse economic conditions, may affect most or all the markets the Company serves, impacting costs, selling prices and demand for its products, increase disruptions in supply chains, and adversely affect its financial position and operating results. These events may also impact the financial

condition of one or more of the Company's key suppliers, which could affect its ability to secure raw materials and components to meet its customers' demand for its products.

Risk Related to Acquisitions
As part of its growth strategy, the Company intends to acquire businesses where such transactions are economically and strategically justified. There can be no assurance that the Company will succeed in effectively managing the integration of businesses which it might acquire. If the expected synergies do not materialize, or if the Company fails to successfully integrate such new businesses into its existing operations, this could adversely impact the Company's business, financial position and operating results. The Company may also incur costs and direct Management's attention to potential acquisitions which may never be consummated.

In addition, although the Company performs due diligence investigations in connection with its acquisitions, an acquired business could have liabilities that the Company fails or is unable to uncover prior to acquisition and for which the Company may be responsible. Such liabilities could adversely impact the Company's financial position, operating results, and cash flows.

Financial Risks

Currency
The Company's financial results are reported in Canadian dollars but a significant portion of its sales, operating expenses and capital expenditures are realized in U.S. dollars. For financial reporting purposes, any change in the value of the Canadian dollar against the U.S. dollar during a given financial reporting period would result in variations of the Company's operating results and financial condition, which could be significant.

Interest Rate
The Company is exposed to interest rate fluctuations. The Company maintains a combination of fixed rate and variable rate indebtedness and may, if applicable, hedge the exposure to variable interest rates with various derivative instruments. As at December 31, 2024, 68% of the Company's indebtedness bore interest at fixed rates, therefore reducing the Company's exposure to interest rate risk. The Company also enters into interest rate swap agreements in order to reduce the impact of fluctuating interest rates on its indebtedness, subject to variable interest rates. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. The Company designates its interest rate hedge agreements as cash flow hedges of the underlying debt. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swap agreements. However, if interest rates increase, the debt service obligations on the variable rate indebtedness of the Company would increase even though the amount borrowed remained the same, and this could have an adverse effect on the Company's profitability, cash flows and financial position.

Availability of Credit
The agreements governing the Company's credit facilities and senior notes contain certain restrictive covenants that impose operating and financial restrictions and could limit the Company's ability to engage in activities that might be in its long-term best interests. In addition, a breach of the covenants under the Company's credit facilities and senior notes could result in an event of default, which could allow lenders to accelerate the repayment of the debt. In this event, the Company may seek to refinance its indebtedness, but be unable to do so on commercially reasonable terms. As a result, the Company could be limited in how it conducts its business, be unable to compete effectively or take advantage of new business opportunities.

Customers' Credit
The Company carries a substantial level of trade accounts receivable on its statement of financial position. This value is spread among numerous contracts and clients. Trade accounts receivable include an element of credit risk should the counterparty be unable to meet its obligations. Although the Company reduces this risk by dealing primarily with large-scale utility providers, Class 1 railroad operators and large retailers, there can be no assurance that outstanding accounts receivable will be paid on a timely basis or at all.

Insurance
The Company maintains property and casualty commercial insurance policies that are in accordance with customary industry practice and the Company's specific risk profile. Such insurance may not cover all risks associated with the hazards of its business and is subject to limitations, including self-insured retentions, deductibles, co-insurance, coverage exclusions, and maximum liabilities covered. The Company may incur losses beyond the limits or outside the coverage of its insurance policies, including liabilities for environmental compliance and remediation, losses from a material disruption at its manufacturing facilities, damage to the Company's customer relationships caused by such liabilities and/or disruptions, and first and third party losses due to cyber risks. In addition, from time to time, various types of insurance coverage for companies in the Company's industry have not been available on commercially acceptable terms, or in some cases, have not been available at all. In the future, the Company may not be able to obtain coverage at current levels, and its premiums may increase significantly on coverage that it maintains.

Corporate Tax
In estimating the Company's income tax payable, Management uses accounting principles to determine income tax positions that are likely to be accepted by applicable tax authorities. However, there is no assurance that tax benefits or tax liability will not materially differ from estimates or expectations. The tax legislation, regulation and interpretation that apply to the Company's operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates and anticipated business in the various jurisdictions in which the Company operates. Moreover, the Company's tax returns are continually subject to review by applicable tax authorities. These tax authorities determine the actual amounts of taxes payable or receivable, any future tax benefits or liabilities and the income tax expense that the Company may ultimately recognize. Such determinations may become final and binding on the Company. Any of the above factors could have an adverse effect on net income or cash flows.

Legal and Compliance Risks

Environmental Compliance
The Company is subject to a variety of environmental laws and regulations, including those relating to:

- emissions to the air;
- discharges into water;
- releases of hazardous and toxic substances;
- remediation of contaminated sites; and
- use of antimicrobial pesticide products authorized in the United States under the Federal Insecticide, Fungicide, and Rodenticide Act of the U.S. Environmental Protection Agency's regulation and in Canada under the Health Canada Pest Management Regulatory Agency and its Pest Control Products Act.

These environmental laws and regulations require the Company to obtain various environmental registrations, licenses, permits and other approvals, as well as carry out inspections, compliance testing and meet timely reporting requirements in order to operate its manufacturing and operating facilities.

Compliance with these environmental laws and regulations will continue to affect the Company's operations by imposing operating and maintenance costs and capital expenditures. Failure to comply could result in civil or criminal enforcement actions, which could result, among others, in the payment of substantial fines, often calculated on a daily basis, or in extreme cases, the disruption or suspension of operations at the affected facility.

Under various federal, provincial, state and local laws and regulations, the Company could, as the owner, lessor or operator, be liable for the costs of removal or remediation of contamination at its sites or neighboring properties, even in circumstances where the Company did not cause or otherwise contribute to the contamination. The remediation costs and other costs required to clean up or treat contaminated sites could be substantial. However, in certain cases, the Company benefits from indemnities from the former owners of its sites. Contamination on and from the Company's sites may subject it to liability to third parties or

governmental authorities for injuries to persons, property or the environment and could adversely affect the Company's ability to sell or rent its properties or to borrow money using such properties as collateral.

Increased regulatory activity and the possibility of major changes in environmental laws and regulations, including changes in the interpretation or application thereof, are other risks faced by the Company. While it is not possible to predict the outcome and nature of these changes, they could substantially increase the Company's capital expenditures and compliance costs at the facilities affected or could change the availability or pricing of certain products such as preservatives purchased and used by the Company.

While the Company has been party to environmental litigation which has included, among others, claims for adverse physical effects and diminution of property value, the outcomes and associated costs have not been material. There is, however, no guarantee that this will continue to be the case in the future, as the result of disputes regarding environmental matters and conclusions of environmental litigation cannot be predicted.

The Company's business has grown, and its image strengthened, in large part by its consistent production and delivery of high-quality products, while maintaining a high level of environmental responsibility. Claims of irresponsible practices by regulatory authorities, communities or customers could harm the reputation of the Company. Adverse publicity resulting from actual or perceived violations of environmental laws, regulations or industry practices could negatively impact customer loyalty, reduce demand, lead to a weakening of confidence in the marketplace and ultimately, a reduction in the Company's share price. These effects could materialize even if the allegations are not valid, the Company is fully compliant with applicable laws and regulations and the Company is not found liable.

Privacy Laws and Regulations

The Company collects, processes and stores proprietary information relating to the Company's business and personal information relating to employees, customers and vendors. The Company is subject to numerous laws and regulations designed to protect information, such as the Canada's Federal Personal Information Protection and Electronic Documents Act and substantially similar equivalents at the provincial or state level including An Act to Modernize Legislation Provisions Respecting the Protection of Personal Information in Quebec and the California Consumer Privacy Act. Privacy laws and regulations are increasing in number and complexity and are being adopted and amended with greater frequency, which results in greater regulatory compliance risk and costs to prevent events related to confidential data. The potential financial penalties for non-compliance with these laws and regulations have significantly increased. Any security breach, improper use and other types of unauthorized access or misappropriation of such information could not only lead to regulatory penalties, audits or investigations by various government agencies relating to compliance with applicable laws, but also expose the Company to a reputational disadvantage risk.

Litigation

The Company is subject to the risk of litigation in the ordinary course of business by employees, customers, suppliers, competitors, shareholders, government agencies, or others, through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation is difficult to assess or quantify. Claimants in these types of lawsuits or claims may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits or claims may remain unknown for substantial periods of time. Although the final outcome cannot be predicted with any degree of certainty, the Company regularly assesses the status of these matters and establishes provisions based on the assessment of the probable outcome. If the assessment is not correct, the Company may not have recorded adequate provisions for such losses and the Company's financial position, operating results and cash flows could be adversely impacted. Regardless of outcome, litigation could result in substantial costs to the Company and divert Management's attention and resources away from the day-to-day operations of the Company's business.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company uses derivative instruments to provide economic hedges to mitigate various risks. The fair values of these instruments represent the amount of the consideration that could be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. The fair value of these derivatives is determined using prices in active markets, where available. When no such market is available, valuation techniques are applied such as discounted cash flow analysis. The valuation technique incorporates all factors that would be considered in setting a price, including the Company's own credit risk, as well as the credit risk of the counterparty.

Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company enters into both fixed and variable rate debt. The risk management objective is to minimize the potential for changes in interest rates to cause adverse changes in cash flows to the Company. The Company enters into interest rate swap agreements in order to reduce the impact of fluctuating interest rates on its long-term debt. As at December 31, 2024, the Company had two interest rate swap agreements hedging $252 million (US$175 million) in debts and having December 2026 and June 2028 as maturity dates. These instruments are presented at fair value and designated as cash flow hedges. The ratio, as at December 31, 2024, of fixed and floating debt was 68% and 32%, respectively, including the effects of interest rate swap positions (46% and 54%, respectively, as at December 31, 2023).

Foreign Exchange Risk Management

A large portion of the Company's consolidated revenue and expenses are received or denominated in the functional currency of the business units operating in the markets in which it does business. Accordingly, the Company's sensitivity to variations in foreign exchange rates is economically limited. The Company's main source of foreign exchange risk resides in the Canadian operations' business transactions denominated in U.S. dollars. The Company's objective in managing its foreign exchange risk is to minimize its exposure to foreign currency cash flows and operations, by transacting with third parties in the functional currency of the business units to the maximum extent possible and through the use of foreign exchange forward contracts. As at December 31, 2024, the Company had no foreign exchange forward contract agreements in place.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company's material accounting policies and critical accounting estimates and judgements are respectively described in Note 2 and in Note 3 to the December 31, 2024 and 2023 audited consolidated financial statements.

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to estimates and assumptions include estimated useful life of assets, recoverability of long-lived assets and goodwill and determination of the fair value of the assets acquired and liabilities assumed in the context of an acquisition. Management also makes estimates and assumptions in the context of business combination mainly with sales forecast, margin forecast and discount rate. It is possible that actual results could differ from those estimates, and such differences could be material. Estimates are reviewed periodically and, as adjustments become necessary, they are reported in the consolidated statement of income in the period in which they become known.

New Accounting Standards Announced but not yet Adopted

A number of new standards and amendments to standards are effective for the annual reporting period beginning January 1, 2026 or after. The Company is currently assessing the impact of these new standards and amendments on its consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, accurate, reliable and timely. The disclosure controls and procedures ("DC&P") are designed to provide reasonable assurance that information required to be disclosed in the annual filings, interim filings or other reports filed under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to Management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

The President and Chief Executive Officer and the Senior Vice-President and Chief Financial Officer of the Company have evaluated, or caused the evaluation of, under their direct supervision, the design and operating effectiveness of the Company's DC&P (as defined in Regulation 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings) as at December 31, 2024 and have concluded that such DC&P were designed and operating effectively.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards.

Management has evaluated the design and operating effectiveness of its ICFR as defined in Regulation 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings. The evaluation was based on the criteria established in the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation was performed by the President and Chief Executive Officer and the Senior Vice-President and Chief Financial Officer of the Company with the assistance of other Company Management and staff to the extent deemed necessary. Based on this evaluation, the President and Chief Executive Officer and the Senior Vice-President and Chief Financial Officer concluded that the ICFR were appropriately designed and operating effectively, as at December 31, 2024.

In spite of its evaluation, Management does recognize that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Stella-Jones Inc. is taking a phased approach to its migration to a new ERP system. In order to maintain appropriate internal controls over financial reporting in the product categories that have migrated to the new ERP system, relevant changes have been made.

There were no other changes made to the design of ICFR during the period from October 1, 2024 to December 31, 2024 that have materially affected or are reasonably likely to materially affect the Company's ICFR.

February 26, 2025

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(in millions of Canadian dollars)

Stella-Jones Inc.

Consolidated Financial Statements

December 31, 2024 and 2023

December 31, 2024 and 2023

Management's Statement of Responsibility for Financial Information

The consolidated financial statements are the responsibility of Management, and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Where necessary, Management has made judgments and estimates of the outcome of events and transactions, with due consideration given to materiality.

The Company maintains a system of internal controls to provide reasonable assurance as to the reliability of the financial records and safeguarding of its assets. The consolidated financial statements have been audited by the Company's independent auditors, PricewaterhouseCoopers LLP, and they have issued their report thereon.

The Board of Directors is responsible for overseeing Management in the performance of its responsibilities for financial reporting. The Board of Directors exercises its responsibilities through the Audit Committee, which is comprised of four independent directors. The Audit Committee meets from time to time with Management and the Company's independent auditors to review the consolidated financial statements and matters relating to the audit. The Company's independent auditors have full and free access to the Audit Committee. The consolidated financial statements have been reviewed by the Audit Committee, who recommended their approval by the Board of Directors.

(s) Eric Vachon

Eric Vachon, CPA
President and Chief Executive Officer

(s) Silvana Travaglini

Silvana Travaglini, CPA
Senior Vice-President and Chief Financial Officer

Saint-Laurent, Québec
February 26, 2025

Independent auditor's report

To the Shareholders of Stella-Jones Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Stella-Jones Inc. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of change in shareholders' equity for the years then ended;
- the consolidated statements of income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 consolidated financial statements* section of our report.

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

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

PricewaterhouseCoopers LLP
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T.: +1 514 205 5000, F.: +1 514 876 1502, Fax to mail: ca_montreal_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accuracy and existence of inventories *Refer to note 2 – Material accounting policies and note 6 – Inventories to the consolidated financial statements.* The Company's inventories totalled $1,759 million as at December 31, 2024. Inventories held in its network across North America are comprised of raw materials and finished goods. Raw materials are valued at the lower of weighted average cost and net realizable value. Finished goods are valued at the lower of weighted average cost and net realizable value and include the cost of raw materials, other direct costs and manufacturing overhead expenses. Net realizable value is the estimated selling price less costs necessary to make the sale. We considered this a key audit matter due to the magnitude of the inventories balance, the number of inventory locations across the Company's network and the audit effort involved in testing the inventories balance.	Our approach to addressing the matter included the following procedures, among others: • Tested the operating effectiveness of controls related to the matching of invoices, purchase orders and receiving documents. • For a selection of locations of inventory counts performed by management prior to year-end, observed the inventory count procedures and performed independent test counts for a sample of inventory items. • Tested the inventories activity in the intervening period between the count date and the year-end date. • For a sample of raw materials, tested the cost by agreeing to source documents as applicable. • For a sample of inventory items for raw materials and finished goods, recalculated the weighted average cost. • For a sample of finished goods, tested the cost of transferred materials from raw materials to finished goods, by agreeing the cost transferred to the carrying cost of the items previously classified in raw materials. • Tested the allocation of other direct standard costs attributed to finished goods during the year, by comparing the other direct standard costs for a sample of finished goods to the direct standard cost list.

Key audit matter	How our audit addressed the key audit matter
	• For a portion of inventory items, tested the reasonability of the allocation of the manufacturing overhead at year-end by comparing to the prior year's allocations. • Assessed whether variances related to other direct and manufacturing overhead standard costs needed to be capitalized into finished goods to approximate actual cost.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Gregory Tremellen.

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
February 26, 2025

[1] CPA auditor, public accountancy permit No. A119714

Stella-Jones Inc.

Consolidated Statements of Financial Position

As at December 31, 2024 and 2023

(in millions of Canadian dollars)

	Note	2024	2023
Assets			
Current assets			
Cash and cash equivalents		50	—
Accounts receivable	5	277	308
Inventories	6	1,759	1,580
Income taxes receivable		11	11
Other current assets		42	48
		2,139	1,947
Non-current assets			
Property, plant and equipment	7	1,048	906
Right-of-use assets	8	311	285
Intangible assets	9	170	169
Goodwill	9	406	375
Derivative financial instruments	19	21	21
Other non-current assets		8	5
		4,103	3,708
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	10	180	204
Deferred revenue		17	—
Current portion of long-term debt	11	1	100
Current portion of lease liabilities	8	64	54
Current portion of provisions and other long-term liabilities	12	24	26
		286	384
Non-current liabilities			
Long-term debt	11	1,379	1,216
Lease liabilities	8	259	240
Deferred income taxes	16	197	175
Provisions and other long-term liabilities	12	37	31
Employee future benefits	17	4	10
		2,162	2,056
Shareholders' equity			
Capital stock	14	188	189
Retained earnings		1,498	1,329
Accumulated other comprehensive income		255	134
		1,941	1,652
		4,103	3,708
Commitments and contingencies	18		
Subsequent events	23		

Approved by the Board of Directors,

(s) Katherine A. Lehman	*(s) Karen Laflamme*
Katherine A. Lehman	Karen Laflamme, FCPA, ASC
Director	Director

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

Stella-Jones Inc.

Consolidated Statements of Change in Shareholders' Equity

For the years ended December 31, 2024 and 2023

(in millions of Canadian dollars)

	Capital stock	Retained earnings	Accumulated other comprehensive income: Foreign currency translation adjustment	Translation of long-term debts designated as net investment hedges	Unrealized gains on cash flow hedges	Total	Total shareholders' equity
Balance – January 1, 2024	189	1,329	224	(105)	15	134	1,652
Comprehensive income (loss)							
Net income	—	319	—	—	—	—	319
Other comprehensive income (loss)	—	1	143	(22)	—	121	122
Comprehensive income (loss)	—	320	143	(22)	—	121	441
Dividends on common shares	—	(63)	—	—	—	—	(63)
Stock options exercised	1	—	—	—	—	—	1
Employee share purchase plans	2	—	—	—	—	—	2
Repurchase of common shares including related taxes (note 14)	(4)	(88)	—	—	—	—	(92)
	(1)	(151)	—	—	—	—	(152)
Balance – December 31, 2024	188	1,498	367	(127)	15	255	1,941

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

Stella-Jones Inc.

Consolidated Statements of Change in Shareholders' Equity...*Continued*

For the years ended December 31, 2024 and 2023

(in millions of Canadian dollars)

	Capital stock	Retained earnings	Accumulated other comprehensive income: Foreign currency translation adjustment	Translation of long-term debts designated as net investment hedges	Unrealized gains (losses) on cash flow hedges	Total	Total shareholders' equity
Balance – January 1, 2023	194	1,192	261	(111)	21	171	1,557
Comprehensive income (loss)							
Net income	—	326	—	—	—	—	326
Other comprehensive (loss) income	—	(2)	(37)	6	(6)	(37)	(39)
Comprehensive income (loss)	—	324	(37)	6	(6)	(37)	287
Dividends on common shares	—	(53)	—	—	—	—	(53)
Stock options exercised	1	—	—	—	—	—	1
Employee share purchase plans	2	—	—	—	—	—	2
Repurchase of common shares (note 14)	(8)	(134)	—	—	—	—	(142)
	(5)	(187)	—	—	—	—	(192)
Balance – December 31, 2023	189	1,329	224	(105)	15	134	1,652

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

Stella-Jones Inc.
Consolidated Statements of Income
For the years ended December 31, 2024 and 2023

(in millions of Canadian dollars, except earnings per common share)

	Note	2024	2023
Sales		3,469	3,319
Expenses			
Cost of sales (including depreciation and amortization of $115 (2023 - $94))		2,745	2,631
Selling and administrative (including depreciation and amortization of $15 (2023 - $15))		206	181
Other losses, net		15	8
	15	2,966	2,820
Operating income		503	499
Financial expenses	15	88	68
Income before income taxes		415	431
Income tax expense			
Current	16	86	83
Deferred	16	10	22
		96	105
Net income		319	326
Basic and diluted earnings per common share	14	5.66	5.62

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

Stella-Jones Inc.
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023

(in millions of Canadian dollars)

	2024	2023
Net income	319	326
Other comprehensive income (loss)		
Items that may subsequently be reclassified to net income		
Gains (losses) on translation of financial statements of foreign operation	143	(37)
(Losses) gains on translation of long-term debt designated as hedges of net investment in foreign operations	(22)	6
Change in fair value of derivatives designated as cash flow hedges	—	(8)
Income tax on change in fair value of derivatives designated as cash flow hedges	—	2
Items that will not subsequently be reclassified to net income		
Remeasurements of post-retirement benefit obligations	1	(2)
	122	(39)
Comprehensive income	441	287

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

(in millions of Canadian dollars)

	Note	2024	2023
Cash flows from (used in)			
Operating activities			
Net income		319	326
Adjustments for			
Depreciation of property, plant and equipment	7	46	40
Depreciation of right-of-use assets	8	66	53
Amortization of intangible assets	9	18	16
Financial expenses	15	88	68
Income tax expense	16	96	105
Other		4	11
		637	619
Changes in non-cash working capital components			
Accounts receivable		56	(7)
Inventories		(82)	(353)
Income taxes receivable		—	(2)
Other current assets		9	8
Accounts payable and accrued liabilities		(40)	9
		(57)	(345)
Interest paid		(85)	(68)
Income taxes paid		(87)	(99)
		408	107
Financing activities			
Net change in revolving credit facilities	11	(471)	362
Proceeds from long-term debt	11	568	33
Repayment of long-term debt	11	(103)	(1)
Repayment of lease liabilities	8	(62)	(50)
Dividends on common shares		(63)	(53)
Repurchase of common shares	14	(90)	(142)
Other		—	2
		(221)	151
Investing activities			
Business combinations	4	(4)	(93)
Purchase of property, plant and equipment	7	(132)	(155)
Property insurance proceeds		10	—
Additions of intangible assets	9	(11)	(10)
		(137)	(258)
Net change in cash and cash equivalents during the year		50	—
Cash and cash equivalents – Beginning of year		—	—
Cash and cash equivalents – End of year		50	—

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

1 Description of the business

Stella-Jones Inc. (with its subsidiaries, either individually or collectively, referred to as the “Company”) is a leading North American manufacturer of products focused on supporting infrastructure that are essential to the delivery of electrical distribution and transmission, and the operation and maintenance of railway transportation systems. The Company supplies the continent’s major electrical utilities companies with treated wood utility poles and North America’s Class 1, short line and commercial railroad operators with treated wood railway ties and timbers. The Company also supports infrastructure with industrial products, namely timbers for railway bridges, crossings and construction, marine and foundation pilings, and coal tar-based products. Additionally, the Company manufactures and distributes premium treated residential lumber and accessories to Canadian and American retailers for outdoor applications, with a significant portion of the business devoted to servicing Canadian customers through its national manufacturing and distribution network. The Company has treating facilities across Canada and the United States and sells its products primarily in these two countries. The Company’s headquarters are located at 3100 de la Côte-Vertu Blvd., in Saint-Laurent, Quebec, Canada. The Company is incorporated under the Canada Business Corporations Act, and its common shares are listed on the Toronto Stock Exchange (“TSX”) under the stock symbol SJ.

2 Material accounting policies

Basis of presentation

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

These consolidated financial statements were approved by the Board of Directors on February 26, 2025.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments and certain long-term liabilities which are measured at fair value. The Company has consistently applied the same accounting policies for all periods presented, unless otherwise stated.

Principles of consolidation

The consolidated financial statements include the accounts of Stella-Jones Inc. and its controlled subsidiaries. Intercompany transactions and balances between these companies have been eliminated. All consolidated subsidiaries are wholly owned. The significant subsidiaries within the legal structure of the Company are as follows:

Subsidiary	Parent	Country of incorporation
Stella-Jones U.S. Holding Corporation	Stella-Jones Inc.	United States
Stella-Jones Corporation	Stella-Jones U.S. Holding Corporation	United States

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Business combinations

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred for the business acquired is the fair value of the assets transferred, the liabilities assumed, and the equity interests issued by the Company. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The excess of the aggregate of the consideration transferred, the fair value of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed is recorded as goodwill. If those amounts are less than the fair value of the net assets of the business acquired, the difference is recognized directly in the consolidated statement of income as a bargain purchase gain. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Company's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in the consolidated statement of income.

Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest million, unless otherwise indicated.

b) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Revenues and expenses denominated in a foreign currency are translated by applying the monthly average exchange rates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost are translated at historical exchange rates. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional

currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences are generally recognized in the consolidated statement of income within other losses (gains), net. They are deferred in accumulated other comprehensive income (loss) in shareholders' equity if they relate to qualifying cash flow hedges.

c) Foreign operations

The financial statements of operations that have a functional currency different from that of the Company are translated using the rate in effect at the consolidated statement of financial position date for assets and liabilities, and the monthly average exchange rates during the year for revenues and expenses. Adjustments arising from this translation are recorded in accumulated other comprehensive income (loss) in shareholders' equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate in effect at the consolidated statement of financial position date.

d) Hedges of net investments in foreign operations

Foreign currency differences arising on the translation of financial liabilities designated as a hedge of net investment in foreign operations are recognized within equity in other comprehensive income (loss) to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in the consolidated statement of income, within other losses (gains), net. When the hedged portion of a net investment (the subsidiary) is disposed of, the relevant amount in equity is transferred to the consolidated statement of income as part of the gain or loss on disposal.

Revenue recognition

The Company sells treated and untreated wood products (the "Products"), as well as wood treating services. Revenue from the sale of Products is recognized when the Company satisfies a performance obligation by transferring a promised Product to a customer. Products are considered to be transferred once the customer takes control of them, being either at the Company's manufacturing site or at the customer's location. Control of the Products refers to the ability to direct its use and obtain substantially all the remaining benefits from the Product.

The Company offers to treat wood products owned by third parties. Revenue from these treating services is recognized using the point in time criteria since there is a short manufacturing timeframe to treat wood products.

Product sales can be subject to retrospective volume discounts based on aggregate sales over a 12-month period, per certain contractual conditions. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company's significant experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a reversal will not occur. A liability is recognized for expected volume discounts payable to customers in relation to sales transacted to the end of the reporting period.

Product sales may also be subject to retrospective price discounts based on aggregate sales over a 12-month period, according to certain contractual conditions. Revenue from these sales is recognized based on the expected average sales price over the specified period. Accumulated experience is used to estimate and provide for the price discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that specified contractual conditions will be met. The customer is invoiced at

the contract price and a liability is recognized to adjust to the average price.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and short-term liquid investments with initial maturities of three months or less.

Accounts receivable

Trade receivables are amounts due from customers from the sale of products or services rendered in the ordinary course of business. Trade receivables are classified as current assets if payment is due within 12 months or less. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less credit loss allowance.

Inventories

Inventories of raw materials are valued at the lower of weighted average cost and net realizable value. Finished goods are valued at the lower of weighted average cost and net realizable value and include the cost of raw materials, other direct costs and manufacturing overhead expenses. Net realizable value is the estimated selling price less costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment are recorded at cost, including borrowing costs incurred during the construction period, less accumulated depreciation and impairment. The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts, and depreciates separately each such part. Depreciation is calculated on a straight-line basis using rates based on the estimated useful lives of the assets.

	Useful life
Buildings	7 to 60 years
Production equipment	5 to 60 years
Rolling stock	3 to 20 years
Office equipment	2 to 10 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. The depreciation expense is included in cost of sales in the consolidated statement of income.

Financial expenses

Finance expenses include interest expense on long-term debt and other financial charges and interest expense on lease liabilities. Financial expenses are recognized in the consolidated statement of income in the period in which they are incurred.

Leases

The Company leases certain property, plant and equipment and recognizes a right-of-use asset and liability at the lease commencement date. Right-of-use assets represent the right to use an underlying asset for the term of the lease, and the related liabilities represent the obligation to make the lease payments arising from the lease. Right-of-use assets and the related liabilities are recognized at the lease commencement date based on the present value of the lease payments over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Renewal and termination options are included in the lease terms when it is reasonably certain that they will be exercised.

Lease payments comprise of fixed payments, including in-substance fixed payments, the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period that the Company is reasonably certain to exercise and penalties for early termination of a lease if the Company is reasonably certain to terminate. Each lease payment is allocated between the liability and finance cost. The interest element of the finance cost is charged to the consolidated statement of income over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. The depreciation expense is included in cost of sales and selling and administrative expense in the consolidated statement of income.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease-term of less than 12 months and leases of low-value assets. Payments associated with short-term leases and low-value assets are charged to the consolidated statement of income on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets with finite useful lives are recorded at cost and are amortized over their useful lives. Intangible assets with indefinite useful lives are recorded at cost and are not amortized. The amortization method and estimate of the useful life of an intangible asset are reviewed on an annual basis.

	Method	**Useful life**
Customer relationships	Straight-line	10 to 12 years
Customer relationships	Declining balance	4% to 20%
Software	Straight-line	5 to 10 years
Creosote registration	-	Indefinite

Development costs that are directly attributable to the design, development, implementation, and testing of identifiable software products are recognized as software if certain criteria are met, including technical feasibility and intent and ability to develop and use the software to generate probable future economic benefits; otherwise they are expensed as incurred. Configuration or customization costs in a cloud computing arrangement that do not meet capitalization criteria are expensed and presented in the consolidated statement of income. Directly attributable costs that are capitalized include software related, employee and third-party development costs.

The amortization expense is included in cost of sales and selling and administrative expense in the consolidated statement of income.

The creosote registration is subject to an annual impairment test or more frequently if events or changes in circumstances indicate that it might be impaired.

Goodwill

Goodwill is not amortized and tested annually for impairment, or more frequently, whenever indicators of potential impairment exist. Impairment losses on goodwill are not reversed. For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The Company defines CGUs as either plants specialized in the treatment of utility poles and residential lumber - U.S., specialized in the treatment of residential lumber - Canada, and specialized in the treatment of railway ties.

Impairment

The carrying values of non-financial assets with finite lives, such as property, plant and equipment and intangible assets with finite useful lives, are assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Long-lived assets that are not amortized are tested at least annually for impairment or when events or changes in circumstances warrant such consideration. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Impairments are recorded when the recoverable amounts of assets are less than their carrying amounts. The recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use (being the present value of the expected future cash flows of the relevant asset or CGU).

Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment when events or changes in circumstances warrant such consideration.

Provisions

Provisions for site remediation and other provisions are recognized when the Company has a legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recorded in the consolidated statement of financial position as a separate asset, but only if it is virtually certain that reimbursement will be received.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as a financial expense.

The Company considers the current portion of the provision to be an obligation whose settlement is expected to occur within the next 12 months.

Site remediation obligations

Site remediation obligations relate to the discounted present value of estimated future expenditures associated with the obligations of restoring the environmental integrity of certain properties. The Company reviews estimates of future site remediation expenditures on an ongoing basis and records any revisions, along with the accretion expense on existing obligations, in other losses (gains), net in the consolidated statement of income.

At each reporting date, the liability is remeasured for changes in discount rates and in the estimate of the amount, timing and cost of the work to be carried out.

Income taxes

The income tax expense for the period is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Current and deferred tax is recognized in the consolidated statement of income, except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. In this case, the tax is also recognized in other comprehensive income (loss) or directly in equity, respectively.

Employee future benefits

Defined benefit pension plan

The Company accrues obligations and related costs under defined benefit pension plans, net of plan assets. The cost of pensions earned by employees is actuarially determined using the projected unit credit method and Management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and discount rates on obligations. Past service costs from plan amendments are recognized in the consolidated statement of income when incurred. Remeasurements consisting of actuarial gains and losses, the actual return on plan assets (excluding the net interest component) and any change in the asset ceiling are charged or credited to other comprehensive income (loss). These amounts are

recognized immediately in retained earnings without recycling to the consolidated statement of income in subsequent periods.

Other post-employment benefit program

The Company provides other post-employment benefits to certain retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are attributed from the date when service by the employee first leads to benefits under the plan, until the date when further service by the employee will lead to no material amount of further benefits. The cost of future benefits earned by employees is established by actuarial calculations using the projected benefit method pro-rated on years of service based on Management's best estimate of economic and demographic assumptions. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income (loss) in the period in which they arise and are recognized immediately in retained earnings without recycling to the consolidated statement of income in subsequent periods.

Share-based payments

The Company operates a number of equity-settled and cash-settled share-based compensation plans under which it receives services from employees and non-executive directors as consideration for equity instruments of the Company or cash payments. Equity-settled share-based payments are comprised of the stock option plan and cash-settled share-based payments include restricted stock units ("RSUs"), performance stock units ("PSUs") and deferred share units ("DSUs").

Equity-settled plan

The Company accounts for stock options granted using the fair value method. Under this method, compensation expense for stock options granted is measured at fair value at the grant date using the Black-Scholes option pricing model and is recognized in the consolidated statement of income over the vesting period of the options granted, with a corresponding credit to contributed surplus. For options with graded vesting, each tranche is considered a separate grant with a different vesting date and fair value. Any consideration paid on the exercise of stock options is credited to capital stock together with any related share-based compensation expense included in contributed surplus.

Cash-settled plan

The Company has liability-based awards, RSUs, PSUs and DSUs, which are initially measured at fair value at the grant date using an option pricing model. Until the liability is settled, the fair value of that liability is remeasured at each reporting date, with changes in fair value recognized in the consolidated statement of income. The compensation expenses are recognized in the consolidated statement of income over the vesting periods, based on the fair value of the awards at the end of each reporting period. Where RSUs and PSUs are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such units are reversed effective from the date of the forfeiture.

Financial instruments

The Company recognizes a financial asset or a financial liability in its consolidated statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

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Financial assets

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

a) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:

   – the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

   – the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, where those cash flows represent solely payments of principal and interest.

c) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned in a) and b) are measured at fair value through profit or loss.

If the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

The Company's financial assets are comprised of cash and cash equivalents, accounts receivable and derivative financial instruments. Cash and cash equivalents and accounts receivable are measured at amortized cost.

Derivative financial instruments that are not designated as hedging instruments are measured at fair value through profit or loss. Derivative financial instruments that are designated as hedging instruments are measured at fair value through other comprehensive income.

A financial asset is derecognized when the Company has transferred its rights to receive cash flows from the asset and has transferred substantially all the risks and rewards of the asset or the contractual rights to the cash flows from the financial asset expire.

When the transfer of a trade receivable results in the derecognition of the asset, the corresponding cash proceeds are classified as cash flows from operating activities.

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities, long-term debt and derivative financial instruments. Accounts payable and accrued liabilities and long-term debt are measured at amortized cost. Derivative financial instruments that are not designated as hedging instruments are initially recognized at fair value and are re-measured at each reporting date with any changes therein recognized in profit or loss. After initial recognition, an entity cannot reclassify any financial liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in the consolidated statement of income.

Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, *Financial Instruments*, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Hedging transactions

As part of its hedging strategy, the Company considers derivative financial instruments such as foreign exchange forward contracts to limit its exposure under contracted cash inflows of sales denominated in U.S. dollars. The Company also considers interest rate swap agreements in order to reduce the impact of fluctuating interest rates on its long-term debt. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument. These derivative financial instruments are treated as cash flow hedges for accounting purposes and are fair valued through other comprehensive income.

The effective portion of changes in the fair value of derivative instruments that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of income, within other losses (gains), net.

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognized within other comprehensive income (loss) in the costs of hedging reserve within equity. In some cases, the Company may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the consolidated statement of income.

Earnings per share

Basic earnings per share is calculated by dividing the net income for the period attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated using the treasury stock method. Under this method, earnings per share data are computed as if the options were exercised at the beginning of the year (or at the time of issuance, if later) and as if the funds obtained from exercise were used to purchase common shares of the Company at the average market price during the period.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior management team, which makes strategic and operational decisions.

Accounting pronouncements not yet adopted

The following amendments and new standard were issued by the International Accounting Standards Board (“IASB”) and were not yet adopted in preparing the consolidated financial statements.

Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amended IFRS 9 and IFRS 7, to clarify when a financial asset or a financial liability is recognized and derecognized and to introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date. The amendments also clarify the classification of financial assets with environmental, social and governance (“ESG”)-linked features, non-recourse loans and contractually linked instruments, and introduce disclosure requirements for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The Company is currently assessing the impact of these amendments on its consolidated financial statements.

Presentation and Disclosure in Financial Statements – IFRS 18

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements, which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies:

– improved comparability in the statement of income by introducing three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit;
– enhanced transparency of management-defined performance measures by requiring companies to disclose explanations of those company-specific measures that are related to the statement of income; and

- enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

3 Critical accounting estimates and significant judgements

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to estimates and assumptions include the estimated useful life of assets, recoverability of long-lived assets and goodwill and determination of the fair value of the assets acquired and liabilities assumed in the context of an acquisition. Management also makes estimates and assumptions in the context of business combination mainly with sales forecast, margin forecast and discount rate. It is possible that actual results could differ from those estimates, and such differences could be material. Estimates are reviewed periodically and, as adjustments become necessary, they are reported in the consolidated statement of income in the period in which they become known.

4 Business combination

On July 14, 2023, the Company acquired assets of the wood utility pole manufacturing business of Baldwin Pole and Piling Company, Inc., Baldwin Pole Mississippi, LLC and Baldwin Pole & Piling, Iowa Corporation for a total consideration of $64 million (US$49 million).

As required by IFRS 3, the provisional fair values have been reassessed in light of information obtained during the measurement period following the acquisition. In 2024, the Company finalized the assessment of the fair values of the assets acquired and liabilities assumed related to this acquisition. The final determination of the fair values did not require any significant adjustments to the preliminary assessments.

5 Accounts receivable

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Trade receivables	247	270
Less: Credit loss allowance	(1)	—
Trade receivables	246	270
Other receivables	31	38
	277	308

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The aging of gross trade receivables at each reporting date was as follows:

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Current	202	191
Past due 1-30 days	17	42
Past due 31-60 days	9	14
Past due more than 60 days	19	23
	247	270

In the normal course of its business, the Company has entered into facilities with certain financial institutions whereby it can sell, without credit recourse, eligible receivables to the concerned financial institutions.

6 Inventories

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Raw materials	1,047	988
Finished goods	712	592
	1,759	1,580

7 Property, plant and equipment

(Amounts in millions of Canadian dollars)	Land	Buildings	Production equipment	Rolling stock	Others	Total
As at January 1, 2023						
Cost	68	179	681	35	18	981
Accumulated depreciation	—	(39)	(156)	(19)	(12)	(226)
Net book amount	68	140	525	16	6	755
Year ended December 31, 2023						
Opening net book amount	68	140	525	16	6	755
Business combination	5	9	43	6	—	63
Additions	3	21	124	5	1	154
Disposals / impairments	—	(2)	(9)	(1)	—	(12)
Depreciation	—	(6)	(28)	(5)	(1)	(40)
Exchange differences	—	(3)	(11)	—	—	(14)
Closing net book amount	76	159	644	21	6	906
As at December 31, 2023						
Cost	76	202	823	44	19	1,164
Accumulated depreciation	—	(43)	(179)	(23)	(13)	(258)
Net book amount	76	159	644	21	6	906
Year ended December 31, 2024						
Opening net book amount	76	159	644	21	6	906
Additions	3	44	83	4	—	134
Disposals / impairments	—	—	(4)	(1)	—	(5)
Reclassification between categories	—	4	(4)	—	—	—
Depreciation	—	(7)	(33)	(5)	(1)	(46)
Exchange differences	4	11	43	1	—	59
Closing net book amount	83	211	729	20	5	1,048
As at December 31, 2024						
Cost	83	265	950	48	19	1,365
Accumulated depreciation	—	(54)	(221)	(28)	(14)	(317)
Net book amount	83	211	729	20	5	1,048

As at December 31, 2024, $10 million is included in accounts payable and accrued liabilities for the purchases of property and equipment (December 31, 2023 – eight million dollars).

As at December 31, 2024, $110 million (Buildings – $51 million and Production equipment – $59 million) of property and equipment was under construction and not yet subject to depreciation (December 31, 2023 – $95 million (Buildings – $22 million dollars and Production equipment – $73 million)).

8 Leases

The consolidated statement of financial position shows the following amounts relating to leases:

(Amounts in millions of Canadian dollars)	2024	2023
Right-of use assets		
Rolling stock	245	227
Land	62	54
Other assets	4	4
	311	285
Lease liabilities		
Current lease liabilities	64	54
Non-current lease liabilities	259	240
	323	294

The following table provides a reconciliation of the right-of-use assets, presented in the consolidated statements of financial position for the years ended December 31, 2024 and 2023*:*

Right-of-use assets (Amounts in millions of Canadian dollars)	Rolling stock	Land	Other assets	Total
As at January 1, 2023	128	28	4	160
Additions	145	32	—	177
Terminations	(1)	—	—	(1)
Depreciation	(45)	(6)	(2)	(53)
Remeasurement	4	—	2	6
Exchange differences	(4)	—	—	(4)
As at December 31, 2023	227	54	4	285
Additions	58	18	—	76
Terminations	(1)	(4)	—	(5)
Depreciation	(56)	(9)	(1)	(66)
Remeasurement	—	1	1	2
Exchange differences	17	2	—	19
As at December 31, 2024	245	62	4	311

The following table provides a reconciliation of the lease liabilities, presented in the consolidated statements of financial position for the years ended December 31, 2024 and 2023:

Lease liabilities

(Amounts in millions of Canadian dollars)	Rolling stock	Land	Other assets	Total
As at January 1, 2023	131	32	4	167
Payments under lease agreements	(49)	(6)	(2)	(57)
Finance costs	6	1	—	7
Additions	145	32	—	177
Terminations	(1)	—	—	(1)
Remeasurement	4	—	2	6
Exchange differences	(4)	(1)	—	(5)
As at December 31, 2023	232	58	4	294
Payments under lease agreements	(62)	(10)	(1)	(73)
Finance costs	8	3	—	11
Additions	58	18	—	76
Terminations	(1)	(5)	—	(6)
Remeasurement	—	1	1	2
Exchange differences	17	2	—	19
As at December 31, 2024	252	67	4	323

The Company leases various rolling stock (mobile equipment, road vehicles and rail cars), land and other assets. Leases are typically made for fixed periods of one to 10 years and may have extension options that are considered when it is reasonably certain that the option will be exercised.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

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9 Intangible assets and goodwill

The net book amount of these intangible assets and goodwill was as follows:

	Intangible assets					
(Amounts in millions of Canadian dollars)	Customer relationships	Creosote registration	Software	Others	Total	Goodwill
As at January 1, 2023						
Cost	178	42	51	17	288	369
Accumulated amortization	(93)	—	(13)	(11)	(117)	—
Net book amount	85	42	38	6	171	369
Year ended December 31, 2023						
Opening net book balance	85	42	38	6	171	369
Business combination	7	—	—	—	7	14
Additions	—	—	9	1	10	—
Amortization	(10)	—	(6)	—	(16)	—
Exchange differences	(2)	(1)	—	—	(3)	(8)
Closing net book amount	80	41	41	7	169	375
As at December 31, 2023						
Cost	181	41	61	18	301	375
Accumulated amortization	(101)	—	(20)	(11)	(132)	—
Net book amount	80	41	41	7	169	375
Year ended December 31, 2024						
Opening net book balance	80	41	41	7	169	375
Additions	—	—	9	1	10	—
Amortization	(10)	—	(7)	(1)	(18)	—
Exchange differences	6	3	—	—	9	31
Closing net book amount	76	44	43	7	170	406
As at December 31, 2024						
Cost	195	44	67	19	325	406
Accumulated amortization	(119)	—	(24)	(12)	(155)	—
Net book amount	76	44	43	7	170	406

Customer relationships comprise long-term agreements with certain customers and ongoing business relationships. The acquisition cost was established based on future benefits associated with these relationships.

Impairment tests for goodwill

Goodwill is allocated for impairment testing purposes to CGUs which reflect how it is monitored for internal management purposes.

The recoverable amount of a CGU is determined based on fair value less cost to dispose (“FVLCTD”)

calculations. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. FVLCTD calculations use cash flow projections covering a five-year period that are based on the latest financial budgets for revenue and cost as approved by senior management. Cash flow projections beyond five years are based on a growth rate not exceeding gross domestic product for the respective countries. Two percent growth rates are assumed in perpetuity. Post-tax cash flow projections are discounted using a real post-tax discount rate of 8%, that is based on past experience, and industry average weighted average cost of capital. The assumptions used in calculating FVLCTD have considered the current economic environment.

During the year ended December 31, 2024, the CGU for the plants specialized in the treatment of utility poles and residential lumber was split into two CGUs: plants specialized in the treatment of utility poles and residential lumber - U.S. and plants specialized in the treatment of residential lumber - Canada. The change in CGU structure was made to reflect the operational changes made to convert plants from multiproduct to single product manufacturing plants. Comparatives figures presented in the table below have been adjusted to conform to the current year's presentation.

The carrying value of goodwill is allocated to the following CGUs:

CGUs (Amounts in millions of Canadian dollars)	**2024**	**2023**
Plants specialized in the treatment of utility poles and residential lumber - U.S.	238	220
Plants specialized in the treatment of railway ties	162	149
Plants specialized in the treatment of residential lumber - Canada	6	6
	406	375

Impairment tests for intangible assets with indefinite useful life

The only intangible asset with indefinite useful life is the creosote registration. This registration provides the Company with the right to produce and sell creosote out of its Memphis, Tennessee facility. The Company's approach to creosote supply is to produce a portion of its requirements and to buy the remainder on the open market. As a result, the creosote registration procures the advantage of being able to produce, which is less expensive than buying on the market.

The recoverable amount of the creosote registration is determined based on value-in-use calculations. Value-in- use calculations use cash flow projections covering a five-year period that are based on the latest financial budgets of cost savings as approved by senior management. No growth rate is assumed in the cash flow projections beyond five years, given the commodity nature of the majority of the products (i.e. volume growth is assumed to be offset by real price declines). Pre-tax cash flow projections are discounted using a real pre-tax discount rate of 11%.

10 Accounts payable and accrued liabilities

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Trade payables and accrued expenses	127	152
Other payables	53	52
	180	204

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11 Long-term debt

(Amounts in millions of Canadian dollars)	**Maturity date**	**2024**	**2023**
Unsecured:			
Revolving credit facilities [(a)(b)]	2028-2029	295	750
Term loan facilities [(b)]			
US$125, variable rate based on SOFR plus 1.725%	2028	180	166
US$100, fixed rates ranging from 3.27% to 4.47%, with quarterly amortization payments starting in 2026	2029-2030	144	132
US$25, fixed rate of 4.52%	2029	36	33
US$150 (as at December 31, 2023 – US$25), variable rate based on SOFR plus applicable margin	2030-2031	216	33
Senior notes [(c)]			
$400, fixed rate of 4.312%	2031	400	—
US$75, fixed rate of 3.81%	2027	108	99
US$75, fixed rate of 3.54%	2024	—	99
Other[(d)]		3	4
		1,382	1,316
Deferred financing costs		(2)	—
		1,380	1,316
Less: Current portion of long-term debt		1	100
		1,379	1,216

a) Unsecured Syndicated Credit Facilities

The Company has unsecured credit facilities with a syndicate of lenders. On January 26, 2024, the Company amended and restated the seventh amended and restated syndicated credit agreement in order to, among other things, (i) increase the amount available under the unsecured revolving credit facility from US$400 million to US$600 million; (ii) separate the unsecured revolving facility in two tranches with the following maturities: US$475 million tranche with a maturity date of February 27, 2028, and US$125 million tranche with a maturity date of February 27, 2026; (iii) increase the required level of net funded debt-to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio to 3.75:1.00 and (iv) replace the Canadian Dollar Offered Rate ("CDOR"), with the Canadian Overnight Repo Rate Average ("CORRA"). Revolving credit facility advances made prior to this amendment continued to apply CDOR until the end of their term. The amended syndicated credit agreement also includes a reset of the existing accordion feature whereby the Company may request an increase in an aggregate amount of US$300 million, subject to lenders' approval.

On December 20, 2024, the Company further amended and restated its syndicated credit agreement in order to, among other things, combine into a single unsecured revolving credit facility the two tranches with a maturity date of December 20, 2029, and reset the existing accordion feature whereby the Company may request an increase in an aggregate amount of US$400 million, subject to lenders' approval.

Borrowings under the syndicated credit facilities may be obtained in the form of prime rate loans, CORRA loans, U.S. base rate loans, Secured Overnight Financing Rate ("SOFR") loans and letters of credit. The

interest rate margin will range from 0.00% to 1.25% with respect to prime rate loans and U.S. base rate loans and from 1.00% to 2.25% with respect to CORRA, SOFR loans and fees for letters of credit, in each case based upon the Company's net funded debt-to-EBITDA ratio.

As at December 31, 2024, under the Syndicated Credit Facilities, borrowings by Canadian entities denominated in U.S. dollars represented $181 million (US$126 million) and were designated as hedges of net investment in foreign operations.

b) Unsecured Senior U.S. Farm Credit Facilities

The Company is party to a credit agreement with a syndicate of lenders within the farm credit system (the "U.S. Farm Credit Agreement") pursuant to which unsecured senior credit facilities in an aggregate amount of up to US$550 million are available. The U.S. Farm Credit Agreement provides a term loan facility of up to US$400 million (or, the "Term Loan Facility"), and a five-year revolving credit facility of up to US$150 million with a maturity date of March 3, 2028 (or, the "Revolving Credit Facility"). The U.S. Farm Credit Agreement also provides an uncommitted option to increase the unsecured senior credit facilities by up to an additional US$150 million, subject to certain terms and conditions.

Interest rates under the Revolving Credit Facility are based, at the Company's election, on either a floating rate based on SOFR, or a base rate, in each case plus a margin over the index. The applicable margin ranges from 0.5% to 1.25% for base rate loans, and from 1.5% to 2.25% for SOFR loans, in each case based upon the Company's net funded debt-to-EBITDA ratio.

The unsecured senior credit facilities were issued by a syndicate of lenders within the farm credit system and are eligible for patronage refunds. Patronage refunds are distributions of profits from lenders in the farm credit system, which are cooperatives that are required to distribute profits to their members. Patronage distributions, in the form of cash, are received in the year after they were earned. Future refunds are dependent on future farm credit lender profits, made at the discretion of each farm credit lender.

Loans under the U.S. Farm Credit Facilities, other than fixed rate term loans, may be prepaid from time to time at the Company's discretion without premium or penalty but subject to breakage costs, if any. If all or any portion of a fixed rate term loan is prepaid, a prepayment premium may apply. Term loans amounts repaid may not be subsequently re-borrowed. Principal amounts under the Revolving Credit Facility may be drawn, repaid, and redrawn until March 3, 2028.

c) Unsecured Senior Notes

On October 1st, 2024, the Company completed a private placement of $400 million aggregate principal amount of senior unsecured notes due October 1st, 2031, bearing interest at the rate of 4.312% per annum, payable semi-annually until maturity. The notes rank pari passu with all other unsecured and unsubordinated obligations of the Company.

On January 17, 2024, the Company repaid US$75 million of unsecured senior notes issued pursuant to a private placement with certain U.S. investors. The remaining US$75 million of unsecured senior notes are payable in a single installment at maturity on January 17, 2027 and are designated as hedges of net investment in foreign operations.

d) Other notes payable

Other notes payable consists of a promissory note pursuant to a business acquisition in the amount of three

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million dollars (US$2 million), secured by the land of the Company's facility in Pineville.

In order to maintain in place the credit facilities, and private placement senior notes with certain U.S. investors, the Company needs to comply with customary affirmative covenants, negative covenants, reporting requirements and financial ratios. As at December 31, 2024, the Company was required to maintain a net funded debt-to-EBITDA ratio of no more than 3.50:1.00, an interest coverage ratio equal to or greater than 3.00:1.00 and a priority debt to equity ratio not more than 15%, which are measured on a quarterly basis. The required level of net funded debt-to-EBITDA ratio was increased to 3.75:1.00 subsequent to year-end, following the amendment of the U.S. Farm Credit Agreement. As at December 31, 2024, the Company was in full compliance with these covenants, requirements and ratios.

The repayment requirements on the long-term debt as at December 31, 2024 are as follows:

(Amounts in millions of Canadian dollars)	**Principal**
2025	1
2026	34
2027	144
2028	216
2029	367
Thereafter	620
	1,382

The aggregate fair value of the Company's long-term debt was estimated at $1,368 million as at December 31, 2024 (as at December 31, 2023 – $1,298 million) based on discounted future cash flows, using interest rates available to the Company for issues with similar terms and average maturities.

Refer to Note 23 for a summary of events that occurred after the reporting period.

12 Provisions and other long-term liabilities

(Amounts in millions of Canadian dollars)	Provisions			Other long-term liabilities			
	Site remediation	Others	Total	Share-based payment plans	Others	Total	Grand total
Balance as at January 1, 2023	18	4	22	9	4	13	35
Business combination	1	—	1	—	7	7	8
Additions	8	—	8	15	—	15	23
Payments	(3)	(3)	(6)	(3)	—	(3)	(9)
Balance as at December 31, 2023	24	1	25	21	11	32	57
Additions	10	1	11	14	—	14	25
Payments	(7)	(1)	(8)	(12)	(4)	(16)	(24)
Exchange differences	1	—	1	1	1	2	3
Balance as at December 31, 2024	28	1	29	24	8	32	61
Current portion	9	1	10	11	3	14	24
Non-current portion	19	—	19	13	5	18	37
	28	1	29	24	8	32	61

The Company's share-based payment plans consist of cash-settled restricted stock unit, performance stock unit and deferred share unit plans.

Restricted stock units ("RSUs") and Performance stock units ("PSUs")

Under the Stock Unit Plan, RSUs and PSUs are granted to certain executives and key employees of the Company. RSUs and PSUs entitle the holders to receive a cash payment equal to the average closing price on the TSX of the Company's common shares for the five trading days preceding the vesting date multiplied by a factor which ranges from 0% to 200% based on the attainment of performance criteria and/or market conditions set out pursuant to the plan, provided the individual is still employed by the Company at time of vesting. RSUs vest ratably over a period of up to three years and PSUs are paid three years after the grant date.

Changes in outstanding RSUs for the years ended December 31, are as follows:

	2024	2023
RSUs outstanding - Beginning of year	129,438	122,315
Granted	118,688	65,479
Vested	(90,508)	(47,966)
Forfeited	(1,462)	(10,390)
RSUs outstanding - End of year	156,156	129,438

Changes in outstanding PSUs for the years ended December 31, are as follows:

	2024	2023
PSUs outstanding - Beginning of year	97,072	69,337
Granted	59,348	38,517
Performance multiplier	26,543	—
Vested	(53,086)	—
Forfeited	(1,133)	(10,782)
PSUs outstanding - End of year	128,744	97,072

Deferred share units ("DSUs")

DSUs entitle non-executive directors of the Company to receive a minimum participation amount in the form of DSUs and they may elect to participate in the DSU plan for a portion of their Board fees. Such deferred remuneration is converted to DSUs based on the average closing price of the Company's common shares on the TSX of the five trading days immediately preceding the date such awards are granted to the non-employee director. DSUs are settled for cash only after a non-employee director ceases to act as a director.

Changes in outstanding DSUs for the years ended December 31, are as follows:

	2024	2023
DSUs outstanding - Beginning of year	59,365	44,333
Granted	12,092	16,792
Settled	—	(1,760)
DSUs outstanding - End of year	71,457	59,365

13 Cash flow information

The following table presents the movements in the liabilities from financing activities for the years ended December 31, 2024 and 2023:

	Liabilities from financing activities			
(Amounts in millions of Canadian dollars)	Long-term debt	Revolving credit facilities	Lease liabilities	Total
Balance as at January 1, 2023	(547)	(394)	(167)	(1,108)
Cash flows, net	(32)	(362)	50	(344)
Lease additions	—	—	(177)	(177)
Other non-cash movements	—	—	(5)	(5)
Foreign exchange adjustments	13	6	5	24
Balance as at December 31, 2023	(566)	(750)	(294)	(1,610)
Cash flows, net	(463)	471	62	70
Lease additions	—	—	(76)	(76)
Other non-cash movements	—	—	4	4
Foreign exchange adjustments	(56)	(16)	(19)	(91)
Balance as at December 31, 2024	(1,085)	(295)	(323)	(1,703)

14 Capital stock and earnings per share

The following table provides the number of common shares outstanding for the years ended December 31:

	2024	2023
Number of common shares outstanding – Beginning of year	56,866,712	59,115,959
Common shares repurchased	(1,078,577)	(2,286,484)
Stock option exercised	15,000	10,000
Employee share purchase plans	21,818	27,237
Number of common shares outstanding – End of year	55,824,953	56,866,712

a) Capital stock

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

All issued shares are fully paid. The common shares provide for the right to receive notice of, attend and vote at all meetings of shareholders and receive dividends, subject to the prior rights of the preferred shares and any other shares ranking senior to the common shares. To date, the Company has not issued any preferred shares.

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b) Normal Course Issuer Bid (“NCIB”)

On November 6, 2023, the TSX accepted the Company’s Notice of Intention to Make a NCIB (“Notice”) to purchase for cancellation up to 2,500,000 common shares during the 12-month period commencing November 14, 2023 and ending November 13, 2024, representing approximately 5.0% of the public float of its common shares.

On November 5, 2024, the TSX accepted the Company’s Notice to purchase for cancellation up to 2,500,000 common shares during the 12-month period commencing November 14, 2024 and ending November 13, 2025, representing approximately 4.5% of the common shares outstanding.

During the year ended December 31, 2024, the Company repurchased for cancellation 1,078,577 common shares under its NCIBs then in effect (during the year ended December 31, 2023 - 2,286,484 common shares) for a total consideration of $90 million (during the year ended December 31, 2023 - $142 million), representing an average price of $83.43 per common share (in 2023 - $61.89).

As at December 31, 2024, the Company’s capital stock was reduced by four million dollars (as at December 31, 2023 – eight million dollars) and the retained earnings decreased by $88 million (as at December 31, 2023 – $134 million), including two million dollars of related taxes (December 31, 2023 – nil).

c) Stock option plan

The Company has a stock option plan (the “Plan”) for directors, officers and employees whereby the Board of Directors or a committee appointed for such purpose (“Committee”) may, from time to time, grant to directors, officers or employees of the Company options to acquire common shares in such numbers, for such terms and at such exercise prices as are determined by the Board of Directors or such Committee.

The aggregate number of common shares in respect of which options may be granted is 4,800,000. Each option shall be exercisable during a period established by the Board of Directors or Committee, and the term of the option may not exceed 10 years. The Company has not granted any stock options since 2015. The options outstanding under the Plan as at December 31, 2024 were granted in November 2015 and expire in 2025.

During the year ended December 31, 2024, 15,000 ordinary shares were issued as a result of the exercise of options arising from the share options granted in 2015 (December 31, 2023 - 10,000). Options were exercised at the option value price of $49.01 per share.

As at December 31, 2024, the number of outstanding and exercisable options to acquire common shares issued under the Company’s Plan was 5,000 (December 31, 2023 – 20,000), at a weighted average exercise price of $49.01 (December 31, 2023 – $49.01).

d) Employee share purchase plans

The aggregate number of common shares reserved for issuance under the Company’s employee share purchase plans is 1,300,000.

Company employees who are Canadian residents are eligible to purchase common shares from the Company at an amount equal to 90% of the market price. Employees who hold common shares in

the employee share purchase plan for 18 months following the date of acquisition of such shares receive additional common shares of the Company equivalent to 10% of the amount of their contributions made on the date of acquisition. In 2024, 12,786 common shares (2023 – 17,024) were issued to Canadian resident employees at an average price of $70.26 per share (2023 – $55.18).

Company employees who are U.S. residents are eligible to purchase common shares from the Company at market price. Employees who hold common shares in the employee share purchase plan for 18 months following the date of acquisition of such shares receive additional common shares of the Company equivalent to 10% of the amount of their contributions made on the date of acquisition. In 2024, 9,032 common shares (2023 – 10,213) were issued to U.S. resident employees at an average price of $76.79 per share (2023 – $60.08).

e) Earnings per share

The following table provides the reconciliation between basic earnings per common share and diluted earnings per common share:

(Amounts in millions of Canadian dollars, except per share amounts)	**2024**	**2023**
Net income applicable to common shares	$319	$326
Weighted average number of common shares outstanding*	56,403	57,963
Effect of dilutive stock options*	4	6
Weighted average number of diluted common shares outstanding*	56,407	57,969
Basic and diluted earnings per common share	$5.66	$5.62

* Number of shares is presented in thousands.

f) Dividends

In 2024, the Company paid dividends of $63 million (2023 - $53 million), representing dividends declared per common share of $1.12 (2023 - $0.92).

15 Expenses by nature

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Raw materials and consumables	2,119	2,065
Employee benefit expenses	329	305
Freight	199	198
Depreciation and amortization	130	109
Expenses incurred in manufacturing process	96	75
Other expenses	93	68
	2,966	2,820

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Employee benefit expenses		
Salaries, wages and benefits	300	280
Share-based compensation	14	13
Pension costs	2	2
Group registered retirement savings plans	13	10
	329	305

Employee benefit expenses are included in cost of sales and selling and administrative expenses.

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Financial expenses		
Interest expense on long-term debt and other financial charges	77	61
Interest on lease liabilities	11	7
	88	68

16 Income taxes

(Amounts in millions of Canadian dollars)	2024	2023
Current income tax		
Current tax on income for the year	99	93
Adjustments in respect of prior years	(11)	(10)
Changes in estimates related to prior years	(2)	—
Total current income tax	86	83
Deferred income tax		
Origination and reversal of temporary differences	3	16
Impact of change in tax rate	(3)	(2)
Adjustments in respect of prior years	10	8
Total deferred income tax	10	22
Income tax expense	96	105

Reconciliation of effective income tax rate

(Amounts in millions of Canadian dollars)	2024	2023
Income before income tax	415	431
Canadian statutory rate (combined federal and provincial)	26.12 %	26.13 %
Income tax expense at that statutory rate	108	113
Tax effects of:		
Rate differential between jurisdictions	(6)	(4)
Remeasurement of deferred income tax - change in tax rate	(3)	(2)
Adjustments in respect of prior years' tax expense	(1)	(2)
Changes in estimates related to prior years	(2)	—
Income tax expense	96	105

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Deferred tax assets and liabilities

During the years ended December 31, 2024 and 2023, movements in temporary differences are as follows:

(Amounts in millions of Canadian dollars)	As at December 31, 2023	Recognized in statement of income	Recognized in other comprehensive income	Recognized in translation adjustment	As at December 31, 2024
Property, plant and equipment (including right-of-use assets)	(212)	(12)	—	(14)	(238)
Intangible assets	(51)	(1)	—	(4)	(56)
Financial Instruments	(5)	—	—	—	(5)
Lease liabilities	75	1	—	5	81
Reserves	18	3	—	1	22
Deferred pension benefit	2	(1)	—	—	1
Others	(2)	—	—	—	(2)
Net deferred tax liabilities	(175)	(10)	—	(12)	(197)

	As at December 31, 2022	Recognized in statement of income	Recognized in other comprehensive income	Recognized in translation adjustment	As at December 31, 2023
Property, plant and equipment (including right-of-use assets)	(158)	(58)	—	4	(212)
Intangible assets	(50)	(2)	—	1	(51)
Financial Instruments	(7)	—	2	—	(5)
Lease liabilities	42	34	—	(1)	75
Reserves	13	5	—	—	18
Deferred pension benefit	2	—	—	—	2
Others	—	(1)	—	(1)	(2)
Net deferred tax liabilities	(158)	(22)	2	3	(175)

As of December 31, 2024, the Company did not recognize deferred income tax assets of six million dollars (as at December 31, 2023 – six million dollars) in respect of capital losses amounting to $47 million (as at December 31, 2023 – $44 million) that can be carried forward indefinitely against future taxable capital gains.

Deferred income tax liabilities have not been recognized for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings totaled $1,465 million as at December 31, 2024 (as at December 31, 2023 – $1,182 million).

On June 19, 2024, Bill C-69 became substantively enacted for Canadian financial reporting purposes. Bill C-69 includes the Pillar Two rules published by the Organisation for Economic Co-operation and Development and applies to fiscal years beginning on or after December 31, 2023. The Pillar Two model rules impose a 15% global minimum tax applicable to large multinational enterprises, to be applied in each country. The Pillar Two rules did not have a material impact on the Company's consolidated financial statements.

17 Employee future benefits

The Company recognizes costs for several types of employee future benefits. For its Canadian operations, the Company contributed to three defined benefit pension plans covering some salaried and non-union hourly wage employees and to a multi-employer plan for certain hourly employees. During the year ended December 31, 2024, the Company wound up of one of its defined benefit pension plans. Payments were made to settle all the benefits in the plan which resulted in a gain on settlement of less than one million dollars. As at December 31, 2024, the plan assets and projected benefit obligation for this plan were nil.

Other post-employment benefits are offered to a portion of retired employees and consist of group health and dental care, life insurance and complementary retirement benefits. The defined benefit pension plans and other post-employment benefits plan are closed to new participants.

For its U.S. operations, the Company's wholly-owned subsidiary, Stella-Jones Corporation, contributes to two defined benefit pension plans. Only one of these pension plans remains open to new participants.

All other active employees are entitled to a group registered retirement savings plan to which the Company matches one and a half times the employee contribution. The Company's contribution cannot exceed 6.0% of the employee's annual base salary.

The recognized costs for employee future benefits are as follows:

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Contributions to group registered retirement savings plans	13	10
Defined benefit pension plans	1	1
Contributions to multi-employer plan	1	1
	15	12

The net amount recognized on the consolidated statements of financial position is detailed as follows:

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Employee future benefits		
Non-current liabilities:		
Net defined benefit pension liability	(2)	(8)
Other post-employment benefits liability	(2)	(2)
	(4)	(10)

The Company's Canadian defined benefit pension plans benefits are based on years of service and final average earnings. The Stella-Jones Corporation defined benefit pension plans benefits consist of a flat dollar amount payable monthly based on years of service. The other post-employment benefits plan is not funded.

The Company measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year.

There was no change in the accrued benefit obligation for the other post-employment benefits plan for the year ended December 31, 2024 (for the year ended December 31, 2023 - nil).

The following table presents financial information related to the Company's defined benefit pension plans, other than the multi-employer defined benefit plan:

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Accrued benefit obligation		
Balance – Beginning of year	32	30
Current service cost	1	1
Interest cost	1	1
Benefits payments	(2)	(2)
Defined benefit obligation extinguished on settlement	(6)	—
Remeasurement adjustments		
Changes in financial assumptions	(1)	2
Exchange difference	1	—
Balance – End of year	26	32
Plan assets		
Fair value – Beginning of year	24	25
Interest income on plan assets	1	1
Return on plan asset excluding interest income	1	—
Employer's contributions	5	1
Asset distributed on settlement	(5)	—
Effect of asset ceiling	—	(1)
Benefits paid	(2)	(2)
Fair value – End of year	24	24
Net benefit liability	(2)	(8)

Risks associated with the Company's defined benefit plans are similar to those of typical benefit plans, including market risk, interest rate risk, liquidity risk, credit risk, currency risk and longevity risk. The most significant risks are the exposure to asset volatility and changes in bond yields. Weaker than expected investment returns and a decrease in corporate bond yields will increase the net benefit liability and worsen the plans' funded position.

A 0.25% decrease in the discount rate would increase the defined benefit obligation as at December 31, 2024 by one million dollars.

Expected contributions to the defined benefit pension plans for the year ending December 31, 2025 are one million dollars.

The items of the Company's defined benefit plans costs recognized during the year are as follows:

Consolidated statement of income (Amounts in millions of Canadian dollars)	**2024**	**2023**
Current service cost	1	1
Interest cost	1	1
Interest income on plan assets	(1)	(1)
Total cost recognized	1	1
Consolidated statement of comprehensive income		
Actuarial gains (losses)	1	(2)
Total recognized in other comprehensive income (loss) before income tax	1	(2)
Accumulated actuarial losses recognized in other comprehensive income		
Balance of actuarial losses as at January 1	(3)	(1)
Net actuarial gains (losses) recognized in the year, net of tax	1	(2)
Balance of actuarial losses as at December 31	(2)	(3)

The significant weighted average assumptions used are as follows:

	Defined benefit pension plans		**Other post-employment plan**	
	2024	**2023**	**2024**	**2023**
	%	**%**	**%**	**%**
Accrued benefit obligation as at December 31				
Discount rate	4.90	4.70	4.90	4.70
Rate of compensation increase	3.25	3.25	n/a	n/a
Benefit costs for the year ended December 31				
Discount rate	4.70	5.10	4.70	5.10

The percentage of plan assets held by the defined benefit plans consists of the following as at December 31:

	2024	**2023**
	%	**%**
Listed equity securities	22	25
Listed debt securities	29	29
Guaranteed insurance contracts	36	31
Real assets	13	14
Short-term investments and cash	—	1
	100 %	100 %

18 Commitments and contingencies

a) The Company has issued guarantees under letters of credit and various bid and performance bonds for a total of $68 million (2023 – $48 million). The Company does not believe these guarantees are likely to be called on. As a result, no provisions have been recorded in the consolidated financial statements. The Company has also entered into a ten-year agreement to purchase renewable energy certificates for a total of eight million dollars (2023 – nil).

b) The Company's operations are subject to Canadian federal and provincial as well as U.S. federal and state environmental laws and regulations governing, among other matters, air emissions, waste management, wastewater effluent discharges and use of antimicrobial pesticide products. The Company takes measures to comply with such laws and regulations. However, the measures taken are subject to the uncertainties of changing legal requirements, enforcement practices and developing technological processes.

19 Financial instruments and management of financial risk

Carrying values and fair values

The Company has determined that the fair value of its current financial assets and financial liabilities approximates their carrying amounts as at the consolidated statement of financial position dates because of the short-term maturity of those instruments. The fair values of the non-current receivables and interest-bearing financial liabilities also approximate their carrying amounts unless otherwise disclosed elsewhere in these consolidated financial statements.

The fair values of interest rate swap agreements have been determined and recorded using mark-to-market values as at December 31, 2024 and 2023 from third parties. These types of measurement fall under Level 2 in the fair value hierarchy as per IFRS 7, *Financial Instruments: Disclosures.* A description of each level of the hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for these assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table provides a summary of the fair values:

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Non-current assets		
Interest rate swap agreements	21	21

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at December 31, 2024, the Company's credit exposure consists primarily of the carrying amount of accounts receivable and derivative financial instruments.

Credit risk associated with derivative financial instruments is minimized by dealing with creditworthy financial institutions.

The Company's exposure to credit risk for accounts receivable is influenced mainly by the individual characteristics of each customer. Management believes that the credit risk is limited because the Company deals primarily with large-scale utilities, Class 1 railroad operators and large retailers as well as other major corporations.

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and credit references from other suppliers. Purchase limits are established for each customer, which represent the maximum open amount not requiring additional approval from Management. A monthly review of the accounts receivable aging is performed by Management. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Note 5 provides details on the receivable aging for the years ended December 31, 2024 and 2023. The Company's largest customer had sales representing 14% of the total sales for the year ended December 31, 2024 (for the year ended December 31, 2023 – 15%) and an account receivable balance of $10 million as at December 31, 2024 (as at December 31, 2023 – nine million dollars). The sales for this customer are included in the residential lumber product category.

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, on a long-term basis, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to its reputation.

The operating activities of the Company are the primary source of cash flows. The Company also has credit facilities (Note 11) which can be used for working capital and general corporate requirements. As at December 31, 2024, the Company had $802 million of available liquidity, including $752 million (US$523 million) under the Company's credit facilities.

The following table details the maturities of the financial liabilities as at December 31:

(Amounts in millions of Canadian dollars)						**2024**
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Years 2 and 3**	**Years 4 and 5**	**More than 5 years**
Accounts payable and accrued liabilities	180	180	180	—	—	—
Long-term debt obligations*	1,380	1,710	62	299	686	663
Minimum payment under lease liabilities*	323	384	74	128	65	117
	1,883	2,274	316	427	751	780

						2023
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Years 2 and 3**	**Years 4 and 5**	**More than 5 years**
Accounts payable and accrued liabilities	204	204	204	—	—	—
Long-term debt obligations*	1,316	1,521	166	686	563	106
Minimum payment under lease liabilities*	294	345	63	106	72	104
	1,814	2,070	433	792	635	210

*Includes interest payments. Interest on variable interest debt is assumed to remain unchanged from the rates in effect as at December 31, 2024 and December 31, 2023.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on risk.

Currency risk

A large portion of the Company's consolidated revenue and expenses are received or denominated in the functional currency of the business units operating in the markets in which it does business. Accordingly, the Company's sensitivity to variations in foreign exchange rates is economically limited. The Company's main source of foreign exchange risk resides in the Canadian operations' business transactions denominated in U.S. dollars. The Company's objective in managing its foreign exchange risk is to minimize its exposure to foreign currency cash flows and operations, by transacting with third parties in the functional currency of the business units to the maximum extent possible and through the use of foreign exchange forward contracts. As at December 31, 2024, the Company had no foreign exchange forward contract agreements in place.

The following table provides information on the impact of a 10% strengthening of the U.S. dollar against the Canadian dollar on net income and other comprehensive income (loss) for the years ended December 31, 2024 and 2023. For a 10% weakening of the U.S. dollar against the Canadian dollar, there would be an equal and opposite impact on net income and other comprehensive income (loss).
This analysis considers the impact of foreign exchange variance on current financial assets and current financial liabilities denominated in U.S. dollars which are on the consolidated statement of financial position

of the Canadian entities totaling four million dollars (seven million dollars as at December 31, 2023) and six million dollars (eight million dollars as at December 31, 2023), respectively. The foreign exchange impact for the U.S. dollar-denominated long-term debt, in the Canadian entities, has been included in the sensitivity analysis for other comprehensive income (loss), as the long-term debt is designated as a hedge of net investment in foreign operations (Note 11).

(Amounts in millions of Canadian dollars)	2024	2023
Decrease of net income	—	—
Decrease of other comprehensive income	29	22

Interest rate risk

The Company enters into interest rate swap agreements in order to reduce the impact of fluctuating interest rates on its long-term debt. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. As at December 31, 2024, the Company has mitigated its exposure to interest rate risk on long-term debt after giving effect to its interest rate swap agreements; 68% (2023 – 46%) of the Company's long-term debt is at fixed rates.

The Company designates its interest rate swap agreements as cash flow hedges of the underlying debt. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swap agreements. The cash flow hedge documentation allows the Company to substitute the underlying debt as long as the hedge effectiveness is demonstrated. As at December 31, 2024, all cash flow hedges were effective.

The following table summarizes the Company's interest rate swap agreements as at December 31:

					2024	2023
Notional amount	**Related debt instrument**	**Fixed rate**	**Effective date**	**Maturity date**	**Notional equivalent**	**Notional equivalent**
		%			**CA$**	**CA$**
US$50	Revolving credit facilities	0.796*	Dec. 2021	Dec. 2026	72	66
US$125	Term loan facility	1.0769**	July 2021	June 2028	180	166

* Plus applicable margin based on pricing grid included in the revolving credit agreements.
** Plus set margin of 1.725%.

During the year ended December 31, 2024, a 1% increase in interest rates would have increased interest expense by eight million dollars and decreased the net income recognized in other comprehensive income (loss) by approximately six million dollars. For a 1% decrease in the interest rates, there would be an opposite impact on interest expense and other comprehensive income (loss).

20 Capital disclosures

The Company's objective in managing capital is to ensure sufficient liquidity and financial flexibility to pursue its organic growth strategy and undertake accretive acquisitions, while at the same time maintaining a disciplined approach to financial leverage and management of financial risk. The Company manages its capital structure and makes corresponding adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company

may adjust the amount of dividends paid to shareholders, issue new shares or debt, acquire or sell assets, reduce the amount of existing debt or repurchase shares.

The Company's capital is composed of total debt, which includes lease liabilities, and shareholders' equity, which includes capital stock. The primary measure used by the Company to monitor its capital is the leverage ratio, which it aims to maintain within a range of 2.0 to 2.5x. The leverage ratio is defined as net debt divided by EBITDA. Net debt is the sum of total long-term debt and lease liabilities (including the current portion) less cash and cash equivalents.

The Company uses its capital to finance working capital requirements, capital expenditures and acquisitions. The Company currently funds these requirements out of its internally generated cash flows and its credit facilities. However, future acquisitions and growth opportunities may require new sources of financing.

21 Related party transactions

Key management compensation

Key management includes Stella-Jones Inc.'s non-executive directors, President and Chief Executive Officer and Senior Vice-Presidents. The compensation paid or payable to key management for services is as follows:

(Amounts in millions of Canadian dollars)	2024	2023
Salaries, compensation and benefits	8	9
Share-based compensation	9	9
	17	18

Under their respective employment agreements and assuming their termination for reasons other than cause, illness, permanent incapacity, death or resignation occurred on December 31, 2024, the members of key management would be entitled to receive potential incremental payouts representing approximately $14 million.

22 Segment information

The Company operates within two business segments which are the production and sale of pressure-treated wood and the procurement and sales of logs and lumber. The reportable segments are managed independently as the operational processes and capital requirements are different.

The pressure-treated wood segment includes utility poles, railway ties, residential lumber and industrial products.

The logs and lumber segment comprises of the sales of logs harvested in the course of the Company's procurement process that are determined to be unsuitable for use as utility poles. Also included in this segment is the sale of excess lumber to local home-building markets. Assets and net income related to the logs and lumber segment are nominal.

Operating plants are located in six Canadian provinces and 18 American states. The Company also operates a large procurement and distribution network across North America.

Sales attributed to countries based on location of customer are as follows:

(Amounts in millions of Canadian dollars)	**2024**	**2023**
U.S.	2,515	2,456
Canada	954	863
	3,469	3,319

Sales by product are as follows:

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Utility poles	1,705	1,571
Railway ties	890	828
Residential lumber	614	645
Industrial products	154	148
Pressure-treated wood	3,363	3,192
Logs and lumber	106	127
	3,469	3,319

Property, plant and equipment, right-of-use assets, intangible assets and goodwill attributed to the countries based on location are as follows as at December 31:

(Amounts in millions of Canadian dollars)	**2024**	**2023**
Property, plant and equipment		
U.S.	765	660
Canada	283	246
	1,048	906
Right-of-use assets		
U.S.	236	230
Canada	75	55
	311	285
Intangible assets		
U.S.	115	113
Canada	55	56
	170	169
Goodwill		
U.S.	385	354
Canada	21	21
	406	375

23 Subsequent events

a) On February 4, 2025, the Company amended the U.S. Farm Credit Agreement in order to, among other things, extend the term of the Revolving Credit Facility of US$150 million from March 3, 2028 to February 4, 2030 and increase the required level of net funded debt to EBITDA ratio to 3.75:1.00.

b) On February 26, 2025, the Board of Directors declared a quarterly dividend of $0.31 per common share payable on April 18, 2025 to shareholders of record at the close of business on April 1, 2025.

ANNUAL REPORT FOR THE FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT (CANADA)

This report (the "Report") is filed by Stella-Jones. Inc ("Stella-Jones") or ("the Company") for the purposes of meeting Stella-Jones' obligations under Canada's **Fighting Against Forced Labour and Child Labour in Supply Chains Act** ("the Act"). The Report outlines the steps Stella-Jones has taken during the 2024 financial year to identify, prevent, and reduce the risk that forced, or child labour is used at any step in the production of goods and services by Stella-Jones or in its supply chain.

SUBSECTION 11(3)(A)
STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Stella-Jones Inc., an entity incorporated under the Canada Business Corporations Act, manufactures products for the North American market with a focus on supporting infrastructure essential to electrical distribution and transmission and railway transportation systems. It supplies the continent's major electrical utilities with treated wood utility poles and provides North America's Class 1 short line and commercial railroad operators with treated wood railway ties and timbers. Stella-Jones also supports infrastructure with industrial products, namely timbers for railway bridges, crossings and construction, marine and foundation pilings, and coal tar-based products. Additionally, the Company manufactures and sells premium treated residential lumber and accessories to Canadian and American retailers for outdoor applications. In 2024, the total production volume across all products was 109 million cubic feet.

The Company operates 44 wood treating plants and a coal tar distillery. These facilities are located across Canada and the United States and are complemented by an extensive distribution network. As of December 31, 2024, the company's workforce numbered 3,018 employees, with 919 located in Canada.

Wood fibre and treatment preservatives are the primary materials used in the production processes. Wood fibre is procured primarily in North America from government timber sale programs, forest tenures, private woodland owners, sawmills and lumber producers. In 2024, less than 1% of the Company's wood fibre purchase spend came from outside North America, namely Europe. Treatment preservatives are procured from North America and Europe, with vendors sourcing some product components from overseas locations.

In addition to the trucking fleet managed by Stella-Jones, the services of third-party logistics providers from the United States and Canada are utilized both upstream and downstream of the manufacturing process.

SECTION 11(3)(B)
POLICIES AND DUE DILIGENCE PROCESSES

Stella-Jones' Human Rights ("Policy") is available on Stella-Jones' website (www.stella-jones.com). Stella-Jones' due diligence processes that relate to forced labour and child labour include:

- **Risk Assessment:** Stella-Jones screens tier 1 suppliers for human rights risks. This process includes a desktop review of publicly available information and dedicated risk discussions with the procurement, logistics, human resources, and operations teams at Stella-Jones. A wide range of sources were used for the desktop review including industry and country level risks, the U.S Department of Labor List of Goods from Child of Forced Labor (2024), as well as publicly available policies and reports from company websites. In 2024, 356 suppliers representing 70% of total procurement spend were screened through this risk assessment process.

- **Supplier Engagement:** During 2024, Stella-Jones engaged with suppliers that were identified as higher risk through the risk assessment process. Engagement included discussion on regulatory requirements and Stella-Jones' commitments towards human rights in our supply chain. Suppliers signed a Stella-Jones -supplied letter of certification that acknowledges their obligations to prevent child and forced labour in their operations and supply chain, and to notify Stella-Jones of any non-compliance.

- **Reporting Channels:** Stella-Jones' third-party anonymous reporting hotline is available to employees, contractors, business partners and community members to report matters of concern, including issues related to forced labour and child labour. Additionally, in 2024 Stella-Jones established an additional risk tracking process for employees to report concerns through their line-managers for follow-up. In 2024, two concerns related to human rights were submitted through this new channel, with both risks investigated internally and closed without the need for remediation.

- **Human Rights Compliance Program:** In 2024, the Company's Human Rights Compliance Program was approved by management. The program formalizes the internal procedures, roles and responsibilities for compliance with the Act.

SECTION 11(3)(C)
FORCED LABOUR AND CHILD LABOUR RISKS

Stella-Jones' supply chain risks are more limited than manufacturers with large global supply chains, with most suppliers to Stella-Jones based locally in North America. Stella-Jones has not identified any specific known or confirmed occurrences of forced or child labour or other human rights abuses within its supply chain. The following is a list of the potential risks for Stella-Jones' supply chain or product categories:

- **Fibre Procurement:** Forced labour has the potential to be a risk for a small portion of the wood fibre supply in the southern United States, where migrant labour is employed on-site. Any fibre procured from overseas locations has chain of custody certification which requires compliance with the International Labour Organisation (ILO) convention. Religious-based, family-owned sawmills and timberlands may also use child labour as permitted under the U.S. Fair Labor Standards Act. Stella-Jones' Human Rights Policy addresses this by prohibiting the employment of individuals in violation of applicable local minimum age laws.

- **Transportation:** The third-party logistics providers, particularly those in Southern California, who utilize a migrant workforce and whose services are obtained through the spot market have an increased risk of forced labour.

- **Preservatives:** Chemical product inputs sourced from China, a location with a heightened risk for child and forced labour, occurs in the treatment preservative supply chain.

- **Third-Party Product Distribution:** The residential lumber accessories category has goods sourced from international locations such as China, Mexico, Thailand, Poland and the U.K. The suppliers used by Stella-Jones have also implemented human rights due diligence processes and report under the Act.

- **Equipment:** The large mobile equipment used at production facilities can be manufactured internationally, which presents a limited amount of risk. Stella-Jones' solar panel installations at our manufacturing facilities use solar modules manufactured in the U.S. which has reduced the risk of forced labour for these materials.

SECTION 11(3)(D)
REMEDIATION MEASURES

Stella-Jones has not identified any confirmed instances of forced or child labour, and consequently, no remediation measures have been taken.

SECTION 11(3)(E)
REMEDIATION OF LOSS OF INCOME

Stella-Jones has not identified any confirmed instances of forced or child labour, and therefore, no measures have been taken to remediate loss of income that result from measures taken by Stella-Jones.

SECTION 11(3)(F)

TRAINING

Human Rights training is delivered to all employees every two years. The training is an internally-developed e-learning module that is issued through the Company training platform. The training's completion is mandatory for all employees involved in contracting and procurement decisions.

SECTION 11(3)(G)

ASSESSING EFFECTIVENESS

In 2024, the internal audit team at Stella-Jones undertook the first audit of the Human Rights Compliance Program against the requirements of the Act. The audit report was presented to the Audit Committee of the Board of Directors and responsibility assigned internally for all identified findings or areas of improvement.

CHAIR OF THE BOARD ATTESTATION

In accordance with the requirements of the Supply Chains Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Katherine A. Lehman
Chair of the Board of Directors
February 26, 2025

I have the authority to bind Stella-Jones Inc.

CORPORATE INFORMATION

ANNUAL MEETING OF SHAREHOLDERS (HYBRID MEETING)

May 7, 2025 | 11:00 AM Eastern Daylight Time

BY LIVE WEBCAST

https://meetings.lumiconnect.com/400-203-666-026
Password: stella2025

IN PERSON

1250 René-Lévesque Blvd. West,
Suite 3610, Montreal, QC, H3B 4W8

STOCK INFORMATION

Shares Listed: Toronto Stock Exchange
Ticker Symbol: SJ
Initial Public Offering: 1994
52-week high/low (Jan. 1 – Dec. 31, 2024): $ 96.19 / $ 68.16
Share price at February 28, 2025: $ 69.18
Common shares outstanding as at December 31, 2024 (in thousands): 55,825

DIVIDEND POLICY

The Board of Directors considers a dividend on a quarterly basis, based on the Company's capital allocation strategy.

On February 26, 2025, the Board of Directors declared a quarterly dividend of $ 0.31 per common share.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc.

AUDITORS

PricewaterhouseCoopers LLP.

LEGAL COUNSEL

Fasken Martineau DuMoulin LLP
Dentons Cohen & Grigsby P.C.

stella-jones.com