Source:	**Stella-Jones Inc.**	**Stella-Jones Inc.**
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STELLA-JONES ANNOUNCES SECOND QUARTER RESULTS

Executing on infrastructure-focused growth strategy

- **Sales of $1,034 million, down 1% from Q2 2024**
- **Operating income of $155 million vs $168 million in Q2 2024**
- **Strong EBITDA(1) of $189 million, or 18.3% margin(1)**
- **Completed acquisition of a steel transmission structure manufacturer**
- **Available liquidity of almost $700 million**
- **Updated revenue outlook for the year**

Montreal, Quebec – August 7, 2025 - Stella-Jones Inc. (TSX: SJ) ("Stella-Jones" or the "Company") today announced financial results for its second quarter ended June 30, 2025.

"Our second quarter results reflect the resilience of our business and the disciplined execution of our strategy for value creation as we continued to deliver a robust EBITDA margin and solid cashflows during a quarter of softer volumes," said Eric Vachon, President and Chief Executive Officer of Stella-Jones. "We anticipate maintaining healthy profitability levels, despite a revised revenue outlook for the year, and are encouraged by the progressive improvement in utility poles volumes. The breadth of our network provides a distinct advantage, allowing us to pivot capacity when necessary, and will enable us to support our customers from a position of strength as they execute on their long-term maintenance and capital investment plans."

"We are also pleased to have completed the Locweld acquisition during the quarter, which establishes our presence in the steel transmission structure market, providing a platform to further expand our reach as we continue to execute on our strategy to broaden Stella-Jones' infrastructure offering. With this acquisition, we are better positioned to capitalize on new investment opportunities," he concluded.

Financial Highlights (in millions of Canadian dollars, except ratios and per share data)	**Three-month periods ended June 30,**		**Six-month periods ended June 30,**	
	2025	**2024**	**2025**	**2024**
Sales	1,034	1,049	1,807	1,824
Gross profit[(1)]	206	226	374	398
Gross profit margin[(1)]	19.9%	21.5%	20.7%	21.8%
Operating income	155	168	298	292
Operating income margin[(1)]	15.0%	16.0%	16.5%	16.0%
EBITDA[(1)]	189	200	368	356
EBITDA margin[(1)]	18.3%	19.1%	20.4%	19.5%
Net income	106	110	199	187
Earnings per share (“EPS”) - basic and diluted	1.91	1.94	3.58	3.30
As at	**June 30, 2025**		**December 31, 2024**	
Net debt-to-EBITDA[(1)]	2.4x		2.6x	

[(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 press release 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.

SECOND QUARTER RESULTS

Sales for the second quarter of 2025 were $1,034 million, down $15 million, versus sales of $1,049 million for the corresponding period last year. Excluding the contribution from the acquisition of Locweld Inc. (“Locweld”) of $18 million and the currency conversion of nine million dollars, pressure-treated wood sales decreased by $43 million, or 4%, while logs and lumber sales remained relatively stable. Comparing against a strong prior-year period for both utility poles and railway ties, the decrease in pressure-treated wood sales was largely driven by a decline in volumes for railway ties and utility poles and lower utility poles pricing. Residential lumber sales were unchanged as softer demand was offset by the higher market price of lumber compared to the same period last year.

Pressure-treated wood products:

- **Utility poles (46% of Q2-25 sales)**: Utility poles sales increased to $476 million in the second quarter of 2025, compared to sales of $470 million in the corresponding period last year. Excluding the contribution from the acquisition of Locweld, whose sales benefited from the execution of backlog orders during the quarter, and the currency conversion effect, utility poles sales decreased by $17 million, or 4% versus the same period last year due to lower pricing and volumes. While sales volumes were lower compared to the strong shipments recorded in the second quarter last year, incremental volumes from new customers led to volume levels above those recorded since the second quarter of last year.

- **Railway ties (23% of Q2-25 sales)**: Railway ties sales decreased by $25 million to $240 million in the second quarter of 2025, compared to sales of $265 million in the same period last year. Excluding the currency conversion effect, sales of railway ties decreased by $28 million, or 11%, mostly attributable to a Class 1 railroad’s shift to treating railway ties in-house and delays in non-Class 1 projects.

- **Residential lumber (24% of Q2-25 sales)**: Sales in residential lumber remained relatively stable at $246 million in the second quarter of 2025, compared to sales of $243 million in the corresponding period last year. Higher pricing stemming from the increase in the market price of lumber when compared to the second quarter of 2024 was offset by softer demand, particularly during the earlier part of the quarter.

- **Industrial products (4% of Q2-25 sales)**: Industrial product sales were stable at $46 million in the second quarter of 2025.

Logs and lumber:

- **Logs and lumber (3% of Q2-25 sales)**: Sales in the logs and lumber product category were $26 million in the second quarter of 2025, compared to $25 million in the corresponding period last year.

Gross profit was $206 million in the second quarter of 2025 compared to $226 million in the corresponding period last year, representing a margin of 19.9% and 21.5%, respectively. The decrease in gross profit was largely driven by lower sales volumes across most product categories, lower utility poles pricing and higher fibre costs, particularly for residential lumber. As a percentage of sales, the gross profit was also impacted by an unfavourable sales mix.

Lower sales volumes, compared to the same period last year, largely explained the $13 million decline in operating income to $155 million in the second quarter of 2025. Similarly, EBITDA decreased by $11 million to $189 million compared to $200 million in the same period last year. Despite lower sales, the Company continued to deliver a strong EBITDA margin of 18.3%. When compared to the 19.1% margin generated in the second quarter of last year, the decrease was largely attributable to an unfavourable sales mix.

Net income for the second quarter of 2025 was $106 million, or $1.91 per share, versus net income of $110 million, or $1.94 per share, in the corresponding period of 2024.

SIX-MONTH RESULTS

For the first six months of 2025, sales amounted to $1,807 million, versus $1,824 million for the corresponding period last year. Excluding the contribution from the Locweld acquisition of $18 million and the currency conversion of $47 million, pressure-treated wood sales decreased by $79 million, or 4%. Lower volumes for utility poles and railway ties explained most of the lower sales. The decrease in logs and lumber sales compared to the corresponding period last year was largely attributable to less lumber trading activity.

Gross profit amounted to $374 million, or 20.7%, compared to $398 million, or 21.8% of sales, in the corresponding period last year. Operating income amounted to $298 million, versus $292 million a year ago, while EBITDA was $368 million, representing a margin of 20.4%, compared to $356 million, or a margin of 19.5% in the corresponding period last year. The insurance settlement gain recorded in the first six month of 2025 increased EBITDA by $28 million and EBITDA margin by 2%.

Net income in the first six months of 2025 was $199 million, or $3.58 per share, versus net income of $187 million, or $3.30 per share, in the same period last year.

LIQUIDITY AND CAPITAL RESOURCES

During the quarter ended June 30, 2025, Stella-Jones used the cash generated from operations of $224 million to broaden its infrastructure product offering with the acquisition of Locweld, return $54 million to shareholders, through dividends and share repurchases, and repay $118 million of debt. As at June 30, 2025, the Company had available liquidity of $693 million and its net debt-to-EBITDA stood at 2.4x.

ACQUISITION OF LOCWELD INC.

On May 7, 2025, the Company completed the acquisition of Locweld, a designer and manufacturer of steel lattice transmission towers and steel poles. The total consideration consisted of a purchase price of $58 million on a debt-free basis, plus a working capital adjustment and a performance-based contingent consideration. Locweld services customers in both Canada and the United States from its facility in Candiac, Quebec.

2023-2025 FINANCIAL OBJECTIVES

The Company has updated its sales objective and now expects sales to be approximately $3.5 billion in 2025, including the acquisition of Locweld, compared to the previous sales objective of approximately $3.6 billion. Largely influenced by ongoing macroeconomic challenges, the revision was primarily driven by lower-than-expected organic sales growth in utility poles in the first half of the year and a projected low single-digit growth for the remainder of the year, with a return to mid-single digit growth anticipated towards the end of 2025. The revised sales guidance also reflects lower-than expected railway ties sales growth in 2025, as the reduction in sales which resulted from a Class 1 railroad customer's shift to treating railway ties in-house is not expected to be recovered by year-end. The Company now expects a modest year-over-year decline in railway ties sales, in the low single-digit range.

The Company is maintaining its EBITDA margin, cumulative capital return and leverage targets over 2023-2025 outlook period. Since 2023, the Company has delivered a significant improvement in EBITDA margin. It generated an EBITDA margin of 18% in 2023 and 2024 and expects to generate an above 17% margin in 2025. As at June 30, 2025, the Company had returned to shareholders $417 million out of the $500 million target, through dividends and share repurchases, and its net debt-to-EBITDA ratio stood at 2.4x.

The financial objectives do not include the impact of future acquisitions and assume that foreign currency exchange rates remain generally consistent with current levels.

QUARTERLY DIVIDEND

On August 6, 2025, the Board of Directors declared a quarterly dividend of $0.31 per common share payable on September 25, 2025 to shareholders of record at the close of business on September 2, 2025. This dividend is designated to be an eligible dividend.

CONFERENCE CALL

Stella-Jones will hold a conference call to discuss these results on August 7, 2025, at 10:00 a.m. Eastern Daylight Time ("EDT"). Interested parties can join the call by dialing 1-800 206-4400. A live audio webcast of the conference call will be available on the Company's website, on the Investor relations section's home page or here: https://meetings.lumiconnect.com/400-675-688-704. This recording will be available on Thursday, August 7, 2025, as of 1:00 p.m. EDT until 11:59 p.m. EDT on Thursday, August 14, 2025.

ABOUT STELLA-JONES

Stella-Jones Inc. (TSX: SJ) 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 and steel utility poles and steel lattice towers, as well as 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.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Except for historical information provided herein, this press release may contain information and statements of a forward-looking nature concerning the future performance of the Company. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. 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. As a result, readers are advised that actual results may differ from expected results. Unless required to do so under applicable securities legislation, the Company 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.

Note to readers: Condensed interim unaudited consolidated financial statements for the second quarter ended June 30, 2025 as well as management's discussion and analysis are available on Stella-Jones' website at www.stella-jones.com.

Head Office	Exchange Listings	Investor Relations
3100 de la Côte-Vertu Blvd., Suite 300 Saint-Laurent, Québec H4R 2J8 Tel.: (514) 934-8666	The Toronto Stock Exchange Stock Symbol: SJ **Transfer Agent and Registrar** Computershare Investor Services Inc.	**David Galison** Vice President, Investor Relations Tel.: (647) 618-2709 DGalison@stella-jones.com

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Income

(Unaudited)

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

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2025	**2024**	**2025**	**2024**
Sales	1,034	1,049	1,807	1,824
Expenses				
Cost of sales (including depreciation and amortization (3 months - $31 (2024 - $28) and 6 months - $63 (2024 - $56))	828	823	1,433	1,426
Selling and administrative (including depreciation and amortization (3 months - $3 (2024 - $4) and 6 months - $7 (2024 - $8))	55	56	105	103
Other (gains) losses, net	(4)	2	(1)	3
Gain on insurance settlement	—	—	(28)	—
	879	881	1,509	1,532
Operating income	155	168	298	292
Financial expenses	14	20	34	42
Income before income taxes	141	148	264	250
Income tax expense				
Current	25	36	53	60
Deferred	10	2	12	3
	35	38	65	63
Net income	106	110	199	187
Basic and diluted earnings per common share	1.91	1.94	3.58	3.30

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(in millions of Canadian dollars)

	As at June 30, 2025	As at December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	65	50
Accounts receivable	408	277
Inventories	1,613	1,759
Income taxes receivable	14	11
Other current assets	54	42
	2,154	2,139
Non-current assets		
Property, plant and equipment	1,069	1,048
Right-of-use assets	281	311
Intangible assets	167	170
Goodwill	386	406
Derivative financial instruments	14	21
Other non-current assets	7	8
	4,078	4,103
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	187	180
Income taxes payable	8	—
Deferred revenue	—	17
Current portion of long-term debt	15	1
Current portion of lease liabilities	62	64
Current portion of provisions and other long-term liabilities	39	24
	311	286
Non-current liabilities		
Long-term debt	1,307	1,379
Lease liabilities	232	259
Deferred income taxes	207	197
Provisions and other long-term liabilities	36	37
Employee future benefits	4	4
	2,097	2,162
Shareholders' equity		
Capital stock	188	188
Contributed surplus	2	—
Retained earnings	1,629	1,498
Accumulated other comprehensive income	162	255
	1,981	1,941
	4,078	4,103

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

(in millions of Canadian dollars)

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2025	**2024**	**2025**	**2024**
Cash flows from (used in)				
Operating activities				
Net income	106	110	199	187
Adjustments for				
Depreciation of property, plant and equipment	13	12	27	23
Depreciation of right-of-use assets	17	16	34	32
Amortization of intangible assets	4	4	9	9
Financial expenses	14	20	34	42
Income tax expense	35	38	65	63
Gain on insurance settlement	—	—	(28)	—
Other	4	(3)	(10)	—
	193	197	330	356
Changes in non-cash working capital components				
Accounts receivable	(48)	(44)	(125)	(138)
Inventories	142	76	101	(41)
Other current assets	(7)	(13)	(4)	(6)
Accounts payable and accrued liabilities	—	10	(11)	21
	87	29	(39)	(164)
Interest paid	(9)	(20)	(34)	(42)
Income taxes paid	(47)	(29)	(49)	(35)
	224	177	208	115
Financing activities				
Net change in revolving credit facilities	(59)	(75)	78	(34)
Proceeds from long-term debt	—	—	—	168
Repayment of long-term debt	(59)	—	(95)	(102)
Repayment of lease liabilities	(16)	(15)	(33)	(30)
Dividends on common shares	(34)	(32)	(34)	(32)
Repurchase of common shares	(20)	(20)	(35)	(35)
	(188)	(142)	(119)	(65)
Investing activities				
Business combinations	(48)	—	(48)	—
Purchase of property, plant and equipment	(34)	(33)	(54)	(56)
Property insurance proceeds	26	—	26	10
Additions of intangible assets	(2)	(2)	(4)	(4)
Other	6	—	6	—
	(52)	(35)	(74)	(50)
Net change in cash and cash equivalents during the period	(16)	—	15	—
Cash and cash equivalents – Beginning of period	81	—	50	—
Cash and cash equivalents – End of period	65	—	65	—

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)
- **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
- **Net debt-to-EBITDA**: Net debt divided by trailing 12-month (“TTM”) EBITDA

Other financial measures include:

- **Operating income margin**: Operating income divided by sales for the corresponding period

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 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.
- **Net debt and net debt-to-EBITDA:** 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 June 30,**		**Six-month periods ended June 30,**	
	2025	**2024**	**2025**	**2024**
Operating income	155	168	298	292
Depreciation and amortization	34	32	70	64
EBITDA	**189**	**200**	**368**	**356**

Reconciliation of Long-Term Debt to Net Debt (in millions of dollars)	**As at June 30, 2025**	**As at December 31, 2024**
Long-term debt, including current portion	1,322	1,380
Add:		
Lease liabilities, including current portion	294	323
Less:		
Cash and cash equivalents	65	50
Net Debt	**1,551**	**1,653**
EBITDA (TTM)	645	633
Net Debt-to-EBITDA	**2.4x**	**2.6x**