STELLA JONES

Press Release

Stella-Jones Announces Third Quarter Results

Well-Positioned for Improved Earnings Through Infrastructure Strength and Performance Optimization Program

- **Sales of $979 million, up from $958 million in Q3 2025**
- **Operating income of $82 million, down from $135 million in Q3 2025, driven by $32 million in asset impairment and restructuring costs, mainly related to network optimization initiatives**
- **Adjusted EBITDA[(1)] of $159 million, or 16.2% margin[(1)], compared to $171 million, or 17.8% margin in Q3 2025**
- **Strong cash flow generation of $158 million in the quarter and available liquidity[(2)] of $836 million at quarter-end**
- **Launch of Performance Optimization Program, inclusive of previously disclosed network optimizations, expected to deliver up to $100 million in cost savings over the next three years combined**

Montreal, Quebec – November 4, 2026 - Stella-Jones Inc. (TSX: SJ) ("Stella-Jones" or the "Company") today announced financial results for its third quarter ended September 30, 2026.

"Our customers continue to invest in essential infrastructure, as demonstrated by the continued growth in wood utility poles volumes. Notwithstanding this demand strength, third quarter results were impacted by higher fuel costs of approximately $10 million, and product mix. Against this backdrop, we remain focused on disciplined execution and the areas within our control. Building on the network optimization actions already underway, we are introducing a Performance Optimization Program to drive further efficiencies and support margin expansion. Through this program, we expect to deliver up to $100 million in cumulative cost savings and incremental profitability over the next three years, building progressively year by year as initiatives are implemented. We are also pursuing higher-margin railway ties business, including through the renewal of key Class 1 customer contracts, and expanding our Steel Structures footprint to serve strong North American transmission demand. Together, these actions are aimed at enhancing profitability, driving sustainable growth and further positioning Stella-Jones as a provider of critical infrastructure products," said Eric Vachon, President and CEO of Stella-Jones.

"While we expect 2026 adjusted EBITDA margin to remain below our targeted range of 17.5% to 18.5%, the actions we have taken over the course of the year, together with solid demand across our infrastructure end markets, position us well to return to this range for the three-year outlook period."

Performance Optimization Program

The Company has launched a Performance Optimization Program designed to strengthen its operating platform, drive efficiencies and support margin expansion. This program brings together the Company's railway ties and wood utility poles network optimization initiatives with additional cost-saving measures aimed at further enhancing operational performance and efficiency. As previously disclosed, the railway ties and wood utility poles initiatives are targeted to generate $20 million to $27 million in annualized savings and incremental profitability.

As part of the program, the Company is pursuing additional opportunities to drive efficiencies across its network. These efforts include deploying continuous improvement practices, implementing real-time production tracking, standardized work processes, and daily operational reviews to increase equipment throughput and labor productivity, as well as the

continued application of automation and artificial intelligence in operations planning, logistics and maintenance. In the aggregate, these initiatives are targeted to generate up to $100 million in cumulative cost savings over the next three years, with benefits expected to build progressively each year as initiatives are implemented.

The Company's expectations relating to its performance optimization program, including its target to generate up to $100 million in cumulative cost savings and incremental profitability over the next three years, are based on a number of assumptions, including that the Company will be able to roll out and implement the program on the anticipated timeline and on budget and realize in full the anticipated benefits therefrom, that there will be no meaningful deterioration of the macroeconomic environment, as well as certain assumptions relating to sales volumes, product mix, pricing and customer demand over the period. Please refer to the section entitled "Caution Regarding Forward-Looking Information" of this press release.

Financial Highlights (in millions of Canadian dollars, except ratios and per share data)	**Three-month periods ended September 30,**		**Nine-month periods ended September 30,**	
	2026	**2025**	**2026**	**2025**
Sales	979	958	2,812	2,765
Gross profit[(1)]	168	188	509	562
Gross profit margin[(1)]	17.2%	19.6%	18.1%	20.3%
Operating income	82	135	274	433
Adjusted EBITDA[(1)]	159	171	462	501
Adjusted EBITDA margin[(1)]	16.2%	17.8%	16.4%	18.1%
Net income	51	88	172	287
Earnings per share ("EPS") – basic	0.93	1.59	3.15	5.17
Adjusted EPS – basic[(1)]	1.39	1.59	4.10	4.65

As at	**September 30, 2026**	**December 31, 2025**
Net debt-to-adjusted 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.

(2) Sum of cash and cash equivalents and undrawn credit facilities net of outstanding letters of credit and certain guarantees.

Third Quarter Results

Sales for the third quarter of 2026 increased to $979 million, up from $958 million in the same period last year driven by continued volume growth in wood utility poles and a strong contribution from the acquisition of Brooks Manufacturing Co. (“Brooks”). The Brooks acquisition contributed $33 million in sales, demonstrating Stella-Jones’ disciplined execution in expanding its utility products platform. These gains were largely offset by an unfavourable wood utility pole product mix, temporary downtime related the ramp-up of the steel structures capacity expansion project in Candiac, and a pricing lag in residential lumber. In railway ties, softer Class 1 demand and a shift toward lower-priced treating services-only ("TSO") volumes, which carry lower sales but comparable per-unit profitability and higher margin percentage, were largely mitigated by strong demand from non-Class 1 customers.

Pressure-treated wood products

- **Utility products (52% of Q3-26 sales)**: Utility products sales increased by $33 million, or 7%, to $513 million in the third quarter of 2026, compared to sales of $480 million in the corresponding period last year. Sales growth was driven by the continued strong contribution from the recent acquisition in cross arms alongside solid volume performance in wood utility poles. These gains were partially offset by lower wood utility poles pricing, reflecting an unfavorable product mix shift toward lower-priced Southern Yellow Pine (“SYP”) poles, which is largely a function of customer preference and capital allocation decisions, as well as a decrease in steel structures sales. The decrease in steel structures sales reflected the temporary downtime related to the ramp-up of the capacity expansion project at the Candiac facility, which is expected to double capacity by the end of the first quarter of 2027

- **Railway ties (21% of Q3-26 sales)**: Railway ties sales were $208 million in the third quarter of 2026, compared to $211 million in the same period last year. The decrease was primarily attributable to lower volumes from Class 1 railway customers, as broader industry dynamics, including reduced capital spending and competitive market conditions, weighed on demand. In addition, the higher proportion of lower-priced TSO volumes, which represented over 10% of Class 1 volumes during the quarter, further reduced Class 1 sales, despite generating a comparable unit profitability profile. These lower Class 1 sales were largely offset by continued healthy demand and strong project activity from non-Class 1 customers.

- **Residential lumber (20% of Q3-26 sales)**: Residential lumber sales were $196 million in the third quarter of 2026, compared to $201 million in the third quarter of 2025. Sales volumes were consistent with the prior-year period, while pricing was lower. In response to the increase in the market price of lumber and fuel costs, the Company implemented price increases effective late in the third quarter of 2026.

- **Industrial products (4% of Q3-26 sales)**: Industrial products sales were $40 million in the third quarter of 2026, compared to $50 million in the third quarter of 2025, primarily due to the non-recurrence of a large crane mat order delivered in the same quarter last year.

Logs and lumber

- **Logs and lumber (3% of Q3-26 sales)**: Sales in the logs and lumber product category were $22 million in the third quarter of 2026, compared to $16 million in the corresponding period last year. As part of its procurement of logs for utility poles and lumber for its residential lumber program, the Company resells logs unsuitable for utility poles as well as excess lumber, with increased activity in both largely driving the quarter-over-quarter increase in sales.

Gross profit was $168 million, or 17.2% of sales, in the third quarter of 2026, compared to $188 million, or 19.6% in the corresponding period last year. The decrease in gross profit and gross profit margin primarily reflected a less favourable product mix shift in wood utility poles toward a greater proportion of lower-priced SYP poles, as well as higher input costs, notably a fuel cost increase of approximately $10 million, and higher market lumber costs in residential lumber, where pricing adjustments lagged the increase in costs during the quarter. These factors were partially offset by the incremental earnings contributed by the Brooks acquisition and the volume growth in wood utility poles.

Operating income for the third quarter of 2026 was $82 million, compared to $135 million in the third quarter of 2025. This decrease was primarily driven by $32 million in impairment of assets and restructuring costs, mainly as a result of actions the Company took to optimize its network and improve operational efficiencies. On an adjusted basis, operating income was $116 million versus $135 million, while adjusted EBITDA was $159 million, or 16.2% of sales, compared to $171 million, or 17.8% of sales, in the third quarter of 2025.

Net income for the third quarter of 2026 was $51 million, or $0.93 per share, versus net income of $88 million, or $1.59 per share, in the corresponding period of 2025. On an adjusted basis, net income was $76 million, or $1.39 per share, compared to $88 million, or $1.59 per share, in the third quarter of 2025.

Nine-Month Results

For the nine months ended September 30, 2026, sales totaled $2,812 million, up $47 million from $2,765 million for the same period last year. The increase was driven primarily by a $104 million contribution from the acquisitions of Brooks and Locweld Inc., and a 5% increase in wood utility pole volumes, where a less favourable product mix and softer spot market pricing partially offset the gain. These factors were further tempered by lower residential lumber sales, reduced Class 1 railway ties shipments, softer project-related activity in industrial products, and an unfavourable foreign exchange impact of $20 million.

For the first nine months of 2026, gross profit amounted to $509 million, or 18.1% of sales, compared to $562 million, or 20.3%, in the same period last year. The lower gross profit and gross profit margin primarily stemmed from input cost pressures and a contractual pass-through lag, as well as softer spot market pricing and an unfavorable product mix in wood utility poles relative to 2025. Gross profit was also impacted by the non-recurrence of a $10 million insurance recovery recorded in 2025. These headwinds were partially offset by the solid volume growth of 5% in wood utility poles and the incremental contribution from the 2025 acquisitions.

Operating income for the first nine months of the year was $274 million, versus $433 million for the same period last year, primarily reflecting $64 million in impairment of assets and restructuring costs, largely related to network optimization initiatives. On an adjusted basis, operating income was $344 million, compared to $395 million last year, while adjusted EBITDA was $462 million, representing a margin of 16.4%, compared to $501 million, or a margin of 18.1% last year.

For the first nine months of 2026, net income totaled $172 million, or $3.15 per share, compared to net income of $287 million, or $5.17 per share, in the same period last year. On an adjusted basis, net income was $224 million, or $4.10 per share, compared to $258 million, or $4.65 per share, in the first nine months of 2025.

Liquidity and Capital Resources

During the quarter ended September 30, 2026, the Company generated cash from operations of $158 million which was primarily used to fund capital expenditures, repay debt and return capital to shareholders through dividends.

As at September 30, 2026, the Company had a solid financial position with available liquidity[(2)] of $836 million and a net debt-to-adjusted EBITDA[(1)] of 2.4x.

Announcement of Normal Course Issuer Bid

On November 3, 2026, the TSX accepted the Company’s Notice of Intention to Make a NCIB to purchase for cancellation up to 1,500,000 common shares during the 12-month period from November 14, 2026 to November 13, 2027, representing approximately 2.7% of the common shares outstanding as of such date.

Quarterly Dividend

On November 3, 2026, the Board of Directors declared a quarterly dividend of $0.34 per common share payable on December 18, 2026 to shareholders of record at the close of business on December 1, 2026.

Conference Call

Stella-Jones will hold a conference call to discuss these results on November 4, 2026, at 10:00 AM Eastern Standard Time ("EST"). Interested parties can join the call by dialing 1-800 990 2777 (Conference ID 62617). 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.400.lumiconnect.com/r/participant/live-meeting/400-423-513-760. This recording will be available on Wednesday, November 4, 2026 as of 1:00 PM EST until 11:59 PM EST on Wednesday, November 11, 2026.

About Stella-Jones

Stella-Jones Inc. (TSX: SJ) is a leading North American manufacturer of products focused on supporting infrastructure essential to the electrical distribution and transmission network, and the operation and maintenance of railway transportation systems. It supplies the continent's major electrical utility companies with treated wood poles and crossarms, steel lattice towers and steel transmission poles, as well as North America's Class 1, short line and commercial railroad operators with treated wood railway ties. 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.

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Caution Regarding Forward-Looking Information

This press release contains forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). 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, among others, statements about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments, including the statements relating to the Company's 2026-2028 financial objectives and its expectations relating to its adjusted EBITDA margin, the Company's performance optimization program, including the network optimization initiatives, as well as the expected benefits (including the Company's target of generating up to $100 million in cumulative cost savings and incremental profitability over the next three years) and timing thereof, statements relating to the Company's expansion of its steel structures business in North America, including its expansion project to double production capacity at its Candiac facility and timing thereof, statements relating to the Company's pursuit of higher-margin railway ties business, including the renewal of key Class 1 customer contracts and volume growth expectations, and statements regarding the Company's normal course issuer bid. Such statements are based upon a number of estimates and assumptions, and are made by the Company in light of the experience of management and their perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such risks and uncertainties may relate to, among other things, the Company's dependence on major customers, the availability and cost of raw materials, operational disruption, climate change, reliance on key personnel, information technology, cybersecurity and data protection incidents, global economic conditions, geopolitical uncertainty, the Company's acquisition strategy, the Company's future plant expansion, the Company's ability to raise capital, environmental compliance and litigation, and factors and assumptions referenced herein and in the Company's continuous disclosure filings. These and other risks and uncertainties related to the business of the Company are described in greater detail in the section entitled "Risks and Uncertainties" of the Company's management discussion and analysis (MD&A) for the year ended December 31, 2025. Many of these risks are beyond the Company's ability to control or predict. Because of these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements. Furthermore, forward-looking statements speak only as of the date they are made. This press release reflects information available to the Company as of November 3, 2026. 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.

Note to readers: The condensed interim unaudited consolidated financial statements as well as management's discussion and analysis for the quarter ended September 30, 2026 are available on Stella-Jones' website at www.stella-jones.com.

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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 September 30,		For the nine-month periods ended September 30,	
	2026	2025	2026	2025
Sales	**979**	**958**	**2,812**	**2,765**
Expenses				
Cost of sales (including depreciation and amortization (3 months - $39 (2025 - $32) and 9 months - $107 (2025 - $95))	811	770	2,303	2,203
Selling and administrative (including depreciation and amortization (3 months - $6 (2025 - $4) and 9 months - $17 (2025 - $11))	53	51	172	156
Impairment of assets and restructuring costs	32	—	64	—
Gain on insurance settlement	—	—	—	(28)
Other losses (gains), net	1	2	(1)	1
	897	823	2,538	2,332
Operating income	**82**	**135**	**274**	**433**
Financial expenses	15	18	46	52
Income before income taxes	**67**	**117**	**228**	**381**
Income tax expense				
Current	21	32	72	85
Deferred	(5)	(3)	(16)	9
	16	29	56	94
Net income	**51**	**88**	**172**	**287**
Basic earnings per common share	**0.93**	**1.59**	**3.15**	**5.17**
Diluted earnings per common share	**0.93**	**1.59**	**3.15**	**5.17**

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(in millions of Canadian dollars)

	As at September 30, 2026	As at December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	142	44
Accounts receivable	429	262
Inventories	1,499	1,653
Income taxes receivable	18	19
Other current assets	52	41
	2,140	2,019
Non-current assets		
Property, plant and equipment	1,136	1,116
Right-of-use assets	280	288
Intangible assets	230	243
Goodwill	448	434
Other non-current assets	23	17
	4,257	**4,117**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	175	153
Income taxes payable	15	—
Deferred revenue	14	—
Current portion of long-term debt	142	37
Current portion of lease liabilities	68	63
Current portion of provisions and other long-term liabilities	26	20
	440	273
Non-current liabilities		
Long-term debt	1,123	1,302
Lease liabilities	225	240
Deferred income taxes	207	218
Provisions and other long-term liabilities	46	45
	2,041	2,078
Shareholders' equity		
Capital stock	190	187
Contributed surplus	8	5
Retained earnings	1,782	1,681
Accumulated other comprehensive income	236	166
	2,216	2,039
	4,257	**4,117**

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

(in millions of Canadian dollars)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2026	2025	2026	2025
Cash flows from (used in)				
Operating activities				
Net income	51	88	172	287
Adjustments for				
Depreciation of property, plant and equipment	19	14	49	41
Depreciation of right-of-use assets	19	17	53	51
Amortization of intangible assets	7	5	22	14
Stock-based compensation	—	2	(5)	4
Financial expenses	15	18	46	52
Income tax expense	16	29	56	94
Impairment of assets and restructuring costs	30	—	60	—
Gain on insurance settlement	—	—	—	(28)
Other	(3)	(2)	(4)	(14)
	154	171	449	501
Changes in non-cash working capital components				
Accounts receivable	(16)	14	(155)	(111)
Inventories	51	71	190	172
Income taxes receivable	2	—	2	—
Other current assets	(10)	(1)	(19)	(5)
Accounts payable and accrued liabilities	9	(4)	24	(15)
Deferred revenue	—	—	14	—
	36	80	56	41
Interest paid	(20)	(23)	(52)	(57)
Income taxes paid	(12)	(30)	(56)	(79)
	158	**198**	**397**	**406**
Financing activities				
Net change in revolving credit facilities	(74)	(64)	(74)	14
Repayment of long-term debt	(7)	(48)	(24)	(143)
Repayment of lease liabilities	(20)	(16)	(54)	(49)
Dividends on common shares	(19)	(17)	(56)	(51)
Repurchase of common shares	—	(20)	(15)	(55)
Other	2	1	2	1
	(118)	**(164)**	**(221)**	**(283)**
Investing activities				
Acquisition of other investments	—	—	(4)	—
Business combinations	—	(10)	(1)	(58)
Purchase of property, plant and equipment	(35)	(19)	(81)	(73)
Property insurance proceeds	—	—	2	26
Additions of intangible assets	(3)	(2)	(6)	(6)
Proceeds on disposal of assets	2	1	3	7
	(36)	**(30)**	**(87)**	**(104)**
Net change in cash and cash equivalents during the period	4	4	89	19
January 1, 2026 opening balance prior to restatement for amendments to IFRS 9	—	—	44	—
Adjustment on adoption for 2025 outstanding cheques on January 1, 2026	—	—	9	—
Cash and cash equivalents – Beginning of period	138	65	53	50
Cash and cash equivalents – End of period	**142**	**69**	**142**	**69**

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 and non-GAAP ratios, as well as the other financial measures (namely gross profit and gross profit margin, which are presented as supplementary 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. Management considers the below-described 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.

Organic sales growth and organic sales growth percentage

- Organic sales growth: Sales of a given period compared to sales of the comparative period, excluding the effect of acquisitions and foreign currency changes
- Organic sales growth percentage: Organic sales growth divided by sales for the corresponding period

The Company uses these non-GAAP 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.

The following table presents the reconciliation of non-GAAP financial measures to their most comparable GAAP measures:

Sales (in millions of dollars, except percentages)	Utility Products	Railway Ties	Residential Lumber	Industrial Products	**Total Pressure-Treated Wood**	Logs & Lumber	**Consolidated Sales**
Q3 2025	**480**	**211**	**201**	**50**	**942**	**16**	**958**
Acquisition	33	—	—	—	**33**	—	**33**
Foreign exchange	6	3	1	—	**10**	—	**10**
Organic growth	(6)	(6)	(6)	(10)	**(28)**	6	**(22)**
Q3 2026	**513**	**208**	**196**	**40**	**957**	**22**	**979**
Organic growth %	(1%)	(3%)	(3%)	(20%)	**(3%)**	38%	**(2%)**

Sales (in millions of dollars, except percentages)	Utility Products	Railway Ties	Residential Lumber	Industrial Products	**Total Pressure-Treated Wood**	Logs & Lumber	**Consolidated Sales**
Q3 YTD 2025	**1,375**	**659**	**535**	**135**	**2,704**	**61**	**2,765**
Acquisitions	104	—	—	—	**104**	—	**104**
Foreign exchange	(12)	(5)	(1)	(2)	**(20)**	—	**(20)**
Organic growth	25	(13)	(28)	(15)	**(31)**	(6)	**(37)**
Q3 YTD 2026	**1,492**	**641**	**506**	**118**	**2,757**	**55**	**2,812**
Organic growth %	2%	(2%)	(5%)	(11%)	**(1%)**	(10%)	**(1%)**

Gross profit and gross profit margin

- Gross profit: Sales less cost of sales
- Gross profit margin: Gross profit divided by sales for the corresponding period

The Company uses these supplementary financial measures to evaluate its ongoing operational performance.

Adjusted operating income, adjusted operating income margin, adjusted EBITDA and adjusted EBITDA margin

- Adjusted operating income: Operating income excluding gain on insurance settlement, business interruption insurance recovery, impairment of assets, restructuring costs including closure and other network optimization costs, as well as acquisition costs, integration costs and the amortization of intangibles related to material acquisitions
- Adjusted operating income margin: Adjusted operating income divided by sales for the corresponding period
- Adjusted EBITDA: Operating income excluding gain on insurance settlement, business interruption insurance recovery, impairment of assets, restructuring costs including closure and other network optimization costs, as well as acquisition costs and integration costs related to material acquisitions, and depreciation of property, plant and equipment, depreciation of right-of-use assets, and amortization of intangible assets including intangibles related to material acquisitions
- Adjusted EBITDA margin: Adjusted EBITDA divided by sales for the corresponding period

The Company uses these non-GAAP measures to evaluate the operational and financial performance. In addition, the Company believes adjusted EBITDA and adjusted EBITDA margin 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 meet other payment obligations, or as a common valuation measurement.

The following table presents the reconciliation of above non-GAAP financial measures to their most comparable GAAP measures:

(in millions of dollars)	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2026	**2025**	**2026**	**2025**
Operating income	82	135	274	433
Reconciling items:				
Impairment of assets and restructuring costs				
Impairment of assets	*19*	—	*43*	—
Closure and other network optimization costs	*13*	—	*21*	—
Amortization of acquisition-related intangibles	2	—	6	—
Insurance settlement				
Gain on insurance settlement	—	—	—	*(28)*
Business interruption insurance recovery	—	—	—	*(10)*
Adjusted operating income	**116**	**135**	**344**	**395**
Depreciation and amortization excluding the amortization of acquisition-related intangibles	43	36	118	106
Adjusted EBITDA	**159**	**171**	**462**	**501**

Adjusted net income and adjusted EPS - basic

- Adjusted net income: Net income excluding the following items, net of tax: gain on insurance settlement, business interruption insurance recovery, impairment of assets, restructuring costs including closure and other network optimization costs, as well as acquisition costs, integration costs and the amortization of intangibles related to material business combinations

- Adjusted EPS – basic: Adjusted net income for the period attributable to the common shareholders of the Company divided by the weighted average number of common shares outstanding during the period

The Company uses these non-GAAP measures to evaluate its ongoing operational performance.

The following table presents the reconciliation of above non-GAAP financial measures to their most comparable GAAP measures:

(in millions of dollars, except per share data)	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2026	**2025**	**2026**	**2025**
Net income	51	88	172	287
Reconciling items:				
Impairment of assets and restructuring costs				
Impairment of assets	*19*	—	*43*	—
Closure and other network optimization costs	*13*	—	*21*	—
Amortization of acquisition-related intangibles	2	—	6	—
Insurance settlement				
Gain on insurance settlement	—	—	—	*(28)*
Business interruption insurance recovery	—	—	—	*(10)*
Income taxes related to above items [(1)]	(9)	—	(18)	9
Adjusted net income	**76**	**88**	**224**	**258**
Adjusted EPS – basic	**$1.39**	**$1.59**	**$4.10**	**$4.65**

[(1)] Calculated using the effective tax rate of the period

Net debt and net debt-to-adjusted EBITDA

- Net debt: Sum of long-term debt and lease liabilities (including, in each case, the current portion) less cash and cash equivalents
- Net debt-to-adjusted EBITDA: Net debt divided by Trailing 12-month ("TTM") adjusted EBITDA

The Company believes these non-GAAP measures are indicators of the financial leverage of the Company.

The following table presents the reconciliation of above non-GAAP financial measures to their most comparable GAAP measures:

(in millions of dollars)	As at September 30, 2026	As at December 31, 2025
Long-term debt, including current portion	1,265	1,339
Lease liabilities, including current portion	293	303
Cash and cash equivalents	(142)	(44)
Net debt	**1,416**	**1,598**
Adjusted EBITDA (TTM)	584	623
Net debt-to-adjusted EBITDA	**2.4x**	**2.6x**