

Stella-Jones Inc.

Condensed Interim Consolidated Financial Statements (Unaudited) September 30, 2026 and 2025

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

(in millions of Canadian dollars)

	Note	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	3	142	37
Current portion of lease liabilities		68	63
Current portion of provisions and other long-term liabilities	4	26	20
		440	273
Non-current liabilities			
Long-term debt	3	1,123	1,302
Lease liabilities		225	240
Deferred income taxes		207	218
Provisions and other long-term liabilities	4	46	45
		2,041	2,078
Shareholders' equity			
Capital stock	6	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**

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

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Change in Shareholders' Equity
(Unaudited)
For the nine-month periods ended September 30, 2026 and 2025

(in millions of Canadian dollars)

				Accumulated other comprehensive income				
	Capital stock	Contributed surplus	Retained earnings	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, 2026	**187**	**5**	**1,681**	**269**	**(110)**	**7**	**166**	**2,039**
Comprehensive income (loss)								
Net income	—	—	172	—	—	—	—	172
Other comprehensive income (loss)	—	—	—	75	(5)	—	70	70
Comprehensive income (loss)	—	—	172	75	(5)	—	70	242
Dividends on common shares	—	—	(56)	—	—	—	—	(56)
Settlement of equity-settled grants	1	(1)	—	—	—	—	—	—
Equity-settled share-based payments expense	—	4	—	—	—	—	—	4
Employee share purchase plans	3	—	—	—	—	—	—	3
Repurchase of common shares including related taxes (note 6)	(1)	—	(15)	—	—	—	—	(16)
	3	3	(71)	—	—	—	—	(65)
Balance – September 30, 2026	**190**	**8**	**1,782**	**344**	**(115)**	**7**	**236**	**2,216**

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

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Change in Shareholders' Equity (*Continued)*
(Unaudited)
For the nine-month periods ended September 30, 2026 and 2025

(in millions of Canadian dollars)

				Accumulated other comprehensive income				
	Capital stock	**Contributed surplus**	**Retained earnings**	**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, 2025	188	—	1,498	367	(127)	15	255	1,941
Comprehensive income (loss)								
Net income	—	—	287	—	—	—	—	287
Other comprehensive income (loss)	—	—	—	(65)	13	(7)	(59)	(59)
Comprehensive income (loss)	—	—	287	(65)	13	(7)	(59)	228
Dividends on common shares	—	—	(51)	—	—	—	—	(51)
Equity-settled share-based payments expense	—	4	—	—	—	—	—	4
Employee share purchase plans	2	—	—	—	—	—	—	2
Repurchase of common shares including related taxes	(2)	—	(54)	—	—	—	—	(56)
	—	4	(105)	—	—	—	—	(101)
Balance – September 30, 2025	188	4	1,680	302	(114)	8	196	2,068

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

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Income
(Unaudited)

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

	Note	For the three-month periods ended September 30, 2026	2025	For the nine-month periods ended September 30, 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	9	32	—	64	—
Gain on insurance settlement	10	—	—	—	(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	6	**0.93**	**1.59**	**3.15**	**5.17**
Diluted earnings per common share	6	**0.93**	**1.59**	**3.15**	**5.17**

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

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Comprehensive Income
(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
Net income	51	88	172	287
Other comprehensive income (loss)				
Items that may subsequently be reclassified to net income				
(Losses) gains on translation of financial statements of foreign operation	(3)	40	75	(65)
(Losses) gains on translation of long-term debt designated as hedges of net investment in foreign operations	—	(4)	(5)	13
Change in fair value of derivatives designated as cash flow hedges	(1)	(2)	(1)	(9)
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	2	—	1	—
	(2)	34	70	(59)
Comprehensive income	49	122	242	228

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

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

(in millions of Canadian dollars)

	Note	For the three-month periods ended September 30, 2026	2025	For the nine-month periods ended September 30, 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	9	30	—	60	—
Gain on insurance settlement	10	—	—	—	(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	3	(74)	(64)	(74)	14
Repayment of long-term debt	3	(7)	(48)	(24)	(143)
Repayment of lease liabilities		(20)	(16)	(54)	(49)
Dividends on common shares		(19)	(17)	(56)	(51)
Repurchase of common shares	6	—	(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**

The accompanying notes are an integral part of these condensed interim 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 essential to the electrical distribution and transmission network, and the operation and maintenance of railway transportation systems. The Company 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. 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 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's condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 3, 2026.

The same accounting policies, methods of computation and presentation have been followed in the preparation of these condensed interim consolidated financial statements as were applied in the annual consolidated financial statements for the year ended December 31, 2025, except for the adoption of the amendments to IFRS 9 and IFRS 7 regarding the Classification and Measurement of Financial Instruments, which did not have a material impact on the Company's condensed interim consolidated financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with IFRS Accounting Standards.

Principles of consolidation

The condensed interim 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

Changes in accounting policy

Effective January 1, 2026, the Company adopted the *Amendments to the Classification and Measurement of Financial Instruments*, which amended IFRS 9 and IFRS 7. These amendments clarify when a financial asset or a financial liability is recognized and derecognized and introduce an accounting policy choice to notably 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.

As a result of these amendments, the Company has changed its accounting policy regarding the derecognition of trade payables settled by physical printed cheques. Previously, trade payables settled by cheque were derecognized at the date the cheques were issued. Under the revised policy, consistent with the clarifications provided by the amendments, such liabilities are now derecognized on the date the cheques are cleared by the bank. In addition, the Company has elected to derecognize financial liabilities settled through electronic payments prior to the settlement date when notably the Company loses practical ability to cancel such payments.

The amendments were applied retrospectively without restatement of prior periods. The adoption of these amendments did not have a material impact on the Company's condensed interim consolidated financial statements.

Accounting standard not yet adopted

The following new standard was issued by the International Accounting Standards Board ("IASB") and was not yet adopted in preparing the condensed interim 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 does not anticipate any material impact of the new standard on its annual and condensed interim consolidated financial statements.

3 Long-term Debt

(Amounts in millions of Canadian dollars)	Maturity date	As at September 30, 2026	As at December 31, 2025
Unsecured:			
Revolving credit facilities [(a)]	2031	359	427
Term loan facilities			
US$125, variable rate based on SOFR plus 1.725%	2028	177	171
US$84 (as at December 31, 2025 - US$100), fixed rates ranging from 3.27% to 4.47%, with quarterly amortization payments starting in 2026	2029-2030	120	137
US$25, fixed rate of 4.52%	2029	35	34
US$47.8, variable rate based on SOFR plus applicable margin	2030-2031	68	66
Senior notes			
$400, fixed rate of 4.312%	2031	400	400
US$75, fixed rate of 3.81% [(a)]	2027	107	103
Other		—	2
		1,266	1,340
Deferred financing costs		(1)	(1)
		1,265	1,339
Less: Current portion of long-term debt		142	37
		1,123	1,302

a) On August 7, 2026, the Company further amended and restated its syndicated credit agreement and its U.S. Farm Credit Agreement to, among other things, extend the maturity date of the revolving credit facilities by five years to 2031, and amend the net funded debt-to EBITDA ratio covenant from a maximum of 3.75:1.00 to a maximum of 4.00:1.00, measured on a quarterly basis. The Company's private placement senior notes with certain U.S. investors maturing in January 2027 remain subject to a more restrictive net funded debt-to EBITDA ratio covenant of a maximum of 3.75:1.00.

As at September 30, 2026, the Company was in full compliance with all covenants, requirements and ratios under its credit agreements.

4 Provisions and Other Long-term Liabilities

(Amounts in millions of Canadian dollars)	As at September 30, 2026	As at December 31, 2025
Site remediation	45	28
Share-based payment liabilities	12	21
Deferred and contingent consideration	12	13
Others	3	3
	72	65
Less: Current portion of provisions and long-term liabilities	26	20
	46	45

5 Share-based Payments

The Company's share-based payment plans consist of the Treasury Share Unit Plan ("TSU Plan"), the Stock Unit Plan ("SUP") and deferred share units ("DSUs").

Treasury Share Unit Plan

Under the TSU Plan, restricted stock units ("TRSUs") and performance stock units ("TPSUs") granted to the President and Chief Executive Officer, Senior Vice-Presidents and Vice-Presidents (collectively "Executive Officers") are settled in shares, either issued from treasury or purchased on the open market, in cash or in a combination thereof, at the discretion of the Company. TPSUs granted vest based on the attainment of performance criteria and market conditions set out pursuant to the TSU Plan. TRSUs vest ratably over a period of three years and TPSUs vest three years after the grant date, subject to the participant's continued employment at time of vesting.

All awards made under the TSU Plan are considered equity-settled arrangements.

Changes in outstanding TRSUs during the nine-month periods ended September 30, are as follows:

	2026	2025
TRSUs outstanding - Beginning of period	106,940	—
Granted	69,794	126,650
Settled	(35,641)	—
Forfeited	(7,348)	(19,710)
TRSUs outstanding - End of period	**133,745**	**106,940**
TRSUs vested but not settled - End of period	**4,380**	**—**

Changes in outstanding TPSUs during the nine-month periods ended September 30, are as follows:

	2026	2025
TPSUs outstanding - Beginning of period	57,801	—
Granted	51,695	68,455
Forfeited	(5,727)	(10,654)
TPSUs outstanding - End of period	**103,769**	**57,801**

Stock Unit Plan

Under the SUP, restricted stock units ("RSUs") and performance stock units ("PSUs") are granted to eligible participants 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. PSUs granted vest based on the attainment of performance criteria and market conditions set out pursuant to the SUP. RSUs vest ratably over a period of up to three years and PSUs are paid three years after the grant date, subject to the participant's continued employment at time of vesting.

All awards made under the SUP are considered cash-settled arrangements.

Changes in outstanding RSUs for the nine-month periods ended September 30, are as follows:

	2026	2025
RSUs outstanding - Beginning of period	64,669	156,156
Granted	8,032	13,648
Settled	(55,474)	(78,051)
Forfeited	(582)	(10,985)
RSUs outstanding - End of period	**16,645**	**80,768**

Changes in outstanding PSUs for the nine-month periods ended September 30, are as follows:

	2026	2025
PSUs outstanding - Beginning of period	86,774	128,744
Granted	5,926	7,391
Performance multiplier	28,266	36,130
Settled	(56,532)	(72,260)
Forfeited	(2,931)	(13,231)
PSUs outstanding - End of period	**61,503**	**86,774**

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 all or 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-executive directors. DSUs are settled for cash only after a non-executive director ceases to act as a director.
Additionally, the Company maintains a supplementary executive retirement plan that permits certain Executive Officers to receive DSUs.

Changes in outstanding DSUs for the nine-month periods ended September 30, are as follows:

	2026	2025
DSUs outstanding - Beginning of period	82,798	71,457
Granted	20,689	11,341
Settled	(18,763)	—
DSUs outstanding - End of period	**84,724**	**82,798**

6 Capital Stock and Earnings Per Share

The following table provides the number of common shares outstanding for the nine-month periods ended September 30:

	2026	2025
Number of common shares outstanding - Beginning of period	54,697,214	55,824,953
Common shares repurchased	(160,983)	(742,634)
Common shares issued under treasury share unit plan	13,713	—
Stock option exercised	—	5,000
Employee share purchase plans	31,270	28,027
Number of common shares outstanding - End of period	**54,581,214**	**55,115,346**

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.

Normal Course Issuer Bid (“NCIB”)

On November 4, 2025, 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 commencing November 14, 2025 and ending November 13, 2026, representing approximately 2.7% of the common shares outstanding.

During the nine-month period ended September 30, 2026, the Company repurchased for cancellation 160,983 common shares under its NCIB (September 30, 2025 – 742,634 under the NCIB then in effect) for a total consideration of $15 million (September 30, 2025 – $55 million), representing an average price of $93.17 per common share (September 30, 2025 – $74.05). For the nine-month period ended September 30, 2026, the Company’s capital stock was reduced by

one million dollars (as at September 30, 2025 – two million dollars) and the retained earnings decreased by $15 million (as at September 30, 2025 – $54 million), including less than one million dollars of related taxes (as at September 30, 2025 – one million dollars).

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. The employees of the Company who are Canadian and U.S. residents are eligible to buy common shares from the Company, up to a maximum of 5% of their base annual salary, and the Company contributes an amount equal to 25% of the employee contributions.

Earnings per share

The following table provides the reconciliation, as at September 30, between basic earnings per common share and diluted earnings per common share:

(Amounts in millions of Canadian dollars, except per share amount)	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2026	**2025**	**2026**	**2025**
Net income applicable to common shares	$51	$88	$172	$287
Weighted average number of common shares outstanding*	54,570	55,192	54,583	55,471
Effect of dilutive stock options and non-vested TRSUs and TPSUs*	66	64	83	45
Weighted average number of diluted common shares outstanding*	54,636	55,256	54,666	55,516
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

* Number is presented in thousands.

7 Seasonality

The Company's operations follow a seasonal pattern, with utility products, railway ties and industrial products shipments strongest in the second and third quarters to provide industrial end-users with product for their summer maintenance projects. Residential lumber sales follow the same seasonal pattern. Inventory levels are typically highest in the first quarter in advance of the summer shipping season.

8 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 products, mainly wood utility poles, railway ties, residential lumber and industrial products.

The logs and lumber segment comprises the sales of logs harvested in the course of the Company's procurement process that are determined to be unsuitable for use as utility wood 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 17 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)	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2026	**2025**	**2026**	**2025**
U.S.	702	697	2,071	2,066
Canada	277	261	741	699
	979	958	2,812	2,765

Sales by product are as follows:

(Amounts 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**
Utility products	513	480	1,492	1,375
Railway ties	208	211	641	659
Residential lumber	196	201	506	535
Industrial products	40	50	118	135
Pressure-treated wood	957	942	2,757	2,704
Logs and lumber	22	16	55	61
	979	958	2,812	2,765

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

(Amounts in millions of Canadian dollars)	As at September 30, 2026	As at December 31, 2025
Property, plant and equipment		
U.S.	811	789
Canada	325	327
	1,136	1,116
Right-of-use assets		
U.S.	209	212
Canada	71	76
	280	288
Intangible assets		
U.S.	175	182
Canada	55	61
	230	243
Goodwill		
U.S.	427	413
Canada	21	21
	448	434

9 Impairment of Assets and Restructuring Costs

During the third quarter of 2026, the Company recognized impairment of assets and restructuring costs of $32 million under “Impairment of Assets and Restructuring Costs” in the condensed interim consolidated statement of income.

Of this amount, $24 million was related to network optimization actions related to wood utility poles facilities, including the decision to cease operations at certain manufacturing and procurement sites. This comprised a $13 million non-cash impairment loss to write down production equipment to its recoverable amount, determined based on fair value less costs of disposal, and $11 million in costs for site remediation activities.

The third quarter also included $2 million in additional closure costs related to the railway ties network consolidation initiated in the second quarter of 2026, and a $6 million non-cash impairment loss, mainly related to equipment damaged in a fire, net of anticipated insurance recoveries.

For the nine-month period ended September 30, 2026, total charges under “Impairment of Assets and Restructuring Costs” amounted to $64 million, consisting of $43 million in non-cash impairment losses and $21 million related to site clean-up and remediation activities, employee termination benefits, and other closure-related costs.

10 Insurance Settlement

During 2025, the Company settled a claim with its insurer related to a fire event in 2023 at its Silver Springs, Nevada manufacturing facility for total proceeds, net of the deductible, of $53 million (US$37.5 million).

As a result of the settlement, in the first quarter of 2025 the Company recorded an insurance recovery for business interruption insurance losses of $10 million (US$7 million) as a reduction to “Cost of sales” and a gain on the property damage claim of $28 million (US$19.5 million) as “Gain on insurance settlement”. The remainder of the insurance settlement, $15 million (US$11 million), was used to reimburse the Company for the book value of damaged property, plant and equipment as well as clean-up and site remediation costs.

11 Subsequent Events

a) 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.

b) 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.