

**STELLA
JONES**

Management's Discussion and Analysis

For the three-month and nine-month periods ended September 30, 2025
(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 condensed interim unaudited consolidated financial statements were reviewed by the Audit Committee and approved by the Board of Directors on November 4, 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 quarter ended September 30, 2025. The MD&A should be read in conjunction with the Company's condensed interim unaudited consolidated financial statements for the periods ended September 30, 2025 and 2024 and the notes thereto, as well as the Company's annual audited consolidated financial statements and MD&A for the year ended December 31, 2024.

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 "Our 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, as well as the failure to satisfy closing conditions and the failure to complete or delay in completing the acquisition of Brooks (as defined below) for any other reason. 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 condensed interim unaudited 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"), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. 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 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.

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 invest in its business both internally and through acquisitions, and return capital to shareholders.

As at September 30, 2025, the Company operated 44 wood treating plants, one steel transmission structure manufacturing facility and a coal tar distillery, and its workforce comprised approximately 3,200 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 Vision and Mission

Stella-Jones' strategic vision is to build a future-ready, agile force committed to servicing utility, railroad and home improvement industries. Its mission is to support the infrastructures that connect communities, both locally and across North America. The Company is driven to staying ahead of the curve and serving these industries with excellence, ensuring its innovative solutions not only meet today's demand but also anticipate the challenges of tomorrow.

Our Strategy

Stella-Jones' strategy is to be the partner of choice to infrastructure customers across North America by strengthening its offering through organic initiatives, innovation and strategic acquisitions or investments aligned with its long-term value creation goals. It actively pursues opportunities that leverage its extensive manufacturing and distribution network, strong customer relationships and core strengths, enhancing its ability to generate a consistent cash flow.

Sustainability and safety are embedded in the Company's day-to-day decisions and long-term strategies, ensuring that business and operational decisions are consistently aligned with these core values. Stella-Jones prioritizes meaningful actions in every aspect of its operations and is committed to practices that protect people, communities and the environment, while future-proofing the business.

Capital Management

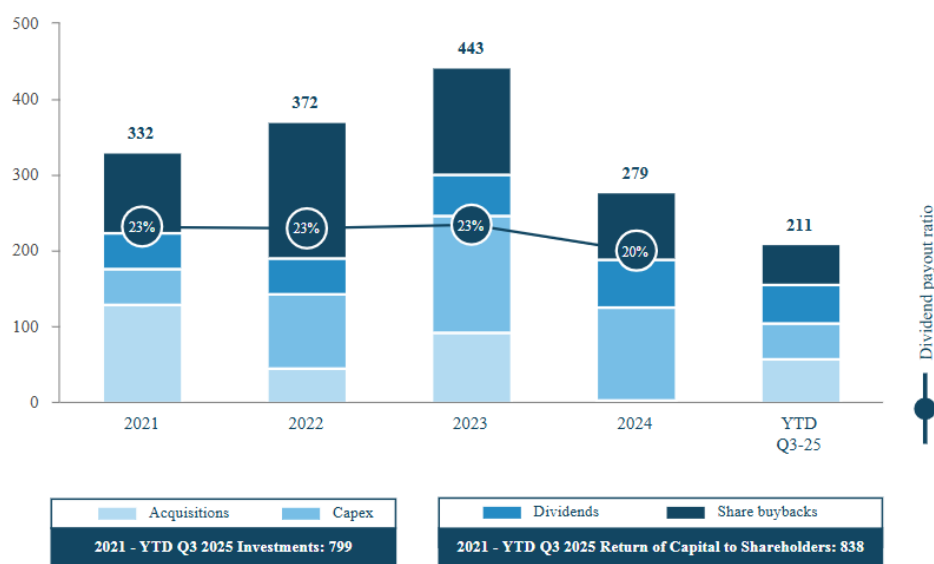
The Company's capital allocation strategy leverages its consistent and strong cash flow generation while enhancing its long-term stability and shareholder value creation. To maintain the Company's strong financial position and financial flexibility, capital is deployed in a disciplined manner, balancing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

The Company's 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;
- Invest in strategic capital expenditures to expand production capacity, as needed, to support the Company's growth;
- 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 2021 is summarized below:
(in millions of \$, except %)



2023-2025 Financial Objectives

The Company reaffirms the revised 2023-2025 financial objectives provided in the second quarter of 2025:

<i>(in millions of dollars, except percentages and ratios)</i>	2023-2025 Objectives ⁽³⁾
Sales	approx. \$3,500
EBITDA margin ⁽¹⁾	> 17%
Return to Shareholders: cumulative	> \$500
Net Debt-to-EBITDA ^{(1) (2)}	2.0x-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⁾ The Company may deviate from its leverage target to pursue acquisitions and other strategic opportunities, and/or fund its seasonal working capital requirements.

⁽³⁾ Revised financial objectives disclosed in the Q2 2025 MD&A.

The Company continues to expect sales to be approximately \$3.5 billion in 2025. On a product category basis, utility poles sales, excluding the contribution of Locweld Inc. (“Locweld”), are projected to show marginal growth year over year, reflecting the continued impact of macroeconomic challenges on customer demand. Railway ties sales are forecasted to decline in the mid single-digit range compared to 2024, as the reduction in sales resulting from a Class 1 railroad customer’s shift to treating railway ties in-house is not expected to be recovered by year-end, while residential lumber sales are expected to trend in the range of \$600 to \$650 million in annual sales in 2025.

For utility poles, the Company believes its extensive network and strong product offering position it well to benefit as utilities continue to forecast meaningful increases in infrastructure investments to replace aging infrastructure and increase grid resiliency, supporting a mid-single digit sales growth for this product category over the longer-term. Given the stable maintenance-driven demand for railway ties and the Company's focus on servicing customers, going forward, the Company expects railway ties to be a low single-digit sales growth business. For residential lumber, sales are forecasted to remain in the \$600 million to \$650 million target range, representing less than 20% of total sales.

The Company continues to target an EBITDA margin of greater than 17% and expects to return more than \$500 million to shareholders cumulatively over the three-year outlook period, while remaining committed to maintaining a net debt-to-EBITDA ratio within 2.0x to 2.5x.

Since 2023, the Company has delivered a significant improvement in EBITDA margin, generating an annual EBITDA margin of over 18%. As at September 30, 2025, the Company had returned to shareholders \$454 million out of the \$500 million target, through dividends and share repurchases, and its net debt-to-EBITDA ratio stood at 2.2x.

The Company assumes that the Canadian dollar will trade, on average, at \$1.40 per U.S. dollar for the remainder of 2025 and that sales in the U.S. will continue to be approximately 75% of total sales.

Highlights

Business acquisition

On September 30, 2025, the Company entered into a definitive agreement to acquire the assets of Brooks Manufacturing Co. (“Brooks”), a manufacturer of treated wood distribution crossarms and transmission framing components located in the United States, for approximately US\$140 million plus customary working capital adjustments. The U.S. antitrust premerger notification waiting period requirements have been satisfied with respect to this transaction and the Company expects to complete the acquisition shortly.

Overview – Third Quarter

Sales in the third quarter of 2025 were \$958 million, compared to sales of \$915 million for the corresponding period last year. Excluding the contribution from the acquisition of Locweld and the positive effect of currency conversion, sales were up \$15 million, or 2%. The improvement was driven by higher infrastructure sales, namely utility poles, railway ties and industrial products, with the increase largely attributable to volume growth for utility poles and industrial products, partially offset by lower utility poles pricing. Residential lumber sales were also higher when compared to the same period last year due to improved pricing, while logs and lumber sales declined versus the third quarter of last year, largely attributable to lower log sales.

Led by higher infrastructure volumes, operating income increased to \$135 million in the third quarter of 2025, compared to \$130 million in the same period last year. Similarly, EBITDA⁽¹⁾ increased by nine million dollars to \$171 million compared to \$162 million in the same period last year, and EBITDA margin remained strong at 17.8%, compared to 17.7% in the third quarter of 2024.

During the third quarter ended September 30, 2025, cash generated from operations of \$198 million was used to invest in capital expenditures of \$19 million, return \$37 million to shareholders, through dividends and share repurchases, and reduce debt by \$112 million. As at September 30, 2025, the Company continued to maintain a solid financial position. It had available liquidity of \$780 million and its net debt-to-EBITDA stood at 2.2x.

⁽¹⁾ Non-GAAP financial measures and non-GAAP ratios without a standardized meaning under GAAP, which 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 - Third Quarter

Selected Key Indicators

(in millions of dollars except ratios and per share data)	Three-month periods ended September 30,		Variation (\$)	Variation (%)
	2025	2024		
Operating results				
Sales	958	915	43	5%
Gross profit ⁽¹⁾	188	188	—	—%
Gross profit margin ⁽¹⁾	19.6%	20.5%	n/a	(90 bps)
Operating income	135	130	5	4%
Operating income margin ⁽¹⁾	14.1%	14.2%	n/a	(10 bps)
EBITDA ⁽¹⁾	171	162	9	6%
EBITDA margin ⁽¹⁾	17.8%	17.7%	n/a	10 bps
Net income	88	80	8	10%
Earnings per share (“EPS”) – basic & diluted	1.59	1.42	0.17	12%
Cash flows from (used in)				
Operating activities	198	186	12	
Financing activities	(164)	(144)	(20)	
Investing activities	(30)	(42)	12	
	As at September 30, 2025	As at December 31, 2024	Variation (\$)	
Financial position				
Cash and cash equivalents	69	50	19	
Inventories	1,563	1,759	(196)	
Total assets	4,048	4,103	(55)	
Long-term debt ⁽²⁾	1,222	1,380	(158)	
Lease liabilities ⁽²⁾	309	323	(14)	
Total non-current liabilities	1,692	1,876	(184)	
Shareholders’ equity	2,068	1,941	127	
Other data				
Working capital ratio ⁽¹⁾	7.25	7.48		
Net debt-to-total capitalization ⁽¹⁾	0.41:1	0.46:1		
Net debt-to-EBITDA ⁽¹⁾	2.2x	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 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.

Financial Highlights - Year-to-Date

Selected Key Indicators

(in millions of dollars except ratios and per share data)	Nine-month periods ended September 30,		Variation (\$)	Variation (%)
	2025	2024		
Operating results				
Sales	2,765	2,739	26	1%
Gross profit ⁽¹⁾	562	586	(24)	(4%)
Gross profit margin ⁽¹⁾	20.3%	21.4%	n/a	(110 bps)
Operating income	433	422	11	3%
Operating income margin ⁽¹⁾	15.7%	15.4%	n/a	30 bps
EBITDA ⁽¹⁾	539	518	21	4%
EBITDA margin ⁽¹⁾	19.5%	18.9%	n/a	60 bps
Net income	287	267	20	7%
EPS - basic & diluted	5.17	4.72	0.45	10%
Cash flows from (used in)				
Operating activities	406	301	105	
Financing activities	(283)	(209)	(74)	
Investing activities	(104)	(92)	(12)	
Other data				
Return on average equity ⁽¹⁾	17.4%	18.4%	n/a	(100 bps)
Return on average capital employed ⁽¹⁾	13.5%	14.3%	n/a	(80 bps)
Dividends per share	0.93	0.84	0.09	11%

⁽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.

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 the 12-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 September 30,		Nine-month periods ended September 30,	
	2025	2024	2025	2024
Operating income	135	130	433	422
Depreciation and amortization	36	32	106	96
EBITDA	171	162	539	518

Reconciliation of Average Capital Employed (in millions of dollars)	As at September 30, 2025	As at September 30, 2024
Average total assets	4,077	3,829
Less:		
Average cash and cash equivalents	53	—
Average current liabilities	298	357
Add:		
Average current portion of lease liabilities	62	55
Average current portion of long-term debt	10	41
Average capital employed	3,798	3,568
Operating income (TTM)	514	511
ROCE	13.5%	14.3%

Reconciliation of Long-Term Debt to Net Debt (in millions of dollars)	As at September 30, 2025	As at December 31, 2024
Long-term debt, including current portion	1,222	1,380
Add:		
Lease liabilities, including current portion	309	323
Less:		
Cash and cash equivalents	69	50
Net Debt	1,462	1,653
EBITDA (TTM)	654	633
Net Debt-to-EBITDA	2.2x	2.6x

Foreign Exchange

The table below shows average and closing exchange rates applicable to Stella-Jones' quarters for the years 2025 and 2024. 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	2025		2024	
	Average	Closing	Average	Closing
First Quarter	1.44	1.44	1.35	1.36
Second Quarter	1.38	1.36	1.37	1.37
Third Quarter	1.38	1.39	1.36	1.35
Fourth Quarter			1.40	1.44
Fiscal Year			1.37	1.44

- Average rate: The appreciation of the U.S. dollar relative to the Canadian dollar during the third quarter of 2025 compared to the third quarter of 2024 resulted in a positive impact on sales and an unfavourable impact on cost of sales.
- Closing rate: The depreciation of the U.S. dollar relative to the Canadian dollar as at September 30, 2025, compared to December 31, 2024, resulted in a lower value of assets and liabilities denominated in U.S. dollars, when expressed in Canadian dollars.

Operating Results

Sales

Sales for the third quarter of 2025 were \$958 million, up \$43 million, versus sales of \$915 million for the corresponding period last year. Excluding the contribution from the Locweld acquisition of \$22 million and the currency conversion of six million dollars, pressure-treated wood sales increased by \$29 million, or 3%. The increase in pressure-treated wood sales resulted from an increase in utility poles and industrial products volumes and higher pricing for railway ties and residential lumber. This was partially offset by lower pricing for utility poles. Logs and lumber sales decreased by \$14 million or 47%, mainly driven by lower logs activity.

Sales (in millions of dollars, except percentages)	Utility Poles	Railway Ties	Residential Lumber	Industrial Products	Total Pressure- Treated Wood	Logs & Lumber	Consolidated Sales
Q3 2024	448	205	191	41	885	30	915
Acquisition	22	—	—	—	22	—	22
Foreign exchange	4	2	—	—	6	—	6
Organic growth	6	4	10	9	29	(14)	15
Q3 2025	480	211	201	50	942	16	958
Organic growth %	1%	2%	5%	22%	3%	(47%)	2%

For the first nine months of 2025, sales amounted to \$2,765 million, versus \$2,739 million for the corresponding period last year. Excluding the contribution from the Locweld acquisition of \$40 million and the currency conversion of \$53 million, pressure-treated wood sales decreased by \$50 million, or 2%, mostly due to lower railway ties volumes. The decrease in logs and lumber sales compared to the corresponding period last year was largely attributable to less logs and lumber activity.

Sales (in millions of dollars, except percentages)	Utility Poles	Railway Ties	Residential Lumber	Industrial Products	Total Pressure- Treated Wood	Logs & Lumber	Consolidated Sales
YTD Q3 2024	1,320	697	521	123	2,661	78	2,739
Acquisition	40	—	—	—	40	—	40
Foreign exchange	31	17	3	2	53	—	53
Organic growth	(16)	(55)	11	10	(50)	(17)	(67)
YTD Q3 2025	1,375	659	535	135	2,704	61	2,765
Organic growth %	(1%)	(8%)	2%	8%	(2%)	(22%)	(2%)

Utility Poles

Utility poles sales increased to \$480 million in the third quarter of 2025, compared to sales of \$448 million in the corresponding period last year. Excluding the contribution from the acquisition of Locweld and the currency conversion effect, utility poles sales increased by six million dollars, or 1% versus the same period last year. The increase resulted from a mid single-digit volume growth, mostly driven by newly secured contractual commitments, offset in part by lower spot market pricing when compared to the same period last year. Utility poles sales accounted for 50% of the Company's third-quarter sales in 2025.

For the first nine months of 2025, utility poles sales totaled \$1,375 million, versus \$1,320 million for the corresponding period last year. Excluding the contribution from the acquisition of Locweld and the currency conversion effect, utility poles sales decreased \$16 million, or 1%, all attributable to lower pricing and volumes for non contractual business.

Railway Ties

Railway ties sales increased by six million dollars to \$211 million in the third quarter of 2025, compared to sales of \$205 million in the same period last year. Excluding the currency conversion effect, sales of railway ties increased by four million dollars, or 2%, all attributable to an improvement in sales price. Volumes in the quarter were relatively stable compared to the same period last year as lower sales volumes for Class 1 customers, resulting from a Class 1 railroad's shift to treating railway ties in-house, were largely offset by higher non-Class 1 volumes. Railway ties sales accounted for 22% of the Company's third-quarter sales in 2025.

For the first nine months of 2025, railway ties sales totaled \$659 million, versus \$697 million for the corresponding period last year. Excluding the currency conversion effect, railway ties sales decreased \$55 million, or 8%, mostly attributable to lower volumes from a Class 1 customer.

Residential Lumber

Sales in residential lumber increased to \$201 million in the third quarter of 2025, compared to sales of \$191 million in the corresponding period last year. While demand remained relatively unchanged, when compared to the same period last year, the increase was driven by higher pricing. Even as the market softened, current year pricing remained relatively stable, supported by the higher average cost of inventory procured earlier in the year. Residential lumber sales accounted for 21% of the Company's third-quarter sales in 2025.

For the first nine months of 2025, residential lumber sales increased to \$535 million versus \$521 million for the corresponding period last year, as higher pricing was largely offset by lower volumes due to softer consumer demand, particularly in the first half of the year.

Industrial Products

Industrial products sales increased by nine million dollars to \$50 million in the third quarter of 2025, compared to \$41 million in the corresponding period last year, driven by higher project-driven demand. Industrial products sales represented 5% of the Company's third-quarter sales in 2025.

For the first nine months of 2025, industrial products sales totaled \$135 million, compared to \$123 million in the corresponding period last year. The increase was attributable to the higher sales volumes realized in the third quarter of 2025.

Logs and Lumber

Sales in the logs and lumber product category were \$16 million in the third quarter of 2025, compared to \$30 million in the corresponding period last year. 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 compared to the third quarter of 2024 was largely attributable to lower log activity. Logs and lumber sales represented 2% of the Company's third-quarter sales in 2025.

For the first nine months of 2025, sales in the logs and lumber product category totaled \$61 million, down from \$78 million for the corresponding period last year, due to lower log sales activity in the third quarter, as well as less lumber trading activity.

Sales by Geographic Region

Sales in the United States amounted to \$697 million, or 73% of sales in the third quarter of 2025, up \$60 million, or 9%, compared to sales of \$637 million in the corresponding period last year. The increase was mostly explained by higher volumes for all infrastructure businesses and the contribution from the Locweld acquisition. For the first nine months of 2025, sales in the United States stood at \$2,066 million, up from \$1,945 million in the corresponding period last year.

Sales in Canada amounted to \$261 million, or 27% of sales in the third quarter of 2025, down \$17 million, or 6%, compared to sales of \$278 million in the third quarter last year. The decrease was attributable to lower volumes for utility poles and railway ties, partially offset by higher residential lumber sales. For the first nine months of 2025, sales in Canada stood at \$699 million, down from \$794 million in the corresponding period last year.

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 \$770 million, or 80.4% of sales, in the third quarter of 2025. This compares to cost of sales of \$727 million, or 79.5% of sales, in the corresponding period last year. The increase in absolute dollars was explained by higher volumes, especially for utility poles and industrial products, higher costs and the additional cost of sales stemming from the Locweld acquisition.

Total depreciation and amortization was \$36 million in the third quarter of 2025, with \$32 million recorded as cost of sales, compared to \$32 million in the corresponding period last year, with \$29 million recorded as cost of sales. The increase was largely explained by the depreciation of additional right-of-use assets and new capital projects.

For the first nine months of 2025, cost of sales, including depreciation of property, plant and equipment, right-of-use assets as well as amortization of intangible assets, was \$2,203 million, or 79.7% of sales compared to \$2,153 million, or 78.6% of sales, in 2024. Total depreciation and amortization was \$106 million in 2025, with \$95 million recorded as cost of sales, compared to total depreciation and amortization of \$96 million in 2024, with \$85 million recorded as cost of sales.

Gross Profit

Gross profit remained stable at \$188 million, representing a margin of 19.6% in the third quarter of 2025 and 20.5% in the corresponding period last year. Gross profit in the third quarter of 2025 benefited from increased volumes, but the positive impact was offset by lower pricing, particularly for utility poles, and increased input costs.

For the first nine months of 2025, gross profit amounted to \$562 million, or 20.3%, compared to \$586 million, or 21.4% of sales, in the corresponding period last year.

Selling and Administrative

Selling and administrative expenses for the third quarter of 2025 decreased slightly to \$51 million, compared to \$53 million in the corresponding period last year, including depreciation and amortization of four million dollars in the third quarter of 2025 and three million dollars in the corresponding period last year. The decrease in selling and administrative expenses was largely attributable to lower variable compensation expense and timing of information technology-related costs. As a percentage of sales, selling and administrative expense, excluding depreciation and amortization, represented 4.9% of sales in the third quarter of 2025 compared to 5.5% in the corresponding period last year.

Selling and administrative expenses for the first nine months of 2025 remained stable at \$156 million, including depreciation and amortization of \$11 million in both periods. As a percentage of sales, selling and administrative expenses, excluding depreciation and amortization, represented 5.2% in 2025 compared to 5.3% in 2024.

Other Losses, Net

On July 12, 2025, a portion of the Company's Brierfield, Alabama, manufacturing operation was damaged by fire. The total value of the loss, including notably business interruption and other clean-up costs, is currently being assessed but expected to be covered by property and business interruption insurance subject to customary deductibles. During the third quarter of 2025, the net book value of the damaged production equipment and building structure was written down to nil. The Company recognized a four million dollar non-cash write-down of its property, plant and equipment and one million dollars of clean-up costs, with a corresponding insurance recovery in the condensed interim consolidated statement of income under other losses, net. The insurance recoverable asset was recorded in accounts receivable. Any gain resulting

from insurance proceeds for property damage in excess of the net book value of the related property will be recognized in income upon settlement of the claim.

The Company also recorded other losses, net of two million dollars in the third quarter of 2025, and five million dollars in the corresponding quarter of 2024, consisting largely of site remediation expenses.

For the first nine months of 2025, other losses, net consisted of site remediation expenses, net of a gain on disposition of assets recorded in the second quarter. For the first nine months of 2024, other losses, net was explained by site remediation expenses.

Insurance Settlement

During the first quarter of 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 result of the settlement, the Company recorded in the first quarter of 2025 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.

The Company received an advance from the insurance company for this claim of \$10 million (US\$7.5 million) in 2024. The remaining \$43 million (US\$30 million) was received in the second quarter of 2025.

Financial Expenses

Financial expenses amounted to \$18 million in the third quarter of 2025, down from \$23 million in the corresponding period last year. The decrease in financial expenses was largely explained by the lower average cost of borrowing, in part attributable to the issuance of a \$400 million private placement in October 2024 at a rate of 4.312%, as well as a lower debt level.

Financial expenses amounted to \$52 million for the first nine months of 2025, down from \$65 million in the prior year period.

Income Before Income Taxes and Income Tax Expense

Income before income taxes was \$117 million in the third quarter of 2025 versus \$107 million in the corresponding period last year. The provision for income taxes totaled \$29 million compared to \$27 million in 2024, representing an effective tax rate of approximately 25% for both quarters.

For the nine-month period ended September 30, 2025, income before income taxes was \$381 million versus \$357 million in the corresponding period of 2024. The provision for income taxes totaled \$94 million, compared to \$90 million in the same period last year, representing an effective tax rate of approximately 25% in both 2025 and 2024.

Net Income

Net income for the third quarter of 2025 was \$88 million, or \$1.59 per share, versus net income of \$80 million, or \$1.42 per share, in the corresponding period of 2024.

For the first nine months of 2025, net income totaled \$287 million, or \$5.17 per share, which included the pre-tax gain on insurance settlement of \$28 million. This compares to net income of \$267 million, or \$4.72 per share, in the same period last year.

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 eleven quarters:

2025

For the quarters ended (in millions of dollars, except EPS)	March 31	June 30	Sept. 30
Sales	773	1,034	958
Operating income	143	155	135
EBITDA	179	189	171
Net income	93	106	88
EPS - basic & diluted	1.67	1.91	1.59

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.

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 depreciation of the value of the U.S. dollar relative to the Canadian dollar as at September 30, 2025, compared to December 31, 2024 (see "Foreign Exchange section"), resulted in a lower value of assets and liabilities denominated in U.S. dollars, when expressed in Canadian dollars.

Assets

As at September 30, 2025, total assets stood at \$4,048 million versus \$4,103 million as at December 31, 2024. The decrease in total assets largely reflected a reduction in inventories and the currency translation effect on U.S. dollar denominated assets, partially offset by the seasonal increase in accounts receivable and the acquisition of Locweld. Note that the following table provides information on assets using select line items from the condensed interim consolidated statements of financial position.

Assets (in millions of dollars)	As at September 30, 2025	As at December 31, 2024	Variance
Cash and cash equivalents	69	50	19
Accounts receivable	398	277	121
Inventories	1,563	1,759	(196)
Other	58	53	5
Total current assets	2,088	2,139	(51)
Property, plant and equipment	1,084	1,048	36
Right-of-use assets	296	311	(15)
Intangible assets	168	170	(2)
Goodwill	394	406	(12)
Other	18	29	(11)
Total non-current assets	1,960	1,964	(4)
Total assets	4,048	4,103	(55)

Accounts receivable were \$398 million as at September 30, 2025, compared to \$277 million as at December 31, 2024. The increase was largely attributable to the seasonal increase in demand in the third quarter, when compared to the fourth quarter of 2024, and additional accounts receivable pertaining to the acquisition of Locweld. 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 \$1,563 million as at September 30, 2025, down from \$1,759 million as at December 31, 2024. The decline reflects the seasonal reduction in inventory levels and the effect of currency translation of U.S. dollar denominated inventories of about \$35 million, partially offset by the additional inventory pertaining to the acquisition of Locweld.

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 \$1,084 million as at September 30, 2025, compared with \$1,048 million as at December 31, 2024. The increase reflected the purchase of property, plant and equipment of \$70 million during the first nine months of 2025 as well as additional property, plant and equipment of \$41 million from the acquisition of Locweld, partially offset by the effect of currency translation of U.S. dollar denominated property, plant and equipment of about \$25 million and the depreciation expense of \$41 million for the period.

Right-of-use assets totaled \$296 million as at September 30, 2025, compared to \$311 million as at December 31, 2024. The decrease reflected depreciation expense of \$51 million for the period offset in part by additions of new leases, largely rolling stock and the remeasurement of existing leases related to their duration, totalling \$44 million.

Intangible assets and goodwill totaled \$168 million and \$394 million, respectively, as at September 30, 2025. Intangible assets consist mainly of customer relationships, a creosote registration and software costs. As at December 31, 2024, intangible assets and goodwill were \$170 million and \$406 million, respectively. The intangible assets decreased as the amortization expense of \$14 million was partially offset by the customer relationships acquired with the purchase of Locweld and the software expenditures of four million dollars. The decrease in goodwill was explained by the effect of currency translation on U.S.-based goodwill.

Liabilities

As at September 30, 2025, Stella-Jones' total liabilities stood at \$1,980 million, down from \$2,162 million as at December 31, 2024. The decrease in total liabilities largely reflected the net repayment of long-term debt and the currency translation effect on U.S. dollar denominated liabilities, partially offset by additional liabilities related to the acquisition of Locweld. Note that the following table provides information on liabilities using select line items from the condensed interim consolidated statements of financial position.

Liabilities (in millions of dollars)	As at September 30, 2025	As at December 31, 2024	Variance
Accounts payable and accrued liabilities	172	180	(8)
Income taxes payable	3	—	3
Current portion of long-term debt	24	1	23
Current portion of lease liabilities	62	64	(2)
Other	27	41	(14)
Total current liabilities	288	286	2
Long-term debt	1,198	1,379	(181)
Lease liabilities	247	259	(12)
Deferred income taxes	207	197	10
Other	40	41	(1)
Total non-current liabilities	1,692	1,876	(184)
Total liabilities	1,980	2,162	(182)

Long-Term Debt

The Company's long-term debt, including the current portion, decreased by \$158 million to \$1,222 million as at September 30, 2025, compared to \$1,380 million as at December 31, 2024. The decrease was largely explained by the impact of a net reduction of the Company's borrowings of \$129 million and the depreciation of the closing U.S. dollar rate relative to the Canadian dollar on U.S. dollars denominated long-term debt of \$29 million.

Long-Term Debt (in millions of dollars)	As at September 30, 2025	As at December 31, 2024
Unsecured revolving credit facilities	302	295
Unsecured term loan facilities	415	576
Unsecured senior notes	505	508
Other	—	1
Total Long-Term Debt	1,222	1,380

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.

As at September 30, 2025, the Company's net debt-to-EBITDA ratio stood at 2.2x and was in compliance with its debt covenants, reporting requirements and financial ratios.

Shareholders' Equity

Shareholders' equity stood at \$2,068 million as at September 30, 2025, compared to \$1,941 million as at December 31, 2024.

Shareholders' Equity (in millions of dollars)	As at September 30, 2025	As at December 31, 2024	Variance
Capital stock	188	188	—
Contributed surplus	4	—	4
Retained earnings	1,680	1,498	182
Accumulated other comprehensive income	196	255	(59)
Total shareholders' equity	2,068	1,941	127

The increase in shareholders' equity as at September 30, 2025 was attributable to net income of \$287 million, partially offset by a \$59 million decrease in accumulated other comprehensive income, mainly related to the currency translation of foreign operations, \$56 million of share repurchases and \$51 million of dividends.

On November 5, 2024, 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 from November 14, 2024 to November 13, 2025, representing approximately 4.5% of the common shares outstanding.

During the three-month period ended September 30, 2025, 253,580 common shares were repurchased for cancellation in consideration of \$20 million under the Company's NCIB. During the nine-month period ended September 30, 2025, 742,634 of the Company's common shares were repurchased for cancellation in consideration of \$55 million. Since the beginning of the NCIB on November 14, 2024, the Company repurchased a total of 883,133 common shares for cancellation in consideration of \$65 million.

Liquidity and Capital Resources

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

Summary of cash flows (in millions of dollars)	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2025	2024	2025	2024
Operating activities	198	186	406	301
Financing activities	(164)	(144)	(283)	(209)
Investing activities	(30)	(42)	(104)	(92)
Net change in cash and cash equivalents during the period	4	—	19	—
Cash and cash equivalents - Beginning of period	65	—	50	—
Cash and cash equivalents - End of period	69	—	69	—

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 September 30, 2025, the Company had \$780 million of available liquidity, including \$711 million (US\$511 million) available under its revolving credit facilities.

Cash flows from operating activities

Cash flows from operating activities amounted to \$198 million in the third quarter of 2025, compared to \$186 million in the corresponding period in 2024, mainly due to higher profitability and favourable movements in non-cash working capital. Cash flows from operating activities before changes in non-cash working capital components and interest and income taxes paid was \$171 million in the third quarter of 2025, compared to \$167 million in the corresponding period in 2024. Changes in non-cash working capital components increased liquidity by \$80 million in the third quarter of 2025, primarily as a result of the decrease in inventories, particularly for residential lumber and utility poles.

Cash flows from operating activities amounted to \$406 million in the first nine months of 2025, compared to \$301 million in the corresponding period in 2024. The increase primarily reflected favourable non-cash working capital movements, partially offset by lower profitability net of non-cash items. Cash flows from operating activities before changes in non-cash working capital components and interest and income taxes paid was \$501 million in the first nine months of 2025, compared to \$523 million in the corresponding period in 2024. Changes in non-cash working capital components increased liquidity by \$41 million in the first nine months of 2025, attributable to a decrease in inventories, largely offset by an increase in accounts receivable following the seasonally stronger sales in the third quarter.

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

Cash flows from operating activities (in millions of dollars)	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2025	2024	2025	2024
Net income	88	80	287	267
Depreciation and amortization	36	32	106	96
Financial expenses	18	23	52	65
Income tax expense	29	27	94	90
Gain on insurance settlement	—	—	(28)	—
Other	—	5	(10)	5
Cash flows from operating activities before changes in non-cash working capital components and interest and income taxes paid	171	167	501	523
Accounts receivable	14	70	(111)	(68)
Inventories	71	27	172	(14)
Other current assets	(1)	—	(5)	(6)
Accounts payable and accrued liabilities	(4)	(34)	(15)	(13)
Changes in non-cash working capital components	80	63	41	(101)
Interest paid	(23)	(25)	(57)	(67)
Income taxes paid	(30)	(19)	(79)	(54)
Cash flows from operating activities	198	186	406	301

Cash flows used in financing activities

Financing activities for the third quarter of 2025 decreased cash flow by \$164 million. During the quarter ended September 30, 2025, the Company decreased net borrowings under its revolving credit facilities by \$64 million and repaid term loans of \$48 million (US\$ 35 million) under the U.S. Farm Credit Facilities. In addition, the Company repaid lease liabilities of \$16 million, paid dividends of \$17 million and repurchased shares for \$20 million. In the third quarter of 2024, financing activities decreased cash by \$144 million, primarily attributable to the decrease of net borrowings under its revolving credit facilities by \$83 million, repayment of lease liabilities of \$16 million, the payment of dividends of \$15 million and the repurchase of shares totaling \$30 million.

For the first nine months of 2025, financing activities decreased cash flow by \$283 million, compared to a decrease of \$209 million for the same period in 2024.

The following table provides information on cash flows from financing activities using select line items from the condensed interim consolidated statements of cash flows.

Cash flows used in financing activities (in millions of dollars)	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2025	2024	2025	2024
Net change in revolving credit facilities	(64)	(83)	14	(117)
Net (repayment) proceeds (of) from long-term debt	(48)	(1)	(143)	65
Repayment of lease liabilities	(16)	(16)	(49)	(46)
Dividends on common shares	(17)	(15)	(51)	(47)
Repurchase of common shares	(20)	(30)	(55)	(65)
Other	1	1	1	1
Cash flows used in financing activities	(164)	(144)	(283)	(209)

Cash flows used in investing activities

Investing activities used \$30 million of cash flows in the third quarter of 2025, mainly explained by the payment of deferred consideration related to the acquisition of Locweld and the purchase of property, plant and equipment. In the third quarter of 2024, investing activities totaled \$42 million and primarily consisted of the purchase of property, plant and equipment.

For the first nine months of 2025, the Company invested \$104 million, mainly explained by the acquisition of Locweld and the purchase of property, plant and equipment, net of insurance proceeds. In 2024, investing activities totaled \$92 million and primarily consisted of the purchase of property, plant and equipment.

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

Cash flows used in investing activities (in millions of dollars)	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2025	2024	2025	2024
Business combinations	(10)	(4)	(58)	(4)
Purchase of property, plant and equipment	(19)	(35)	(73)	(91)
Property insurance proceeds	—	—	26	10
Additions of intangible assets	(2)	(3)	(6)	(7)
Other	1	—	7	—
Cash flows used in investing activities	(30)	(42)	(104)	(92)

Financial obligations

The following table details the maturities of the financial obligations as at September 30, 2025:

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	172	172	172	—	—	—
Long-term debt obligations ⁽¹⁾	1,222	1,442	73	439	445	485
Minimum payment under lease liabilities ⁽¹⁾	309	361	72	119	54	116
Financial obligations	1,703	1,975	317	558	499	601

⁽¹⁾ Includes interest payments. Interest on variable interest debt is assumed to remain unchanged from the rates in effect as at September 30, 2025.

Share and Stock Option Information

As at September 30, 2025, the capital stock issued and outstanding of the Company consisted of 55,115,346 common shares (55,824,953 as at December 31, 2024).

The following table presents the outstanding capital stock activity for the three- and nine-month periods ended September 30, 2025:

Number of shares	Three-month period ended September 30, 2025	Nine-month period ended September 30, 2025
Balance - Beginning of period	55,359,773	55,824,953
Common shares repurchased	(253,580)	(742,634)
Stock option exercised	—	5,000
Employee share purchase plans	9,153	28,027
Balance - End of period	55,115,346	55,115,346

As at November 3, 2025, the capital stock issued and outstanding consisted of 54,907,310 common shares.

As at September 30, 2025, there were no outstanding and exercisable options to acquire common shares issued under the Company's Stock Option Plan (December 31, 2024 – 5,000).

Commitments and Contingencies

The commitments and contingencies susceptible to affect the Company in the future remain substantially unchanged from those included in the Company's annual MD&A contained in its 2024 Annual Report.

Subsequent Events

a) On November 4, 2025, the Board of Directors declared a quarterly dividend of \$0.31 per common share payable on December 19, 2025 to shareholders of record at the close of business on December 1, 2025. This dividend is designated to be an eligible dividend.

b) 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 from November 14, 2025 to November 13, 2026, representing approximately 2.7% of the common shares outstanding.

Risks and Uncertainties

The risks and uncertainties affecting the Company in the future remain substantially unchanged from those included in the Company's annual MD&A contained in its 2024 Annual Report.

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 condensed interim consolidated financial statements in accordance with IFRS Accounting Standards.

The preparation of condensed interim 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 condensed interim 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 condensed interim 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 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 September 30, 2025 and have concluded that such DC&P were designed 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 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 effectively designed, as at September 30, 2025.

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

Changes in Internal Control Over Financial Reporting

There were no changes made to the design of ICFR during the period from July 1, 2025 to September 30, 2025 that have materially affected or are reasonably likely to materially affect the Company’s ICFR.

November 4, 2025