ARVORE
PARTNERS

Arvore Investor Letter Q1 2026

INTRODUCTION

Resilient Distributions, Continued Year-over-Year Growth

ANNUALIZED YIELD	Q1 DISTRIBUTIONS	TTM DISTRIBUTIONS	PRIOR YEAR YIELD
11.9%	**$3.0M**	**$11.6M**	**10.3%**
+160 bps vs. prior year	**+25%** vs. prior year	Trailing twelve months	Q1 2025 comparative

Arvore delivered another quarter of healthy distribution activity, generating an 11.9% annualized yield in Q1 2026, up 160 basis points from the 10.3% yield in the same quarter last year. First-quarter distributions of $3.0M were up 25% versus $2.4M in Q1 2025, bringing trailing twelve-month distributions to $11.6M. The modest sequential step-down from Q4 reflects normal seasonality, as the fourth quarter typically benefits from elevated cash conversion at year-end. Beneath the headline figures, the underlying operating businesses strengthened on a year-over-year basis, with TTM revenue and EBITDA growth at four of five verticals and a clear narrowing of the decline at Light Industrial. Cash generation across the platform remains durable through a macro environment that continues to evolve.

OPERATIONAL SUMMARY

The operating companies entered 2026 in a constructive position and the first quarter reinforced that trajectory. Same-store demand held up well, project pipelines deepened, and several verticals advanced strategic initiatives that had been in development through the second half of prior year. Liquidity across the portfolio remains stable, and management teams continue to balance near-term execution with the investments required to support the next phase of growth.

Master Franchisors

FRANCHISE VERTICAL

TTM SALES	TTM EBITDA	EBITDA MARGIN	GEOGRAPHIC REACH
$47.4M	**$8.9M**	**18.8%**	**CA + US**
+0.7% vs. prior year	**+3.2%** vs. prior year	TTM basis	Active expansion pipeline

Master Franchisors generated TTM revenue of $47.4M in the first quarter, up 0.7% over same period prior year while EBITDA of $8.9M was up 3.2% over the same period. EBITDA grew faster than revenue, reflecting operating leverage as the network scales. Same-store performance was the primary contributor, supplemented by new unit openings that came online during the quarter. The development pipeline remains a meaningful source of forward visibility, and discussions with U.S. partners and national retail accounts progressed during the quarter. The blend of organic same-store growth and deliberate geographic and channel expansion continues to define this vertical's long-term thesis.

Auto Maintenance

AUTO VERTICAL

TTM SALES	TTM EBITDA	EBITDA MARGIN	GROWTH CATALYST
$9.1M	**$3.2M**	**35.2%**	**New Sites**
+10.0% vs. prior year	**+23.0%** vs. prior year	TTM basis	Secured for 2026 opening

Auto Maintenance continued its momentum with TTM revenue of $9.1M and EBITDA of $3.2M, up 10.0% and 23.0% against prior-year comparables, with EBITDA margin holding firm at 35.2%. The underlying demand story is unchanged: Canadian drivers are holding vehicles longer, which sustains aftermarket service volumes. Management used the quarter to focus on site readiness, with the slate of new locations targeted for 2026 openings now largely secured. The vertical's unit economics and pipeline visibility position it for a step-up in growth as new sites begin contributing later in the year.

Environmental Services

ENVIRONMENTAL VERTICAL

TTM SALES	TTM EBITDA	EBITDA MARGIN	EXPANSION
$72.0M	**$11.0M**	**15.3%**	**3 + Sectors**
+45.6% vs. prior year	**+59.7%** vs. prior year	TTM basis	Mining, utilities, energy

Environmental Services was the standout performer of the quarter. TTM revenue of $72.0M was up 45.6% and TTM EBITDA of $11.0M was up 59.7% over the prior-year period. The combination of higher-value project mix, scale-driven operating leverage, and disciplined execution on large engagements drove margin step-up. Sector exposure across mining, utilities, and energy continued to deepen, and the customer base now includes a meaningful base of repeat counterparties alongside new wins. M&A workstreams advanced during the quarter and remain a potential lever to extend capability and geographic reach. The vertical is increasingly behaving like a scaled, diversified industrial services platform rather than a single-sector specialist.

Building Products Distribution

BPD VERTICAL

TTM SALES	TTM EBITDA	EBITDA MARGIN	KEY MARKETS
$51.2M	**$3.8M**	**7.4%**	**ON + AB**
+6.7% vs. prior year	**+26.5%** vs. prior year	TTM basis	Market share gains

Building Products Distribution continued to track ahead of plan. TTM revenue of $51.2M was up 6.7% and TTM EBITDA of $3.8M was up 26.5% over the prior-year period, with EBITDA outpacing revenue and lifting margin to 7.4%. Demand in core Canadian markets held up, and the team continued to take share in non-residential and multi-family segments where customer relationships and product availability are differentiating factors. Operational discipline around inventory positioning, cost management, and supplier terms has been a consistent contributor to margin stability through periods of input cost movement. Large project activity in Ontario and Alberta continues to provide multi-quarter visibility.

Light Industrial

INDUSTRIAL VERTICAL

TTM SALES	TTM EBITDA	EBITDA MARGIN	TRAJECTORY
$90.2M	**$11.8M**	**13.1%**	**Recovery**
−5.8% vs. prior year	**−9.1%** vs. prior year	TTM basis	Market diversification

Light Industrial showed clear sequential improvement in the first quarter compared to Q4 2025. TTM revenue declined 5.8% to $90.2M and TTM EBITDA declined 9.1% to $11.8M against the prior-year period while Q4 2025 saw TTM revenue and EBITDA declines of 8.0% and 20.6%. The improvement in the EBITDA trend is particularly notable and reflects both better project mix and the operational changes the team has been implementing through the tariff-impacted periods. Recent awards are now converting into active work, building the revenue base for the coming quarters, and customer diversification continues to reduce the vertical’s sensitivity to any single end-market. The trajectory points toward a return to growth as the recovery progresses through 2026.

CONCLUSION

Q1 2026 marked clear year-over-year progress across the platform. Distributions grew 25% versus Q1 2025 and the annualized yield expanded 160 basis points, with the modest sequential step-down from Q4 reflecting expected seasonality rather than any change in underlying performance. TTM revenue and EBITDA have strengthened across the portfolio compared to same period prior year. Environmental Services in particular delivered a step-change in profitability that reshapes the portfolio’s near-term earnings profile. With pipelines deepening across Master Franchisors, Auto Maintenance, and Environmental Services, and with operational momentum building in Light Industrial, the platform is positioned to convert this first-quarter foundation into sustained distribution growth through the balance of 2026.

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