



FOR IMMEDIATE RELEASE

Tree Island Steel Announces Second Quarter 2024 Results

VANCOUVER, British Columbia, Canada – August 1, 2024 - Tree Island Steel ("Tree Island" or the "Company") (TSX: TSL) announced today its financial results for the three months ended June 30, 2024.

For the three-month period ended June 30, 2024, revenues, net of freight and distribution costs, decreased by \$9.6 million to \$54.0 million, compared to \$63.6 million in 2023. Gross profit for the quarter decreased to \$4.6 million, from \$9.1 million in the same period in 2023. Adjusted EBITDA amounted to \$2.9 million, compared to \$6.8 million during the same period in 2023. The largest drivers for the decreased earnings are the lower average selling prices and reduced spread over raw material costs. To a lesser extent, the shutdown of Etiwanda facility last year also impacted the volumes and revenue.

For the six months ended June 30, 2024, revenues, net of freight and distribution costs, decreased by \$28.4 million to \$110.5 million compared to \$138.9 million in 2023 and gross profit decreased to \$9.4 million from \$20.9 million. The decrease is for the same factors as in the quarter. This resulted in an Adjusted EBITDA of \$6.0 million, compared to \$16.6 million during the same period in 2023.

“The first half of the year was challenged with customers conservatively managing their inventories and selling prices trending lower, resulting in further compression in our gross profit margins. We expect these headwinds to continue into the second half of the year. The Company is continuing to address operational challenges that have the potential to impact its future operating results and cashflows, including the ongoing trade cases in Canada and the US and increasing environmental and regulatory compliance requirements. As noted last quarter, these market conditions require careful management to maintain the Company’s operating results”, commented Nancy Davies, Chief Operating Officer of Tree Island Steel.



RESULTS FROM OPERATIONS

<i>(\$'000 unless otherwise stated)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Revenue	57,718	67,263	118,308	147,011
Freight and distribution costs	(3,732)	(3,672)	(7,769)	(8,150)
Subtotal	53,986	63,591	110,539	138,861
Cost of sales	(48,013)	(53,304)	(98,421)	(115,461)
Depreciation	(1,365)	(1,205)	(2,682)	(2,534)
Gross profit	4,608	9,082	9,436	20,866
Selling, general and administrative expenses	(3,288)	(3,352)	(6,679)	(6,836)
Operating income	1,320	5,730	2,757	14,030
Foreign exchange gain (loss)	202	(125)	584	18
Loss on disposition of property, plant and equipment	-	(31)	-	(97)
Site closure costs	-	(1,040)	-	(1,340)
Reorganization costs	(11)	(2,097)	(11)	(2,097)
Interest Income	128	253	335	390
Financing Expenses	(568)	(371)	(1,128)	(807)
Income before income taxes	1,071	2,319	2,537	10,097
Income tax expense	(461)	(668)	(1,301)	(2,596)
Net income	610	1,651	1,236	7,501
Net income per share	0.02	0.06	0.05	0.27
Dividends per share	0.03	0.05	0.06	0.10

	June 30,	December 31,
Financial position as at:	2024	2023
Total assets	173,583	174,260
Total non-current financial liabilities	30,312	28,439

Adjusted EBITDA

<i>(\$'000 unless otherwise stated)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating income	1,320	5,730	2,757	14,030
Add back depreciation	1,365	1,205	2,682	2,534
Foreign exchange (loss) gain	202	(125)	584	18
Adjusted EBITDA ¹	2,887	6,810	6,023	16,582

¹ See definition on Adjusted EBITDA in Section 2 NON-IFRS MEASURES of the June 30, 2024, MD&A.



About Tree Island Steel

Tree Island Steel, headquartered in Richmond, British Columbia since 1964, through its operating facilities in Canada and the United States, produces wire products for a diverse range of industrial, residential construction, commercial construction and agricultural applications. Its products include galvanized wire, bright wire; a broad array of fasteners, including packaged, collated and bulk nails; stucco reinforcing products; concrete reinforcing mesh; fencing and other fabricated wire products. The Company markets these products under the Tree Island®, Halsteel®, K-Lath®, TI Wire®, ToughStrand® and ToughPanel® brand names.

Forward-Looking Statements

This press release includes forward-looking information with respect to Tree Island including its business, operations and strategies, its dividend policy and the declaration and payment of dividends thereunder as well as financial performance and conditions. The use of forward-looking words such as, "may," "will," "expect" or similar variations generally identify such statements. Any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Although management believes that expectations reflected in forward-looking statements are reasonable, such statements involve risks and uncertainties including risks and uncertainties discussed under the heading "Risk Factors" in Tree Island's most recent annual information form and management discussion and analysis.

The forward-looking statements contained herein reflect management's current beliefs and are based upon certain assumptions that management believes to be reasonable based on the information currently available to management. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these forward-looking statements, prospective investors should specifically consider various factors including the risks outlined herein under the heading "Risk Factors" which may cause actual results to differ materially from any forward-looking statement. Such risks and uncertainties include, but are not limited to: general economic, market and business conditions, public health epidemics, the economy and potentially its supply chain, the cyclical nature of our business and demand for our products, impact of any tax reassessments or appeals therefrom, financial condition of our customers, competition, deterioration in Tree Island Steel's liquidity, leverage, and restrictive covenants, disruption in the supply of raw materials, volatility in the costs of raw materials, dependence on the construction industry, transportation costs and availability, foreign exchange fluctuations, labour relations, trade actions, dependence on key personnel and skilled workers, reliance on key customers, environmental matters, intellectual property risks, energy costs, un-insured loss, credit risk, operating risk, management of growth, success of acquisition and integration strategies, and other risks and uncertainties set forth in our publicly filed materials.

This press release has been reviewed by the Company's Board of Directors and its Audit Committee and contains information that is current as of the date of this press release, unless otherwise noted. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. Readers are cautioned not to place undue reliance on this forward-looking information and management of the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise except as required by applicable securities laws.

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