



FOR IMMEDIATE RELEASE

Tree Island Steel Announces Full Year 2022 Results

VANCOUVER, British Columbia, Canada - March 2, 2023 - Tree Island Steel ("Tree Island" or the "Company") (TSX: TSL) announced today its financial results for the year ended December 31, 2022.

For the three-month period ended December 31, 2022, revenues decreased by \$8.8 million to \$67.1 million, from the record revenue of \$76.0 million in the same period in 2021, with lower demand due to customer inventory reductions amid easing supply chain constraints. The Canadian residential construction and industrial market segments, however, generated increased shipped volume compared to the same period in 2021, with higher sales in nails, stucco and multiple industrial wire products. Gross profit for the fourth quarter decreased to \$8.3 million, from \$17.3 million in the same period in 2021, impacted by tightened margins with reduced demand. Adjusted EBITDA amounted to \$5.7 million, compared to \$12.6 million during the same period in 2021 from lower gross profit.

For the year ended December 31, 2022, revenues increased by \$36.6 million to \$338.4 million compared to 2021. The increase is primarily due to pricing increases across all market segments despite lower volumes shipped in the agricultural, industrial and residential construction segments as customers realigned inventory positions, particularly in the latter part of 2022. Compared to prior year, however, we experienced higher shipped volumes in the commercial construction market segment, driven by increased construction sheets and structural mesh demand. Gross profit decreased to \$65.3 million from \$68.6 million, due to lower overall shipped volumes and tightened margins with reduced demand. The lower gross margins also resulted in an Adjusted EBITDA of \$55.9 million, compared to \$58.0 million during the same period in 2021.

On March 2, 2023 the Board of Directors declared a quarterly dividend of \$0.03 per share and an additional \$0.02 per share as a special dividend on the issued and outstanding Common Shares of the Company, payable on April 14, 2023 to holders of record at the close of business on March 31, 2023.

In the first quarter of 2023, the Company chose to exercise its early termination of the lease for the Etiwanda facility, which it sold in December 2021. Throughout fiscal 2022, Management reviewed options for relocation of the operations and equipment. As part of its ongoing activities to improve efficiencies, operating leverage and cost structure, the Company determined that the most attractive option was to relocate certain higher performing equipment to its other locations and to permanently close the Etiwanda operations in June 2023. Please see Section 4.2 in the Management Disclosure and Analysis for the year ended December 31, 2022.

“With ongoing economic volatility, we continue to remain cautious in our demand outlook for steel wire and wire products. However, we anticipate customer inventory restocking after prior quarter reductions to support an improvement in seasonal and project-related demand. In addition, we continue to closely manage inventory positions across our facilities, supporting our improved financial position achieved over the past few years,” said Remy Stachowiak, President and COO of Tree Island Steel.

“We continue to focus on supporting our customer needs across our market segments and geographies, closely aligning production and inventories in this evolving business environment,” said Amar S. Doman, Executive Chair of Tree Island Steel.



RESULTS FROM OPERATIONS

(\$'000 unless otherwise stated)	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Revenue	67,116	75,954	338,434	301,848
Cost of sales	(57,315)	(57,191)	(267,604)	(227,378)
Depreciation	(1,484)	(1,440)	(5,497)	(5,843)
Gross profit	8,317	17,323	65,333	68,627
Selling, general and administrative expenses	(4,120)	(5,833)	(14,851)	(16,367)
Operating income	4,197	11,490	50,482	52,260
Foreign exchange gain (loss)	4	(373)	(36)	(140)
Gain (loss) on property, plant and equipment sale	(214)	63,897	(214)	63,897
Other expenses	-	(4)	(155)	(7)
Equipment impairment	(1,363)	-	(1,363)	-
Financing expenses	(491)	(679)	(2,274)	(2,532)
Site closure provision	(2,229)	-	(2,229)	-
Income (loss) before income taxes	(96)	74,331	44,211	113,478
Income tax expense	(660)	(15,290)	(11,105)	(25,507)
Net income (loss)	(756)	59,041	33,106	87,971
Net income (loss) per share	(0.03)	2.08	1.17	3.09
Dividends per share	0.05	0.08	1.38	0.22

	December 31, 2022	December 31, 2021
Financial position as at:		
Total assets	176,326	225,806
Total non-current financial liabilities	27,557	38,907

Adjusted EBITDA

(\$'000 unless otherwise stated)	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Operating income	4,197	11,490	50,482	52,260
Add back depreciation	1,484	1,440	5,497	5,843
Foreign exchange (loss) gain	4	(373)	(36)	(140)
Adjusted EBITDA ¹	5,685	12,557	55,943	57,963

¹ See definition on Adjusted EBITDA in Section 2 NON-IFRS MEASURES of the December 31, 2022, MD&A.



About Tree Island Steel

Tree Island Steel, headquartered in Richmond, British Columbia since 1964, through its four 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 statements, prospective investors should specifically consider various factors including the risks outlined in the Company's most recent annual information form and management discussion and analysis 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, the impact of global health pandemics on the Company, its customers and vendors, the cyclical nature of our business and demand for our products, financial condition of our customers, competition, volume and price pressure from import competition, deterioration in the Company's liquidity, disruption in the supply of raw materials, volatility in the costs of raw materials, transportation costs and availability, foreign exchange fluctuations, leverage and restrictive covenants, labour relations, trade actions, dependence on key personnel and skilled workers, intellectual property risks, energy costs, un-insured loss, credit risk, operating risk, relocation of certain production equipment from the Etiwanda operations, management of growth, changes in tax, environmental and other legislation, 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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