



WIRE & WIRE PRODUCTS

ESTABLISHED IN 1964



Consolidated Financial Statements
September 30, 2025

Since 1964, Tree Island Steel has been making products from steel wire for a diverse range of customers for industrial, residential construction, commercial construction and agricultural applications.

Our products include welded wire mesh, fencing, galvanized wire, bright wire, a broad array of fasteners, stucco reinforcing products, and other fabricated wire products. We market these products under the Tree Island®, Halsteel®, TrueSpec®, K-Lath®, TI Wire®, ToughStrand® and ToughPanel® brand names.

Listed on the Toronto Stock Exchange (“TSX”), our shares trade under the symbol TSL.

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INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025 and 2024

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102 “Continuous Disclosure Obligation”, Part 4, Subsection 4.3(3a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated financial statements of Tree Island Steel have been prepared by and are the responsibility of Tree Island Steel’s management.

Tree Island Steel’s independent auditor, KPMG LLP, has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

November 13, 2025

INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(\$'000 unless otherwise stated)</i>		As at September 30,	As at December 31,
	<i>Notes</i>	2025	2024
Cash & cash equivalents	5	2,806	8,697
Accounts receivable	6, 13.1	23,387	24,277
Inventory	7	56,531	51,955
Prepaid expenses		5,014	5,429
Income taxes recoverable		1,674	1,652
Other current assets		678	530
Current assets		90,090	92,540
Property, plant and equipment	8	45,514	46,879
Right of use assets	9.1	18,570	20,422
Income taxes recoverable	14.1	6,795	4,787
Other non-current assets		4,227	4,189
Total assets		165,196	168,817
Senior revolving credit facility	10.1	5,640	-
Accounts payable and accrued liabilities		13,524	16,498
Dividends payable		389	781
Current portion of ROU lease liabilities	9.2	1,508	1,431
Current liabilities		21,061	18,710
ROU Lease liabilities	9.2	23,774	25,522
Other non-current liabilities		169	166
Deferred income tax liabilities		5,557	5,557
Total liabilities		50,561	49,955
Shareholders' equity		114,635	118,862
Total liabilities and shareholders' equity		165,196	168,817

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements

Approved on behalf of Tree Island Steel.

[Signed]

"Amar S. Doman"

Executive Chairman of the Board of Directors

INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

CONSOLIDATED STATEMENTS OF OPERATIONS

<i>(\$'000 unless otherwise stated)</i>		Three Months Ended September 30,		Nine Months Ended September 30,	
	Notes	2025	2024	2025	2024
Revenue	6, 13.1, 20.1	38,724	54,949	136,519	173,256
Freight and distribution costs		(1,885)	(3,335)	(7,151)	(11,103)
Subtotal		36,839	51,614	129,368	162,153
Cost of sales	7	(33,658)	(48,179)	(115,630)	(146,600)
Depreciation	8, 9.1	(1,368)	(1,384)	(4,128)	(4,066)
Gross profit		1,813	2,051	9,610	11,487
Selling, general and administrative expenses		(2,916)	(3,340)	(9,352)	(10,019)
Operating income (loss)		(1,103)	(1,289)	258	1,468
Foreign exchange gain (loss)		(65)	(89)	78	495
Loss on disposition of property, plant and equipment		(47)	-	(92)	-
Other expenses		(350)	(33)	(749)	(44)
Interest income		46	80	97	415
Financing expenses	11	(622)	(659)	(1,674)	(1,787)
Income (loss) before income taxes		(2,141)	(1,990)	(2,082)	547
Income tax (expense) recovery	14.1	-	144	-	(1,158)
Net loss		(2,141)	(1,846)	(2,082)	(611)
Net loss per share	18	(0.08)	(0.07)	(0.08)	(0.02)
Dividends per share		0.015	0.030	0.045	0.090
Weighted average number of shares	18	25,940,614	26,113,570	25,983,920	26,628,953

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

<i>(\$'000 unless otherwise stated)</i>		Three Months Ended September 30,		Nine Months Ended September 30,	
		2025	2024	2025	2024
Net loss		(2,141)	(1,846)	(2,082)	(611)
Unrealized gain (loss) on foreign exchange translation		423	(328)	(717)	592
Comprehensive Loss		(1,718)	(2,174)	(2,799)	(19)

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements

INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<i>(\$'000 unless otherwise stated)</i>	Shareholders' Capital <i>Note 12</i>	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance as at December 31, 2024	215,459	(97,581)	984	118,862
Repurchase of shares	(20)	-	-	(20)
Net loss	-	(13)	-	(13)
Dividends	-	(390)	-	(390)
Other comprehensive loss	-	-	(22)	(22)
Balance as at March 31, 2025	215,439	(97,984)	962	118,417
Repurchase of shares	(133)	-	-	(133)
Net Income	-	71	-	71
Dividends	-	(389)	-	(389)
Other comprehensive loss	-	-	(1,119)	(1,119)
Balance as at June 30, 2025	215,306	(98,302)	(156)	116,848
Repurchase of shares	(106)	-	-	(106)
Net loss	-	(2,141)	-	(2,141)
Dividends	-	(389)	-	(389)
Other comprehensive income	-	-	423	423
Balance as at September 30, 2025	215,200	(100,832)	267	114,635
Balance as at December 31, 2023	218,973	(90,511)	(1,080)	127,382
Repurchase of shares	(92)	-	-	(92)
Net Income	-	625	-	625
Dividends	-	(813)	-	(813)
Other comprehensive income	-	-	656	656
Balance as at March 31, 2024	218,881	(90,699)	(424)	127,758
Repurchase of shares	(3,048)	-	-	(3,048)
Net Income	-	610	-	610
Dividends	-	(784)	-	(784)
Other comprehensive income	-	-	264	264
Balance as at June 30, 2024	215,833	(90,873)	(160)	124,800
Repurchase of shares	(262)	-	-	(262)
Net loss	-	(1,846)	-	(1,846)
Dividends	-	(782)	-	(782)
Other comprehensive loss	-	-	(328)	(328)
Balance as at September 30, 2024	215,571	(93,501)	(488)	121,582

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements

INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$'000 unless otherwise stated)	Notes	Three Months		Nine Months	
		Ended September 30, 2025	2024	Ended September 30, 2025	2024
Net loss		(2,141)	(1,846)	(2,082)	(611)
Depreciation	8, 9.1	1,368	1,384	4,128	4,066
Unrealized foreign exchange (gain) loss on revaluation of lease liability		156	(324)	(183)	479
Loss on disposition of property, plant and equipment		47	-	91	-
Tax reassessment deposit and refundable surtaxes / duties paid		(404)	(1,010)	(2,687)	(3,909)
Change in non-current assets		(739)	-	641	-
Net financing costs		608	578	1,619	1,371
Deferred income tax expense		-	52	-	170
Working capital adjustments					
Accounts receivable		704	3,086	213	(4,591)
Inventories		(2,718)	(3,136)	(4,548)	(2,835)
Accounts payable and accrued liabilities		(2,644)	458	(2,829)	2,626
Prepaid expenses		2,029	444	917	(670)
Income and other taxes		(21)	(195)	(22)	983
Other		116	86	(135)	(38)
Net cash used in operating activities		(3,639)	(423)	(4,877)	(2,959)
Investment income on cash equivalents		43	73	80	389
Property, plant and equipment expenditures		(473)	(155)	(1,721)	(1,569)
Net cash used in investing activities		(430)	(82)	(1,641)	(1,180)
Lease interest paid		(285)	(299)	(882)	(862)
Lease principal payments		(358)	(324)	(1,062)	(937)
Other interest paid		(257)	(319)	(651)	(858)
Deferred financing fees		-	(14)	(43)	(14)
Advance on senior revolving credit facility		4,981	-	5,640	-
Dividend paid		(389)	(784)	(1,560)	(2,411)
Repurchase of common shares		(106)	(258)	(259)	(3,338)
Net cash provided by (used in) financing activities		3,586	(1,998)	1,183	(8,420)
Effect of exchange rate change on cash		98	(79)	(556)	501
Decrease in cash		(385)	(2,582)	(5,891)	(12,057)
Cash and cash equivalents - beginning of period		3,191	10,865	8,697	20,340
Cash and cash equivalents - end of period		2,806	8,283	2,806	8,283

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements

1 NATURE OF BUSINESS

These interim unaudited condensed consolidated financial statements of Tree Island Steel Ltd. ("Tree Island" or the "Company") for nine months ended September 30, 2025 and 2024 were authorized for issue in accordance with a resolution of the Board of Directors on November 13, 2025.

The Company is headquartered at 3933 Boundary Road, Richmond, British Columbia, Canada and the Shares are publicly traded on the Toronto Stock Exchange ("TSX") under the symbol TSL.

2 BASIS OF PREPARATION

2.1 BASIS OF PREPARATION

The interim unaudited condensed consolidated financial statements as at and for the nine months ended September 30, 2025 and 2024 have been prepared in accordance with the IFRS Accounting Standards ("IFRS"). Certain comparative information has been reclassified to conform to the presentation adopted during the year.

These interim unaudited condensed consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments categorized as fair value through profit or loss. In addition, these interim unaudited condensed consolidated financial statements have been prepared using the accrual basis of accounting.

2.2 FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The functional and presentation currency of the Company is the Canadian dollar. All amounts have been rounded to the nearest thousand, except as otherwise indicated. TI Canada's wholly-owned subsidiaries, TIWH and TI USA use the U.S. Dollar as their functional currency.

3 MATERIAL ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The accounting policies, methods of application and critical judgements and estimates used in the preparation of these interim unaudited condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements as at December 31, 2024.

4 FUTURE IFRS STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Tree Island prepares its audited consolidated financial statements in accordance with IFRS standards. At this time, new standards, interpretations or amendments to existing accounting standards are either not applicable or not expected to have a significant impact on Tree Island's consolidated financial statements in the current year.

The International Accounting Standards Board (IASB) has issued IFRS 18, which introduces new requirements related to presentation and disclosure for financial statements. The Company will be assessing the impact of this new standard on its financial reporting.

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, demand deposits, and highly liquid money market mutual fund investments. These investments are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. None of the balances represent restricted funds.

The carrying amount of cash and cash equivalents approximates their fair value due to the short-term nature of these instruments. Information about credit risk is presented in Note 16.1.

The following table presents Tree Island's cash and cash equivalent balances:

	As at September 30, 2025	As at December 31, 2024
Cash	2,641	6,788
Cash equivalents	165	1,909
Total cash and cash equivalents	2,806	8,697

6 REVENUE AND ACCOUNTS RECEIVABLE

For both the sale of goods and contract manufacturing, stated revenue includes freight, where applicable, and is net of early payment discounts and rebates granted. Freight costs, incurred for the purpose of shipping product out to customers, represent flow through costs for the Company and are passed on to the end customer. These recoverable amounts of the costs are included in the Company's top-line revenue. Since these flow through costs can vary significantly, from customer to customer and year to year, changes in revenue may not be indicative of the Company's revenue trends. Therefore, the Company also presents revenue net of freight and distribution costs.

Below is the composition and aging of Tree Island's accounts receivable:

	<u>As at September 30, 2025</u>	<u>As at December 31, 2024</u>
Current	22,994	22,408
Over 30 days past due	800	2,026
Total accounts receivable	23,794	24,434
Allowance for doubtful accounts	(407)	(157)
Net accounts receivable	23,387	24,277

Accounts receivable are non-interest bearing and are generally due on 30-day to 90-day terms. The credit risk that Tree Island was exposed to by way of its accounts receivable is equal to the net amount of \$23.4 million as at September 30, 2025 (\$24.3 million as at December 31, 2024).

At the end of each reporting period a review of the allowance for bad and doubtful accounts is performed. It is an assessment of the expected credit loss associated with trade accounts receivable after the consolidated statement of financial position date. The assessment is made by reference to age, status and risk of each receivable, current economic conditions and historical information. The trade accounts receivable balance is reduced through the use of the allowance for doubtful accounts and the amount of the loss is recognized in the consolidated statement of operations. Reversals to the allowance for doubtful accounts occur when previously allowed for trade accounts receivable are collected. Individual trade accounts receivable, together with any associated allowance previously recognized, are written off when there is no realistic prospect of future recovery. Accounts receivable with related parties are discussed in Note 13.1.

See Note 16.1 on credit risk of trade receivables to understand how credit quality of accounts receivable, that are neither past due nor impaired, are managed and measured.

NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

7 INVENTORIES

Tree Island had the following categories of inventory:

	<u>As at September 30, 2025</u>	<u>As at December 31, 2024</u>
Raw materials	12,227	11,211
Finished and semi-finished products	27,215	24,018
Consumable supplies and spare parts	17,089	16,726
Total inventory	56,531	51,955

For the nine months ended September 30, 2025 and 2024, Tree Island recognized, in income, inventory costs for the following:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2025	2024	2025	2024
Opening inventory	53,813	51,442	51,955	52,071
Material purchases	24,089	36,332	79,350	103,423
Conversion costs	12,287	14,983	40,856	45,684
Closing inventory	(56,531)	(54,578)	(56,531)	(54,578)
Cost of sales	33,658	48,179	115,630	146,600

The reserves for slow moving inventory as at September 30, 2025 were \$1.5 million (\$1.5 million at December 31, 2024).

8 PROPERTY, PLANT AND EQUIPMENT

The carrying value of property, plant and equipment is reviewed each reporting period. For the purposes of testing for impairment, or the reversal of impairment, Tree Island Steel's assets are grouped and tested at the Cash Generating Unit level. Tree Island considers both qualitative and quantitative factors when determining whether an asset may be impaired, or when a reversal of impairment is required. Where the carrying value of the assets is not expected to be recoverable from future cash flows, they are written down to their recoverable amount. Tree Island has noted no indicators of impairment as at September 30, 2025.

From time to time the Company makes investments to update, replace or make additions to existing capital assets, which includes, but is not limited to, the buildings occupied and capital equipment. These investments are part of the normal course of business activity.

The net book value of the Company's property, plant and equipment is detailed below:

	Land & Improvement	Building & Improvement	Machinery & Equipment	Capital in Progress	Total
Cost					
As at December 31, 2023	13,338	47,665	46,544	2,160	109,707
Additions	-	577	3,016	(1,693)	1,900
Disposals	-	-	(27)	-	(27)
Foreign exchange translation	-	364	343	6	713
As at December 31, 2024	13,338	48,606	49,876	473	112,293
Additions	-	-	747	755	1,502
Disposals	-	-	(318)	-	(318)
Foreign exchange translation	-	(146)	(143)	(2)	(291)
As at September 30, 2025	13,338	48,460	50,162	1,226	113,186
Depreciation and impairment					
As at December 31, 2023	-	35,272	26,143	-	61,415
Depreciation	-	1,376	2,246	-	3,622
Disposals	-	-	(27)	-	(27)
Foreign exchange translation	-	152	252	-	404
As at December 31, 2024	-	36,800	28,614	-	65,414
Depreciation	-	1,031	1,654	-	2,685
Disposals	-	-	(258)	-	(258)
Foreign exchange translation	-	(66)	(103)	-	(169)
As at September 30, 2025	-	37,765	29,907	-	67,672
Net book value as at					
December 31, 2024	13,338	11,806	21,262	473	46,879
September 30, 2025	13,338	10,695	20,255	1,226	45,514

NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

9 LEASES

Below is a table of the carrying amounts of Tree Island’s right-of-use assets and lease liabilities and the related movements during the period:

9.1 RIGHT OF USE ASSETS

	Land & buildings	Machinery & equipment	Total right-of-use assets
Cost			
As at December 31, 2023	24,405	2,550	26,955
Additions	1,492	938	2,430
Disposals	(443)	(1,212)	(1,655)
Foreign exchange translation	2,117	47	2,164
As at December 31, 2024	27,571	2,323	29,894
Additions	-	190	190
Disposals	-	(173)	(173)
Foreign exchange translation	(851)	(18)	(869)
As at September 30, 2025	26,720	2,322	29,042
Depreciation and impairment			
As at December 31, 2023	(7,150)	(1,460)	(8,610)
Depreciation	(1,428)	(422)	(1,850)
Disposals	443	1,212	1,655
Foreign exchange translation	(648)	(19)	(667)
As at December 31, 2024	(8,783)	(689)	(9,472)
Depreciation	(1,103)	(341)	(1,444)
Disposals	-	159	159
Foreign exchange translation	278	7	285
As at September 30, 2025	(9,608)	(864)	(10,472)
Carrying value as at:			
December 31, 2024	18,788	1,634	20,422
September 30, 2025	17,112	1,458	18,570

NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

9.2 LEASE LIABILITY

	Land & buildings	Machinery & equipment	Total lease liabilities
Lease liability			
As at December 31, 2023	22,679	1,117	23,796
New contracts and renewals	1,492	938	2,431
Interest expense	1,069	97	1,165
Payment of lease liability	(1,952)	(488)	(2,439)
Foreign exchange translation	1,973	26	1,999
Lease liability as at December 31, 2024	25,261	1,692	26,953
New contracts and renewals	-	190	190
Contract disposal	-	(14)	(14)
Interest expense	801	81	882
Payment of lease liability	(1,546)	(398)	(1,944)
Foreign exchange translation	(783)	(2)	(785)
As at September 30, 2025	23,733	1,549	25,282
Less: current portion	(1,098)	(410)	(1,508)
Total As at September 30, 2025	22,635	1,139	23,774

10 SENIOR CREDIT FACILITY

The Company's senior secured committed banking facility with current lender Wells Fargo Capital Finance Corporation Canada ("WellsFargo") matures on July 1, 2026 and is comprised of:

- \$25.0 million of Senior Revolving Credit facility; and
- \$10.0 million of Senior Term facility.

10.1 SENIOR REVOLVING CREDIT FACILITY

The Senior Credit Facility is secured by a first charge over the Company's assets supported by the appropriate guarantees and pledges and assignments, and requires that certain covenants be met by Tree Island. The Senior Credit Facility has defined covenants, the primary one being that a certain amount of credit availability be maintained. Only if this amount falls below a certain threshold, then other covenants, which include a defined fixed charge coverage ratio, are tested. In addition, there are other restrictive covenants that limit the discretion of management with respect to certain business matters.

The Senior Credit Facility includes a \$5.0 million Letter of Credit sub-facility which enables TI Canada and TI USA to open documentary and standby letters of credit. There was a \$4.1 million Letter of Credit outstanding as at September 30, 2025.

NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

The amount available under the revolving portion of the Senior Credit Facility is limited to the amount of the calculated borrowing base as prescribed in the Senior Credit Facility, less issued Letters of Credit.

Interest payable on funds borrowed in Canadian or U.S. currency is at variable rates. The following amounts are outstanding under the Senior Revolving Credit portion of the Senior Credit Facility:

	As at September 30, 2025	As at December 31, 2024
Revolving portion of the senior credit facility	5,640	-
Deferred financing costs	(66)	(76)
Total	5,574	(76)

Deferred financing costs are included in other non-current assets on the consolidated statement of financial position.

The Senior Credit Facility has financial tests and other covenants with which the Company and its subsidiaries must comply, the primary one being based on the remaining funds within the senior credit facility that is available (“Availability Test”). Only if the Availability Test falls below a certain threshold then other covenants, which include a rolling four quarters defined fixed charge coverage ratio of 1:1, are tested. As well, the Senior Credit Facility contains restrictive covenants that limit the discretion of the Company’s management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Company’s operating subsidiaries to incur additional indebtedness, to create liens or other encumbrances, or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity.

As at September 30, 2025, the Company was in compliance with its financial covenants on the Senior Credit Facility.

10.2 SENIOR TERM FACILITY

Under the terms of the Senior Term Facility, the Company has designated portions up to a total of \$10 million denominated in either Canadian or U.S. dollars. There is no balance outstanding as of September 30, 2025.

11 FINANCING EXPENSES

	<i>Notes</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
		2025	2024	2025	2024
Interest and fees on senior credit facility	<i>10.1</i>	140	3	225	10
Interest on lease liability		285	299	882	863
Other interest and financing costs		175	345	515	880
Amortization of deferred financing costs		22	12	52	34
Total		622	659	1,674	1,787

12 SHAREHOLDERS' CAPITAL

Tree Island is authorized to issue an unlimited number of common shares with no par value.

Shares issued and outstanding are as follows:

	Shares	Gross	Issuance Cost	Net
Shareholders' capital - December 31, 2023	27,127,426	230,373	11,400	218,973
Repurchase of common shares	(1,109,560)	(3,514)	-	(3,514)
Shareholders' capital - December 31, 2024	26,017,866	226,859	11,400	215,459
Repurchase of common shares	(101,509)	(259)	-	(259)
Shareholders' capital - September 30, 2025	25,916,357	226,600	11,400	215,200

12.1 NORMAL COURSE ISSUER BID

The Company has an ongoing normal course issuer bid (the "Bid"). The Company has renewed its Bid, effective November 12, 2025 to November 11, 2026. The renewed Bid allows the Company to purchase up to 1,290,000 Shares over the term. Tree Island has no obligation to purchase any Shares under the Bid.

For the period January 1, 2025 to September 30, 2025 the Company cancelled 101,509 Shares purchased under the Bid at a total cost of \$259 thousand (at an average price of \$2.55 per Share).

13 RELATED PARTY TRANSACTIONS

13.1 TRANSACTIONS WITH ASSOCIATED COMPANIES

The Futura Corporation ("Futura") is considered to be a related party to the Company because of its share ownership interest and the fact that Mr. Doman, the sole shareholder and president of Futura, sits on the Board of Directors.

Based on Tree Island Steel's outstanding Shares as at September 30, 2025, Futura owns 38.0% of the fully diluted Shares of the Company.

In addition, Mr. Doman is Chairman and CEO of Doman Building Materials Group Ltd. ("DBM"). For the three and nine months ended September 30, 2025, Tree Island sold, net of rebates, approximately \$0.4 million and \$1.5 million (\$0.4 million and \$1.6 million in 2024) of goods to DBM and trade accounts receivable owing from DBM as at September 30, 2025 is approximately \$127 thousand (\$107 thousand in 2024). Outstanding trade accounts receivable from DBM at period end are unsecured, interest free and settlement occurs in cash (Note 6).

NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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13.2 TRANSACTION WITH KEY MANAGEMENT PERSONNEL

Included in the definition of key management for purposes of disclosure of related party transactions are members of Board of Directors and officers of Tree Island Steel. Amounts for key management personnel for the three and nine months ended September 30, 2025 were approximately \$0.2 million and \$0.7 million (\$0.3 million and \$0.9 million in 2024) which includes wages, salaries and retirement contributions, paid annual and sick leave, vehicle costs and also includes directors' fees paid to members of the Board.

14 INCOME TAXES

14.1 INCOME TAX EXPENSE

The income tax expense is divided between current and deferred taxes as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Current tax (expense) recovery	-	196	-	(988)
Deferred tax expense	-	(52)	-	(170)
Total in the Consolidated Statement of Operations	-	144	-	(1,158)

To appeal the reassessments, TII Canada has paid 50% of the Tax Amount as a deposit to the Canada Revenue Agency and Alberta Tax and Revenue Administration. Included in the Income Tax Recoverable amount on the Statement of Financial Position non-current section is a deposit amount of \$6.8 million paid as of September 30, 2025.

15 FINANCIAL INSTRUMENTS

15.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

Tree Island records certain of its financial instruments at fair value using various techniques. These include estimates of fair values based on prevailing market rates (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal or external valuation models, such as discounted cash flow analysis and option pricing models, using, to the extent possible, observable market-based inputs.

The fair values of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash, cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term nature of these instruments;
- Fair value of the forward exchange forward contracts is estimated using observable foreign exchange spot and forward rates. The Company does not consider interest rates or the credit quality of counterparties as significant inputs to the valuation; and
- Fair value on the Company's lease liabilities are based on estimated market interest rate on similar borrowings. The carrying value of the lease liabilities approximates fair value as the interest rates approximate market.

	As at September 30, 2025		As at December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	2,641	2,641	6,788	6,788
Cash equivalents	165	165	1,909	1,909
Accounts receivable	23,387	23,387	24,277	24,277
Tax reassessment, duties and tariffs receivable	8,990	8,990	6,353	6,353
Total financial assets	35,183	35,183	39,328	39,328
Senior revolving credit facility	5,640	5,640	-	-
Accounts payable, accrued & other current liabilities	13,524	13,524	16,498	16,498
Lease liabilities	25,282	25,282	26,953	26,953
Total financial liabilities	44,446	44,446	43,451	43,451

15.2 FAIR VALUE HIERARCHY

The financial instruments have been categorized on a fair value hierarchy based on whether the inputs to those valuation techniques are observable (inputs reflect market data obtained from independent sources) or unobservable (inputs reflect the Company's market assumptions).

The three levels of fair value estimation are:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The only financial estimates carried at fair value are commodity purchase derivatives, which are level 2 financial instruments. As of September 30, 2025, the Company did not hold any of these financial instruments.

16 RISK EXPOSURE AND MANAGEMENT

Tree Island is exposed to various risks associated with its financial instruments. These risks are categorized as credit risk, liquidity risk and market risk.

16.1 CREDIT RISK

Credit risk consists of credit losses arising in the event of non-payment of accounts receivable of customer accounts. However, the credit risk is minimized through selling to well-established customers of high-credit quality. The credit worthiness of customers is assessed using credit scores supplied by a third party and through direct monitoring of their financial well-being on a continual basis. Management establishes guidelines for customer credit and appropriate precautions are taken to manage credit risk. Provisions for potential credit losses (allowance for doubtful accounts) are maintained and any such losses to date have been within management's expectations. Cash is held by financial institutions with a superior-quality credit rating and as a result, Tree Island considers that the risk of non-performance of such instruments is negligible.

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16.2 LIQUIDITY RISK

Liquidity arises from our financial obligations and in the management of our assets, liabilities and capital structure. This risk is managed by regular evaluation of our liquid financial resources to fund current and long-term obligations and to meet its capital commitments in a cost-effective manner.

The main factors that affect liquidity include realized sales prices, production levels, cash production costs, working capital requirements, future capital expenditure requirements, scheduled payments on financial liabilities and lease obligations, credit capacity and expected future debt and equity capital market conditions.

Liquidity requirements are met through a variety of sources including cash balances on hand, cash generated from operations, existing credit facilities, and debt and equity capital markets. Management monitors and manages liquidity risk by preparing annual budgets, monthly projections to the end of the fiscal year and regular monitoring of financial liabilities against the constraints of the available revolving credit facilities.

The table below summarizes the future undiscounted contractual cash flow requirements for financial liabilities (including scheduled interest payments on interest bearing liabilities) as at September 30, 2025.

	Carrying Amount	Contractual Cash Flow	Less Than 1 Year	1 - 2 Years	Greater Than 2 Years
Senior revolving credit facility	5,640	5,640	5,640	-	-
Accounts payable, accrued and other liabilities	13,524	13,524	13,524	-	-
Lease liability	25,282	35,533	2,609	2,367	30,557
As at September 30, 2025	44,446	54,697	21,773	2,367	30,557
Accounts payable, accrued and other liabilities	16,498	16,498	16,498	-	-
Lease liability	26,953	38,435	2,619	2,640	33,176
As at December 31, 2024	43,451	54,933	19,117	2,640	33,176

16.3 FOREIGN CURRENCY RISK

Tree Island's U.S. dollar-denominated cash, accounts receivable, accounts payable and accrued liabilities and Senior Credit Facility are exposed to foreign currency exchange rate risk because the value of these financial instruments will fluctuate with the changes in the U.S./Canadian dollar exchange rate. The Company enters into U.S. dollar currency forward contracts for periods consistent with a portion of U.S. dollar currency transaction exposures, generally from one to three months. These are not designated as cash flow, fair value or net investment hedges. As of September 30, 2025, the Company had no outstanding U.S. dollar currency forward contracts.

For the nine months ended September 30, 2025, a \$0.01 increase (decrease) in the Canadian dollar to U.S. dollar exchange rate would have increased (decreased) net comprehensive income by \$0.1 million.

NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

16.4 INTEREST RATE RISK

Tree Island is exposed to interest rate risk on its Senior Revolving Credit Facility. Interest payable on the funds advanced under the Senior Credit Facility are based on Canadian Overnight Repo Rate Average (CORRA) for Canadian dollar borrowings and Secured Overnight Financing Rate (SOFR) for U.S. dollar borrowings.

A one percent increase in the interest rates charged on the Senior Revolving Credit Facility would have a minimal effect. Tree Island does not use derivative instruments to manage the interest rate risk.

16.5 RAW MATERIAL PRICE RISK

Tree Island is exposed to changes in the price of the materials used in its production process and, from time to time, enters into forward contracts to purchase a portion of the zinc used. These are not designated as cash flow or fair value hedges. As at September 30, 2025, the Company had no outstanding zinc forward contracts.

17 MANAGEMENT OF CAPITAL

The Company's objectives when managing its capital are:

- To maintain a capital base so as to preserve and enhance investor, creditor, and market confidence and to sustain viability and future development of the business; and
- To manage capital in a manner that will comply with the financial covenants on the Senior Credit Facility and Senior Term Loan agreements as described further in Notes 10.1 and 10.2.

The Company manages the capital structure in accordance with these objectives, with considerations given to changes in economic conditions and the risk characteristics of the underlying assets in particular, by closely monitoring cash flows and compliance with external debt covenants. The table below is what management considers capital:

	As at September 30, 2025	As at December 31, 2024
Total shareholders' equity	114,635	118,862
Senior revolving credit facility	5,640	-
Lease liabilities	25,282	26,953
Total capital	145,557	145,815

18 NET LOSS PER SHARE

Basic earnings (loss) per Share amount is calculated by dividing net income (loss) for the year by the weighted average number of Shares outstanding during the year.

Diluted earnings per Share amount is calculated by dividing the net income for the year by the weighted average number of Shares outstanding during the year plus the weighted average number of Shares that would be issued on conversion of all the dilutive potential units into Shares. As at September 30, 2025, the Company does not have any instruments issued that could be dilutive.

The following reflects the loss and Share data used in the earnings per Share computations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net loss	(2,141)	(1,846)	(2,082)	(611)
Weighted average number of shares outstanding:	25,940,614	26,113,570	25,983,920	26,628,953
Net loss per share (\$/share)	(0.08)	(0.07)	(0.08)	(0.02)

19 PROVISIONS AND COMMITMENTS

19.1 CRA REASSESSMENT NOTICE

TI Canada received Notices of Reassessment (NORs) from the Minister of National Revenue under the Income Tax Act (Canada) and from Alberta Corporate Tax Act for the tax years 2015 through 2018. These NORs indicate that the tax liability, including interest, for the 2015 to 2018 taxation years is approximately \$11.8 million (the "Tax Amount") under the NORs and approximately \$680,000 under the Alberta NORs. The Company disagrees with the disallowance of the bad debt deductions and capital losses and has contested the NORs and the Alberta NORs by filing notices of objection to start the appeals process and paying 50% of the Tax Amount as a deposit. Should TI Canada be successful in defending some or all of its tax filing position, any amounts paid to the CRA and TRA in relation to the Tax Amount in respect of which such defence was successful will be payable to the Company by the CRA and TRA with interest. If TI Canada is not successful, then any remaining federal or provincial taxes payable plus interest would have to be remitted by TI Canada, less the amounts already submitted to the CRA and TRA under the payment plan. There can be no assurance regarding the outcome of the appeals process or when a resolution may be reached. The Company has not recorded accruals in connection with the NORs or the Alberta NORs. See financial statement note 14.1.

NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

19.2 DUTIES ON CERTAIN US WIRE EXPORTS

The Company has been advised that certain shipments of wire produced in Canada and then subsequently sold to the U.S. from 2019 onwards should be subject to unpaid U.S. duties. The Company disagrees and is appealing the matter.

19.3 LITIGATION AND CLAIMS

From time to time Tree Island is party to certain legal actions and claims. In the period there are no known claims, other than as disclosed in Note 19.1 and 19.2 which individually, or in the aggregate, is expected to have a material adverse effect on its financial position, consolidated statement of operations or cash flows.

19.4 PURCHASE COMMITMENTS

As at September 30, 2025, Tree Island's wholly owned subsidiaries have committed to production material purchases (including finished goods), totalling \$11.8 million (\$27.3 million in 2024).

20 SEGMENTED INFORMATION

20.1 MARKET SEGMENTS

Revenues, net of freight and distribution costs, for each group for the three and nine months ended September 30, 2025 and 2024 were as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Industrial	10,202	20,454	40,525	59,510
Commercial	11,854	13,054	38,924	38,961
Agricultural	4,078	4,626	18,817	22,460
Residential	10,705	13,480	31,102	41,222
Total revenue, net of freight and distribution costs	36,839	51,614	129,368	162,153

Tree Island operates primarily within one industry, the steel wire products industry, with no separately reportable operating segments. Tree Island groups its products into the following: Industrial, Commercial Construction, Agricultural and Residential Construction. For the nine months ended September 30, 2025, one customer in the Commercial Construction group generated revenue of \$14.2 million, representing approximately 10% of the total gross revenue.

NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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20.2 GEOGRAPHIC SEGMENTS

The products are sold primarily to customers in the United States and Canada and are attributed to geographic areas based on the location of customers:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2025	2024	2025	2024
United States	15,316	31,541	60,309	95,459
Canada	20,795	19,424	66,459	64,227
International	728	649	2,600	2,467
Total revenue, net of freight and distribution costs	36,839	51,614	129,368	162,153

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets and other non-current assets. These assets are attributed to geographic areas based on the locations of the subsidiary Company owning the assets.

	As at September 30,		As at December 31,	
	2025		2024	
United States		20,782		22,446
Canada		54,324		53,830
Total non-current assets		75,106		76,276

21 TRADE EVENTS

21.1 U.S. AND CANADIAN TARIFFS

With the evolving U.S. and Canada tariff environment, the Company continues to adjust its sales, operations and sourcing strategies.

21.2 ANTI-DUMPING INVESTIGATION ON WIRE IMPORTED FROM CERTAIN COUNTRIES INTO CANADA

On April 22, 2025, Canada Border Services Agency (“CBSA”) initiated an investigation regarding the alleged dumping of carbon and alloy steel wire originating in or exported from the People’s Republic of China, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, the Republic of India, the Italian Republic, the Federation of Malaysia, the Portuguese Republic, the Kingdom of Spain, the Kingdom of Thailand, the Republic of Türkiye, and the Socialist Republic of Vietnam. As one of the primary Canadian producers of carbon steel wire, the Company is a supporter of this case.

On September 4, 2025, The CBSA issued a preliminary duty rates for all ten countries. Those duty rates range from 3.5% to 138.6%, depending on the country and exporter. The formal investigation continues, and a final determination is expected in early 2026.

SHAREHOLDER INFORMATION

TREE ISLAND STEEL

Board of Directors:

Amar S. Doman –
Executive Chairman of
the Board
Peter Bull
Sam Fleiser
Joe Downes

Executive Officers:

Nancy Davies
Chief Operating Officer

Brian Liu
*Vice President, Finance
and CFO*

Shares:

Market Information

Tree Island Steel is listed on
the Toronto Stock Exchange
trading symbol: TSL.

Registrar and Transfer Agent

Computershare Investor
Services Inc.

Corporate Head Office:

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Richmond, B.C.
Canada, V6V 1T8

Website:

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Investor Relations:

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(416)-962-3300
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Auditors:

KPMG LLP Vancouver, B.C.

