



North America

**To: USW Bargaining Unit Employees**

**Date: November 8, 2023**

**Re: Profit Sharing Plan**

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### **3<sup>rd</sup> Quarter Results**

Our financial performance for the third quarter of 2023 resulted in profit-sharing payments for employees under the plan. The payout will be a **\$1.55 per eligible hour** bonus payment for qualifying employees deposited into your bank account by November 14, 2023.

Our financial performance for the quarter was impacted by an increase in 3rd party sales volume, lower average selling prices and favorable foreign exchange adjustment impact for the quarterly profit-sharing plan calculation.

OCTG and line pipe sales volume slightly increased compared to the previous quarter; however, it was lower than the first quarter volume mainly due to the continued impact of imported pipe on the ground in Canada at a much lower price and distributors' concerns regarding their inventory carrying cost due to higher borrowing costs, therefore, reducing their orders for the third quarter to manage their inventory levels. Regina steel third-party shipment slightly increased, offset by a reduction in Portland slab shipment because of softening in the flat market.

Overall, average selling prices were lower for the quarter for both flat and OCTG products. Regina Tubular's 24" and spiral mills remained idle, and we ran at reduced crewing levels at some of our production facilities in Alberta.

### **Looking Forward**

We must continue to focus on improving our safety performance, stopping unsafe work, and reporting all near misses; doing these will help us have a better safety performance.

The flat products market is showing signs of softening, and as a result, we are seeing lower slab shipments to Portland in the fourth quarter. We plan to substitute the lower slab shipment with OCTG volume from our Tubular mills and third-party sales out of Regina Steel.

We must continue to control operational performance with a focus on the quality of our products, controlling costs, and delivering on our commitments to our customers.

Thank you,

A handwritten signature in blue ink, appearing to read "Michael Yeats".

Michael Yeats,  
Senior Vice President, Canada Business Unit