Second Quarter
June 30, 2024

Russel Metals

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying condensed consolidated financial statements and Management's Discussion and Analysis of Financial Condition have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

These condensed consolidated financial statements were prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board, and, where appropriate, reflect management's best estimates and judgements. Management is responsible for the accuracy, integrity and objectivity of the condensed consolidated financial statements and Management's Discussion and Analysis of Financial Condition within reasonable limits of materiality.

To assist management in the discharge of these responsibilities, the Company has developed, documented and maintained a system of internal controls in order to provide reasonable assurance that its assets are safeguarded; that only valid and authorized transactions are executed; and that accurate, timely and comprehensive financial information is prepared in accordance with International Financial Reporting Standards. In addition, the Company has developed and maintained a system of disclosure controls in order to provide reasonable assurance that the financial information is relevant, reliable and accurate.

The Company's Audit Committee is appointed annually by the Board of Directors. The Audit Committee, which is composed entirely of outside directors, meets with management to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the condensed consolidated financial statements and the Management's Discussion and Analysis of Financial Condition. The Audit Committee reports its findings to the Board of Directors for consideration in approving the condensed consolidated financial statements and the Management's Discussion and Analysis of Financial Condition for presentation to the shareholders.

July 31, 2024

/s/ J. G. Reid
President and
Chief Executive Officer

/s/ M. L. Juravsky
Executive Vice President and
Chief Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2024

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Russel Metals Inc. and its subsidiaries provides information to assist readers of, and should be read in conjunction with, the condensed consolidated financial statements for the six months ended June 30, 2024, including the notes thereto, and the MD&A and the audited consolidated financial statements for the year ended December 31, 2023, including the notes thereto. In the opinion of management, such condensed consolidated financial statements contain all adjustments necessary for a fair presentation of the results for such periods. The results of operations for the periods shown are not necessarily indicative of what our results will be for the full year. All dollar references in our financial statements and in this report are in Canadian dollars unless otherwise stated.

Additional information related to Russel Metals Inc., including our Annual Information Form, may be obtained from SEDAR+ at www.sedarplus.ca or on our website at www.russelmetals.com.

Unless otherwise stated, the discussion and analysis contained in this MD&A are as of July 31, 2024.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements or information within the meaning of applicable securities laws, including statements as to our future capital expenditures, our outlook, the availability of future financing and our ability to pay dividends. Forward-looking statements relate to future events or our future performance. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by us, inherently involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including the factors described below.

We are subject to a number of risks and uncertainties which could have a material adverse effect on our future profitability and financial position, including the risks and uncertainties listed below, which are important factors in our business and the metals distribution industry. Such risks and uncertainties include, but are not limited to: volatility in metal prices; cyclicality of the metals industry; future acquisitions; facilities modernization; volatility in the energy industry; product claims; significant competition; sources of supply and supply chain disruptions; manufacturers selling directly; material substitution; failure of our key computer-based systems; cybersecurity; credit risk; currency exchange risk; restrictive debt covenants; goodwill or long-term asset impairments; the unexpected loss of key individuals; decentralized operating structure; labour interruptions; laws and governmental regulations; litigious environment; environmental liabilities; climate change; carbon emissions; health and safety laws and regulations; geopolitical risk and common share risk.

While we believe that the expectations reflected in our forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct, and our forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A and, except as required by law, we do not assume any obligation to update our forward-looking statements. Our actual results could differ materially from those anticipated in our forward-looking statements including as a result of the risk factors described above and under the heading "Risk" later in this MD&A, and under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form and as otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR+ at www.sedarplus.ca.

NON-GAAP MEASURES AND RATIOS

This MD&A includes a number of measures that are not prescribed by IFRS Accounting Standards ("IFRS" or "GAAP") and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and other interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. Investors may find these non-GAAP measures, which include non-GAAP financial measures and non-GAAP ratios as defined in *National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure*, useful in understanding how management views underlying business performance.

These measures and ratios are defined below and include EBIT, EBITDA, liquidity and inventory turns. We believe that these may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital. The items excluded in determining EBIT and EBITDA are significant in assessing operating results and liquidity. EBIT, EBITDA and free cash flow should not be considered in isolation or as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP. A reconciliation of EBITDA to net income in accordance with GAAP is found below.

Cash from Working Capital - represents cash generated from changes in non-cash working capital.
EBIT or Operating Profits - represents net earnings before interest and income taxes.
EBITDA - represents net earnings before interest, income taxes, depreciation and amortization.
Free Cash Flow - represents cash from operating activities before changes in non-cash working capital less capital expenditures.
Gross Margin - represents revenues less cost of sales.
Gross Margin Percentage - represents gross margin divided by revenues.
Inventory Turns - represents annualized cost of sales divided by ending inventory.
Liquidity - represents cash on hand less bank indebtedness plus excess availability under our bank credit facility.
Selling Price per Ton - represents revenues divided by tons shipped.
Tons Shipped - represents revenue volumes in our standardized metal service center unit of measure, which is imperial tons.
Return on Invested Capital - represents EBIT divided by average invested capital (net debt plus shareholders' equity).

RECONCILIATION OF THE NET EARNINGS TO EBITDA

The following table provides a reconciliation of net earnings for the three and six months ended June 30, 2024, and 2023 and March 31, 2024, to EBITDA.

	Three Months Ended			Six Months Ended	
($ millions except per share data)	Jun 30 2024	Mar 31 2024	Jun 30 2023	Jun 30 2024	Jun 30 2023
Net earnings	$ 49.9	$ 49.7	$ 85.0	$ 99.6	$ 158.9
Provision for income taxes	16.9	16.7	26.9	33.6	49.2
Interest (income) expense, net	1.4	(0.1)	2.8	1.3	6.6
EBIT [1]	68.2	66.3	114.7	134.5	214.7
Depreciation and amortization	17.6	17.7	16.7	35.3	33.1
EBITDA [1]	$ 85.8	$ 84.0	$ 131.4	$ 169.8	$ 247.8
Basic earnings per share	$ 0.84	$ 0.82	$ 1.37	$ 1.66	$ 2.56

QUARTERLY FINANCIAL HIGHLIGHTS

(for the quarters ended)	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023	Dec 31 2022	Sep 30 2022
Revenues *($ millions)*	$ 1,072	$ 1,061	$ 1,019	$1,110	$ 1,189	$ 1,187	$ 1,100	$1,270
EBITDA [1] *($ millions)*	86	84	82	96	131	116	97	140
Net earnings *($ millions)*	50	50	47	61	85	74	58	91
Basic earnings per share *($)*	0.84	0.82	0.78	0.99	1.37	1.19	0.93	1.45

[1] Refer to Non-GAAP Measures and Ratios and Adjusted Non-GAAP Measures on page 3

OVERVIEW OF THE 2024 SECOND QUARTER

Our earnings per share of $0.84 for the quarter ended June 30, 2024, was higher than the $0.82 recorded in the 2024 first quarter but lower than the $1.37 per share recorded in the second quarter of 2023. For the six months ended June 30, 2024, our earnings per share of $1.66 compared to $2.56 for the same period in 2023. Revenues of $1.1 billion were consistent with the 2024 first quarter and lower than the $1.2 billion experienced in second quarter of 2023. Our gross margins of 21.0% compared to 22.4% in the 2024 first quarter and 23.1% in the same quarter of 2023.

Our EBITDA for the quarter was $86 million compared to $84 million in the first quarter of 2024 and $131 million in the same quarter of 2023. EBITDA in the second quarter of 2024 was negatively impacted by $1 million in non-recurring expenses relating to the announced acquisition from Samuel, Son & Co., Limited ("Samuel") and positively impacted by an $8 million expense recovery related to the non-cash mark-to-market on our stock-based compensation.

Market Conditions

The average price for hot rolled coil and plate decreased by 17% and 12%, respectively, in the second quarter of 2024 as compared to the first quarter of 2024. By contrast, our metals service centers only experienced a 4% reduction in its average selling prices for the second quarter of 2024 as compared to the first quarter of 2024. We shipped 2% higher volumes in the second quarter of 2024 as compared to the first quarter of 2024, due to slightly higher demand. Our energy field stores have reported consistent revenues over the past several quarters as a reflection of steady business activity.

Capital Investment Growth Initiatives

On June 4, 2024, we announced that we had received regulatory clearance to proceed with our previously announced transaction with Samuel, whereby we agreed to acquire five of their service center locations in Western Canada and two of their locations in the Northeastern United States. We expect this transaction to close in the 2024 third quarter. At the time of the acquisition announcement, we had a plan to substantially reduce the capital invested in the business in order to achieve our target return on capital. In the period since the acquisition announcement, Samuel's inventory position has declined by approximately $40 million between September 30, 2023 and June 30, 2024. As a result, our purchase price will be adjusted on a dollar-for-dollar basis for the change in working capital.

In the 2024 second quarter, we made capital expenditure investments of $24 million and for the six months ended June 30, 2024, we invested $48 million. To date, our capital expenditures included metals service center facility modernizations of: (i) $11 million for our greenfield facility in Saskatoon (Saskatchewan) that is scheduled to open in the fall of 2024; (ii) $7 million for the expansion of our Texarkana (Texas) facility that is scheduled to be complete in the 2024 fourth quarter, and (iii) $7 million for the expansions of our locations in Joplin, Missouri and Little Rock, Arkansas to be complete in the 2024 fourth quarter.

Returning Capital to Shareholders

We have adopted a flexible approach to returning capital to shareholders through: (i) our ongoing dividend; and (ii) opportunistic share buy backs.

In May 2024, we announced a 5% increase in our quarterly dividend from $0.40 to $0.42 per share and in the 2024 second quarter, we paid dividends of $25 million. We have declared a dividend of $0.42 per share, payable on September 16, 2024, to shareholders of record at the close of business on August 28, 2024.

In August 2023, we renewed our normal course issuer bid to purchase for cancellation up to 6.1 million of our common shares over 12 months. In the 2024 second quarter, we purchased and cancelled 1.5 million common shares at an average price per share of $38.08 for total consideration of $56 million (excluding the impact of the recently enacted 2% federal tax on share repurchases). In the period since the August 2022 normal course issuer bid was established, we purchased approximately 5 million common shares, which represents approximately 8% of our then outstanding shares, at an average price per share of $36.31 for total consideration of $180 million. In August 2024, we intend to renew our normal course issuer bid, subject to approval from the Toronto Stock Exchange, to purchase for cancellation up to approximately 5.8 million of our common shares representing 10% of our public float over a 12-month period.

Liquidity and Capital Structure

During the 2024 second quarter, we generated $69 million of cash from operating activities and ended the quarter with total available Liquidity of $768 million.

On May 2, 2024, we redeemed the $150 million 6% senior unsecured notes at par plus accrued and unpaid interest. This redemption will reduce our interest expense while maintaining strong ongoing liquidity.

On July 15, 2024, we entered into a new credit facility with an extended term. The new credit facility's total availability increased by $150 million to $600 million, is unsecured with no borrowing base restrictions and includes more flexible investment grade type financial covenants.

The new bank structure, in combination with the recent redemption of the $150 million 6% senior unsecured notes and the flexibility that we will have to par call the remaining $150 million of our legacy term notes in October 2024, will provide us with greater flexibility as we continue with our growth initiatives.

RESULTS OF OPERATIONS

We are one of the largest metals distribution companies in North America. We conduct business primarily in three segments: metals service centers, energy field stores and steel distributors.

The following table provides segment information including revenues, gross margins and earnings before interest and income taxes. The corporate expenses included are not allocated to specific operating segments. Gross margins as a percentage of revenues for the operating segments are also shown below. The table shows the segments as they are reported to management and are consistent with the segment reporting in our condensed consolidated financial statements.

	Three Months Ended			Six Months Ended	
($ millions, except percentages)	Jun 30 2024	Mar 31 2024	Jun 30 2023	Jun 30 2024	Jun 30 2023
Segment Revenues					
Metals service centers	$ 713.0	$ 723.6	$ 820.1	$ 1,436.6	$ 1,627.0
Energy field stores	250.8	247.1	249.0	497.9	501.1
Steel distributors	100.4	90.1	115.6	190.5	243.0
Other	7.3	0.3	4.9	7.6	5.2
	$ 1,071.5	$ 1,061.1	$ 1,189.6	$ 2,132.6	$ 2,376.3
Segment Gross Margins [1]					
Metals service centers	$ 138.9	$ 154.8	$ 178.1	$ 293.7	$ 342.4
Energy field stores	62.1	63.4	66.3	125.5	134.4
Steel distributors	17.1	19.4	26.1	36.5	53.7
Other	7.3	0.3	4.9	7.6	5.2
Total operations	$ 225.4	$ 237.9	$ 275.4	$ 463.3	$ 535.7
Segment Operating Profits and EBIT [1]					
Metals service centers	$ 33.4	$ 43.8	$ 71.2	$ 77.2	$ 128.8
Energy field stores	21.9	22.7	28.0	44.6	57.4
Steel distributors	8.7	10.5	17.4	19.2	35.4
Corporate expenses	(0.3)	(8.9)	(11.5)	(9.2)	(23.7)
Other	4.5	(1.8)	3.1	2.7	1.4
Earnings from joint venture	-	-	6.5	-	15.4
Earnings before interest and income taxes	$ 68.2	$ 66.3	$ 114.7	$ 134.5	$ 214.7
Segment Gross Margin as a % of Revenues [1]					
Metals service centers	19.5%	21.4%	21.7%	20.4%	21.0%
Energy field stores	24.8%	25.7%	26.6%	25.2%	26.8%
Steel distributors	17.0%	21.6%	22.5%	19.2%	22.1%
Total operations	21.0%	22.4%	23.1%	21.7%	22.5%
Segment Operating Profit and EBIT as a % of Revenues [1]					
Metals service centers	4.7%	6.1%	8.7%	5.4%	7.9%
Energy field stores	8.7%	9.2%	11.2%	9.0%	11.5%
Steel distributors	8.8%	11.7%	15.0%	10.1%	14.6%
Total operations	6.4%	6.2%	9.6%	6.3%	9.0%

Results of our U.S. operations reported for the six months ended June 30, 2024, were converted at $1.3586 per US$1 compared to $1.3475 per US$1 for the six months ended June 30, 2023. Our U.S. operations represented approximately 40% of our total revenues. The exchange rate on June 30, 2024, used to translate the balance sheet was $1.3687 per US$1 versus $1.3226 per US$1 on December 31, 2023.

[1] Refer to Non-GAAP Measures and Ratios and Adjusted Non-GAAP Measures on page 3

METALS SERVICE CENTERS

a) Description of operations

We provide processing and distribution services to a broad base of approximately 34,000 end users through a network of 46 Canadian locations and 23 U.S. locations. Our metals service centers carry a broad line of products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. We purchase these products primarily from steel producers in North America and process and package them in accordance with end user specifications. We service all major geographic regions of Canada as well as the South and Midwestern regions in the United States.

b) Metals service centers segment results

	Three Months Ended			Six Months Ended	
	Jun 30 2024	Mar 31 2024	Jun 30 2023	Jun 30 2024	Jun 30 2023
Financial Highlights					
Revenue *($ millions)*	$ 713	$ 724	$ 820	$ 1,437	$ 1,627
Tons shipped *(thousands of imperial tons)*	328	322	332	651	672
Gross margin *($ millions)* [1]	139	155	178	294	342
Gross margin per ton *($)*	424	481	536	452	509
Gross margin *(%)* [1]	19.5%	21.4%	21.7%	20.4%	21.0%
Operating profits *($ millions)* [1]	33	44	71	77	129

Revenues decreased 1% from the 2024 first quarter and 13% from the 2023 second quarter. As a result of steady business activity, tons shipped in the second quarter of 2024 were 2% higher than the 2024 first quarter, and 1% lower than the second quarter of 2023. Our average selling price decreased 4% compared to the 2024 first quarter and 13% compared to the same quarter in 2023.

Gross margin as a percentage of revenues was 19.5% in the 2024 second quarter, which was lower than the 21.4% in the 2024 first quarter and the 21.7% in the same quarter last year. The gross margin per ton was $424 in the 2024 second quarter, which was a decrease of $57 as compared to the 2024 first quarter.

Operating expenses were $106 million in the second quarter of 2024 compared to $111 million in the first quarter of 2024 and $107 million in the 2023 second quarter. The variation in operating expenses from the first quarter of 2024 reflects the change in profitability and the related impact on variable compensation. For the six months ended June 30, 2024, operating expenses of $217 million were 1% higher than the same period of 2023. The 2024 operating expenses include integration costs relating to the Samuel acquisition of $1 million.

Operating profits for the three months ended June 30, 2024, were $33 million versus $44 million in the 2024 first quarter and $71 million for the same period in 2023. Operating profits for the six months ended June 30, 2024, of $77 million were lower than the $129 million for the same period of 2023 due to lower revenues and gross margins.

ENERGY FIELD STORES

a) Description of operations

We distribute flanges, valves, fittings and tubular goods, primarily to the energy industry in Western Canada and the United States. We operate from 49 Canadian and 14 U.S. facilities in our operations. We purchase our products from the pipe division of North American steel mills, independent manufacturers of flanges, valves and fittings and other products, international steel mills and other distributors.

b) Energy field stores segment results

	Three Months Ended			Six Months Ended	
	Jun 30 2024	Mar 31 2024	Jun 30 2023	Jun 30 2024	Jun 30 2023
Financial Highlights					
Revenue *($ millions)*	$ 251	$ 247	$ 249	$ 498	$ 501
Gross margin *($ millions)* [1]	62	63	66	126	134
Gross margin *(%)* [1]	24.8%	25.7%	26.6%	25.2%	26.8%
Operating profits *($ millions)* [1]	22	23	28	45	57

[1] Refer to Non-GAAP Measures and Ratios and Adjusted Non-GAAP Measures on page 3

Revenues increased 2% in the 2024 second quarter compared to the 2024 first quarter and increased 1% compared to the 2023 second quarter, as a reflection of steady business activity.

Gross margin as a percentage of revenues for the three months ended June 30, 2024, was 24.8% compared to 25.7% in the 2024 first quarter and 26.6% in the same period in 2023. For the six months ended June 30, 2024, gross margin as a percentage of revenues was 25.2% compared to 26.8% in the same period in 2023.

Operating expenses of $40 million were relatively steady compared to the $41 million in the 2024 first quarter and the $38 million in the 2023 second quarter. Operating expenses as a percentage of revenues for the three months ended June 30, 2024, were 16.0% compared to 15.4% in the 2023 second quarter. For the six months ended June 30, 2024, operating expenses were $81 million compared to $77 million for 2023. Operating expenses were higher due to the opening of greenfield locations in Western Canada.

Operating profits of $22 million for the three months ended June 30, 2024, decreased compared to an operating profit of $23 million in the three months ended March 31, 2024, and $28 million for the three months ended June 30, 2023 due to lower gross margins and slightly higher operating costs. Operating profits were $45 million for the six months ended June 30, 2024, compared to operating profits of $57 million for the same period in 2023.

STEEL DISTRIBUTORS

a) *Description of operations*

Our steel distributors act as master distributors selling steel in large volumes to other steel service centers and equipment manufacturers mainly on an "as is" basis. Our U.S. operation has a cut-to-length facility located in Houston, Texas, where it processes coil for its customers. Our steel distributors source their steel both domestically and off shore.

The primary steel products sourced by this segment are structural beam, plate, coils, pipe and tubing; however, product volumes vary based on the economy and trade actions in North America.

b) *Steel distributors segment results*

	Three Months Ended			Six Months Ended	
	Jun 30 2024	Mar 31 2024	Jun 30 2023	Jun 30 2024	Jun 30 2023
Financial Highlights					
Revenue *($ millions)*	$ 100	$ 90	$ 116	$ 191	$ 243
Gross margin *($ millions)* [1]	17	19	26	37	54
Gross margin *(%)* [1]	17.0%	21.6%	22.5%	19.2%	22.1%
Operating profits *($ millions)* [1]	9	11	17	19	35

Revenues increased 11% compared to the 2024 first quarter and decreased 13% compared to the 2023 second quarter. There was a recent improvement in the overseas shipping issues that negatively impacted the first quarter of 2024 and the early part of the second quarter. The improvement in logistics has allowed the delayed inbound product to be delivered to our customers towards the end of the second quarter and into the early part of the 2024 third quarter.

Gross margin as a percentage of revenues was 17.0% for the three months ended June 30, 2024, which was lower than the 21.6% in the first quarter of 2024 and lower than the 22.5% for the three months ended June 30, 2023.

Operating expenses were $8 million for the second quarter of 2024 compared to $9 million for the first quarter of 2024 and $9 million in 2023 due to lower variable compensation.

Operating profits of $9 million for the three months ended June 30, 2024, compared to $11 million in the 2024 first quarter and $17 million in the 2023 second quarter. The operating profits for the six months ended June 30, 2024, were $19 million compared to $35 million for the six months ended June 30, 2023.

[1] Refer to Non-GAAP Measures and Ratios and Adjusted Non-GAAP Measures on page 3

CORPORATE EXPENSES AND OTHER

	Three Months Ended			Six Months Ended	
($ millions)	Jun 30 2024	Mar 31 2024	Jun 30 2023	Jun 30 2024	Jun 30 2023
Corporate expenses	$ 8	$ 9	$ 9	$ 17	$ 16
Stock-based compensation	(8)	-	2	(8)	7
Other expenses (income)	(4)	2	(3)	(2)	(1)
	$ (4)	$ 11	$ 8	$ 7	$ 22

Corporate expenses in the above table excludes the mark-to-market on stock-based compensation, which is disclosed in the line below.

Corporate expenses were $8 million for the quarter ended June 30, 2024, which was lower than the $9 million in the first quarter of 2024 and in the second quarter of 2023 due to lower variable compensation. The mark-to-market benefit on stock-based compensation was $8 million in the 2024 second quarter compared to $nil in the 2024 first quarter and an expense of $2 million in the 2023 second quarter. Other income of $4 million in the second quarter of 2024 compared to an expense of $2 million in the first quarter of 2024, due to the normal seasonal improvement in activity from our Thunder Bay Terminal operation.

EARNINGS FROM TRIMARK

On September 1, 2023, we sold our retained interest in TriMark to our venture partner for $60 million in cash. Our earnings from the joint venture for the three months ended June 30, 2023, was $7 million and the for the six months ended $15 million.

INTEREST EXPENSE

	Three Months Ended			Six Months Ended	
($ millions)	Jun 30 2024	Mar 31 2024	Jun 30 2023	Jun 30 2024	Jun 30 2023
Interest on Senior Notes	$ 4	$ 5	$ 5	$ 9	$ 9
Interest on lease obligations	2	2	2	5	5
Other interest (income) expense, net	(5)	(7)	(4)	(13)	(7)
	$ 1	$ -	$ 3	$ 1	$ 7

Net interest expense of $1 million in the 2024 second quarter was higher than $nil in the 2024 first quarter but lower than the $3 million in the 2023 second quarter. Interest expense in the 2024 second quarter included the write-off of deferred financing charges of $1 million from the redemption of the $150 million 6% senior unsecured notes. Interest income generated from our cash and cash equivalents was $5 million in the 2024 second quarter compared to $7 million in the 2024 first quarter and $4 million in the 2023 second quarter. Net interest expense was $1 million for the six months ended June 30, 2024, compared to $7 million for the six months ended June 30, 2023.

INCOME TAXES

We recorded a provision for income taxes of $17 million for the second quarter of 2024 compared to $27 million for the second quarter of 2023. Our effective income tax rate for the three months ended June 30, 2024 and for the three months ended March 31, 2024 was 25.2% compared to 24.0% for the three months ended June 30, 2023. For the six months ended June 30, 2024, our effective income tax rate was 25.2% compared to 23.6% for the same period in 2023.

NET EARNINGS

Net earnings for the second quarter of 2024 were $50 million compared to $85 million for the second quarter of 2023. Basic earnings per share for the second quarter of 2024 was $0.84 per share compared to $1.37 per share for the second quarter of 2023. Basic earnings per share for the six months ended June 30, 2024, of $1.66 compared to $2.56 for the same period last year.

SHARES OUTSTANDING AND DIVIDENDS

The weighted average number of common shares outstanding for the second quarter of 2024 was 59.7 million compared to 62.0 million for the second quarter of 2023. The weighted average number of common shares outstanding for the six months ended June 30, 2024, was 60.0 million compared to 62.1 million for the six months ended June 30, 2023. During the 2024 second quarter, we purchased and cancelled 1.5 million common shares for total consideration of $56 million. During the 2024 second quarter, there were 41,015 options exercised for proceeds of $1 million. As a result of the recent option exercises, we have only 24,533 options that remain outstanding. Common shares outstanding on June 30, 2024, and July 31, 2024, were 58.7 million.

We paid common share dividends of $25 million or $0.42 per share in the second quarter of 2024 and $0.40 per share in the second quarter of 2023.

We have $150 million of 5 ¾% senior unsecured notes due October 27, 2025. These notes have restrictions on the payment of dividends which we do not believe will restrict our ability to pay our current level of dividends.

Under our syndicated bank facility, the payment of dividends is subject to excess borrowing base availability of not less than four times the declared dividend. On July 15, 2024, we entered into a new unsecured credit agreement which no longer has borrowing base restrictions on dividends.

CAPITAL EXPENDITURES

	Three Months Ended			Six Months Ended	
($ millions)	Jun 30 2024	Mar 31 2024	Jun 30 2023	Jun 30 2024	Jun 30 2023
Capital expenditures - property, plant and equipment	$ 24	$ 24	$ 16	$ 48	$ 30
Additions - right-of-use assets	4	6	6	10	8
Depreciation - property, plant and equipment	11	10	10	21	20
Depreciation - right-of-use assets	5	5	5	10	9

LIQUIDITY

On June 30, 2024, we had net cash, defined as cash less bank indebtedness, of $386 million, compared to $629 million on December 31, 2023. We generated $170 million from operating activities before non-cash working capital in the six months ended June 30, 2024, and $2 million from the exercise of stock options. We utilized $60 million for additional working capital, $48 million for capital expenditures, $39 million in income tax payments, $70 million for the purchase of our shares, $150 million for the redemption of our 6% senior unsecured notes and $49 million for dividends.

Inventory and accounts receivable represent a large percentage of our total assets employed and comprise our largest liquidity risks. However, our cash flows are counter cyclical, and we typically generate cash from working capital during market downturns.

Total assets were $2.4 billion on June 30, 2024, and $2.6 billion on December 31, 2023. On June 30, 2024, current assets excluding cash represented 68% of our total assets compared to 69% on December 31, 2023.

Inventories represented 42% of our total assets, excluding cash, on June 30, 2024, compared to 43% on December 31, 2023.

Inventory by Segment *($ millions)*	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023
Metals service centers	$ 500	$ 495	$ 500	$ 514	$ 547
Energy field stores	218	232	237	249	276
Steel distributors	143	116	103	120	125
Total	$ 861	$ 843	$ 840	$ 883	$ 948

Cost of Sales by Segment *($ millions)*	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023
Metals service centers	$ 574	$ 569	$ 547	$ 588	$ 642
Energy field stores	189	183	164	202	183
Steel distributors	83	71	92	95	89
Total	$ 846	$ 823	$ 803	$ 885	$ 914

Inventory Turns *(quarters ended)*	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023
Metals service centers	4.6	4.6	4.4	4.6	4.7
Energy field stores	3.5	3.2	2.8	3.3	2.6
Steel distributors	2.3	2.4	3.5	3.2	2.9
Total	3.9	3.9	3.8	4.0	3.9

Our inventory turns for the quarter ended June 30, 2024, were consistent with the first quarter of 2024. On June 30, 2024, our inventory tonnage at our metals service centers was 1% higher, and the average cost was 2% lower than the levels on March 31, 2024. Inventory at our energy field stores decreased from March 31, 2024, as a result of increased shipments coming out of spring breakup. In steel distributors, inventory levels at June 30, 2024, were higher than March 31, 2024, due to the delivery of previously delayed shipments.

Accounts receivable utilized cash of $37 million due to higher revenues in the six months ended June 30, 2024. Accounts receivable represented 24% of our total assets, excluding cash, on June 30, 2024, and December 31, 2023.

During the six months ended June 30, 2024, we made income tax payments of $39 million compared to $35 million for the six months ended June 30, 2023.

The balances disclosed in our consolidated cash flow statements are adjusted to remove the non-cash component related to foreign exchange rate fluctuations impacting inventory, accounts receivable, accounts payable and income tax balances of our U.S. operations.

DEBT

($ millions)	June 30 2024	December 31 2023
Long-term debt		
5 ¾% $150 million Senior Notes due October 27, 2025	$ 149	$ 148
6% $150 million Senior Notes due March 16, 2026	-	149
	$ 149	$ 297

On May 2, 2024, we redeemed our 6% senior unsecured notes at par plus accrued and unpaid interest.

CASH AND BANK CREDIT FACILITIES

($ millions)	June 30 2024	December 31 2023
Bank loans	$ -	$ -
Cash net of outstanding cheques	386	629
Net cash	386	629
Letters of credit	(50)	(26)
	$ 336	$ 603
Facilities		
Borrowings and letters of credit	$ 400	$ 400
Letters of credit	50	50
Facilities availability	$ 450	$ 450
Available line based on borrowing base	$ 450	$ 450

At June 30, 2024, we had a committed credit facility with a syndicate of Canadian and U.S. banks that provides $50 million for letters of credit and $400 million which can be utilized for borrowings or additional letters of credit. The borrowings and letters of credit are available on a revolving basis, up to an amount equal to the sum of specified percentages of our eligible accounts receivable and inventories, to a maximum of $450 million.

As of June 30, 2024, we were entitled to borrow and issue letters of credit totaling $450 million under this facility. On June 30, 2024, and December 31, 2023, we had no borrowings. We had $50 million in letters of credit on June 30, 2024, compared to $26 million on December 31, 2023.

On June 30, 2024, we were in compliance with all of our financial covenants.

With our cash, cash equivalents and our bank facilities we had access to approximately $768 million of cash based on our June 30, 2024, balances. The use of our bank facilities has been predominantly to fund working capital requirements, acquisitions and trade letters of credit for inventory purchases.

On July 15, 2024, we entered into a new credit facility with a syndicate of Canada and U.S. that provides total availability of $600 million and is comprised of a $50 million for letters of credit, $400 million for borrowings and additional letters of credit both of which mature in July 2028 and an additional $150 million revolving credit facility which matures in July 2026. The new facility is unsecured.

CONTRACTUAL OBLIGATIONS

On June 30, 2024, we were contractually obligated to make payments as per the following table:

	Payments due in				
($ millions)	2024	2025 and 2026	2027 and 2028	2029 and thereafter	Total
Accounts payable	$ 446	$ -	$ -	$ -	$ 446
Debt	-	150	-	-	150
Long-term debt interest	4	9	-	-	13
Operating leases	17	53	44	70	184
Total	$ 467	$ 212	$ 44	$ 70	$ 793

We are obligated to pay $50 million in letters of credit when they mature in 2024.

We expect our 2024 capital expenditure level to be greater than $100 million which are planned but not legally committed expenditures.

We provide defined contribution pension plans for a majority of our Canadian and U.S. employees; however, we have obligations related to multiple defined benefit pension plans in Canada, as disclosed in Note 16 of our annual 2023 consolidated financial statements. As provided in the plan text, we are using our defined benefit surplus to fund the employer portion of our defined contribution plan contributions. During the six months ended June 30, 2024, we used $1 million of our defined benefit surplus to fund our defined contribution plan, and we expect to use approximately $2 million of our defined benefit surplus to fund the defined contribution plan during the remainder of 2024. The defined benefit obligations reported in the consolidated financial statements use different assumptions than the going concern actuarial valuations prepared for funding. In addition, the actuarial valuations provide a solvency valuation, which is a valuation assuming the plan is wound up at the valuation date. We do not have additional funding obligations on a solvency basis and no additional funding would be required based on solvency if the plans were wound up. We estimate the impact of a 0.25% change in the discount rate on the solvency obligation would be approximately $3 million.

We have disclosed our obligations related to environmental litigation, regulatory actions and remediation in our Annual Information Form under the heading "Environmental Regulation". These obligations, which are not material, relate to previously divested or discontinued operations and do not relate to the current business.

OFF-BALANCE SHEET ARRANGEMENTS

Our off-balance sheet arrangements consist of the letters of credit disclosed in the bank credit facilities table and short-term and low value operating lease obligations disclosed in the contractual obligations table.

ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to make estimates and judgements that affect the reported amounts. On an ongoing basis, we evaluate our estimates, including those related to bad debts, inventory valuation, useful lives of fixed assets, asset impairment, fair values, income taxes, pensions and benefits obligations, guarantees, decommissioning liabilities, contingencies, litigation and assigned values on net assets acquired. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Our most significant assets are accounts receivable and inventories.

Accounts Receivable

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of our customers to make required payments. Assessments are based on aging of receivables, legal issues (bankruptcy status), past collection experience, current financial information, credit agency reports and the experience of our credit personnel. Accounts receivable which we determine to be uncollectible are reserved in the period in which the determination is made. If the financial condition of our customers was to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Our reserve for bad debts on June 30, 2024, was slightly higher than our reserve on December 31, 2023. Bad debt expense for the six months ended June 30, 2024, as a percentage of revenue was less than 1%.

Inventories

We review our inventories to ensure that the cost of inventories is not in excess of its estimated net realizable value and for obsolete and slow-moving product. Inventory reserves or write-downs are recorded when cost exceeds the estimated selling price less cost to sell and when product is determined to be slow moving or obsolete. During the quarter ended June 30, 2024, our inventory reserves approximated those in the 2024 first quarter.

Other areas involving significant estimates and judgements include:

Long-lived Asset Impairment

The determination of whether long-lived assets, including goodwill and intangibles, are impaired requires the estimation of future cash flows and an appropriate discount rate to determine value in use. An impairment occurs when the book value of the assets associated with a particular cash generating unit is greater than the value in use or its fair value less costs to sell. The assessment of future cash flows and a discount rate requires significant judgment.

During the quarter ended June 30, 2024, no long-lived asset impairments were recorded. There is no certainty that there will not be a future impairment should the economic markets in which we operate deteriorate.

Income Taxes

We believe that we have adequately provided for income taxes based on the information that is currently available. The calculation of income taxes in many cases requires significant judgement in interpreting tax rules and regulations, which are constantly changing. Our tax filings are also subject to audits, which could materially change the amount of current and future income tax assets and liabilities. Any change would be recorded as a charge or reduction in income tax expense.

Business Combinations

For each acquisition we review the fair value of assets acquired. Where we deem it appropriate, we hire outside business valuators to assist in the assessment of the fair value of property, plant, equipment, intangibles and contingent consideration, if any, of acquired businesses.

Contingent Liabilities

Provisions for claims and potential claims are determined on a case-by-case basis. We recognize contingent loss provisions when it is determined that a loss is probable and when we are able to reasonably estimate the obligation. This determination takes significant judgement and actual cash outflows might be materially different from estimates. In addition, we may receive claims in the future that could have a material impact on our financial results.

The Company and certain of its subsidiaries have been named defendants in a number of legal actions. Although the outcome of these legal actions cannot be determined, management intends to defend all such legal actions and has recorded provisions, as required, based on its best estimate of the potential losses. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on our financial position, cash flows or operations.

Employee Benefit Plans
At least every three years, our actuaries perform a valuation for each defined benefit plan to determine the actuarial present value of the benefit. The valuation uses management's assumptions for the interest rate, rate of compensation increase, rate of increase in government benefits and expected average remaining years of service of employees. While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect employee benefit obligations and future net benefit plan cost. We account for differences between actual and assumed results by recognizing differences in benefit obligations and plan performance immediately in other comprehensive income.

We had approximately $130 million in plan assets on June 30, 2024, which is an increase of approximately $1 million from December 31, 2023. The discount rate used on the employee benefit plan obligation for the quarter ended June 30, 2024, was 5.00% which is 40 basis points higher than the discount rate used on December 31, 2023.

Leases
We recognize right-of-use assets and lease obligations which includes our arrangements that contain a lease. The determination of the asset and obligation requires an assessment of whether we are reasonably certain that an extension option will be exercised, calculation of a discount rate inherent in the lease or an incremental borrowing rate and whether the right-of-use asset is impaired. These determinations require significant judgement.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The purpose of internal controls over financial reporting as defined by the Canadian Securities Administrators is to provide reasonable assurance that:

(i) financial statements prepared for external purposes are in accordance with the Company's generally accepted accounting principles,
(ii) transactions are recorded as necessary to permit the preparation of financial statements, and records are maintained in reasonable detail,
(iii) receipts and expenditures of the Company are made only in accordance with authorizations of the Company's management and directors, and
(iv) unauthorized acquisitions, uses or dispositions of the Company's assets that could have a material effect on the financial statements will be prevented or detected in order to prevent material error in financial statements.

The President & Chief Executive Officer and the Executive Vice President & Chief Financial Officer have caused management and other employees to design and document our disclosure controls and procedures and our internal controls over financial reporting. The design of internal controls was completed using the framework and criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

No changes were made in our internal controls over financial reporting during the second quarter of 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

VISION AND STRATEGY

The metals distribution business is a mature and cyclical industry. We believe we enhance returns by managing costs and working capital throughout the cycle. In addition, our facilities modernization initiative and our on-going value-added processing investments will enable us to better service our customers and lead to enhanced margins.

Capital allocation priorities and limits are managed centrally with day-to-day decision making delegated to the various operations. Furthermore, our variable compensation model is based on the return on net assets for each business unit, which provides our business managers a basis to proactively adjust costs and working capital to local market conditions. Management believes that this strategy will result in higher average profits and that we will generate earnings over the cycle in the top quartile of the industry. In 2023, we commenced a facilities modernization initiative which, along with our multi-year expansion of our value-added processing equipment, will enhance our capabilities and provide improved service to our customer base.

Growth from selective acquisitions is also part of our strategy. We focus on investment opportunities in businesses that have strong market niches or provide scale to our existing operations. New acquisitions could be either major stand-alone operations or ones that complement our existing operations.

Returning capital to our shareholders through our ongoing dividends and opportunistic share buybacks is also part of our strategy.

RISK

A summary of the risks affecting our business is described under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form, which section is incorporated by reference in this "Risk" section of our MD&A.

The timing and extent of future price changes from steel producers and their impact on us cannot be predicted with any certainty due to the cyclical nature of the steel industry, capacity utilization rates for North American steel producers and changing import levels and tariffs. Future tariff changes to country or product exemptions, including possible modifications to the section 232 trade actions, may impact steel prices and product availability.

A portion of our revenues is dependent on the oil and gas industry, whose activity fluctuates with oil and gas prices. Our energy field store operations provide a more stable stream of earnings than the divested OCTG/line pipe operations as their products are used in maintenance and repair as well as new drilling activity and large energy projects.

The continued impact of inflation, rising interest rates, prevailing oil price conditions and other macro-economic factors may lead to changes in estimates in our financial statements and the effect of such changes could be material and result in impairments of long-lived assets, including goodwill and intangibles, provisions for inventory and credit losses.

OUTLOOK

Steel prices declined over the past several quarters but are expected to stabilize at levels that are above historical averages, as the industry exhibits inventory discipline. Our average margins, however, are expected to be lower in the third quarter versus the second quarter, as a result of the lower margins towards the end of the second quarter as compared to the second quarter average. Margins should rebound once the lag effect of lower cost inventories continue to work through our cost of goods sold and selling prices stabilize.

Our end market activity remains steady and is expected to continue into the third quarter, other than the impact from reduced shipping days from various seasonal holidays in North America. We expect to benefit from higher shipment activity in both Western Canada and the U.S. once the Samuel acquisition closes later in the third quarter. Over the medium-term, we expect growth in North American steel consumption as a result of onshoring activities and infrastructure spending initiatives in both Canada and the U.S. In addition, we are positioned to gain market share through our ongoing investment initiatives. Our energy field stores are expected to continue to benefit from solid energy activity in 2024.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

(in millions of Canadian dollars, except per share data)	Three Months Ended June 30 2024	Three Months Ended June 30 2023	Six Months Ended June 30 2024	Six Months Ended June 30 2023
Revenues	$ 1,071.5	$ 1,189.6	$ 2,132.6	$ 2,376.3
Cost of materials (Note 4)	846.2	914.2	1,669.4	1,840.6
Employee expenses (Note 15)	89.1	105.4	188.9	206.3
Other operating expenses (Note 15)	68.0	61.8	139.8	130.1
Earnings from joint venture (Note 7)	-	(6.5)	-	(15.4)
Earnings before interest and provision for income taxes	68.2	114.7	134.5	214.7
Interest expense, net (Note 16)	1.4	2.8	1.3	6.6
Earnings before provision for income taxes	66.8	111.9	133.2	208.1
Provision for income taxes (Note 17)	16.9	26.9	33.6	49.2
Net earnings for the period	$ 49.9	$ 85.0	$ 99.6	$ 158.9
Basic earnings per common share (Note 14)	$ 0.84	$ 1.37	$ 1.66	$ 2.56
Diluted earnings per common share (Note 14)	$ 0.84	$ 1.37	$ 1.66	$ 2.56

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in millions of Canadian dollars)	Three Months Ended June 30 2024	Three Months Ended June 30 2023	Six Months Ended June 30 2024	Six Months Ended June 30 2023
Net earnings for the period	$ 49.9	$ 85.0	$ 99.6	$ 158.9
Other comprehensive income (loss)				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains (losses) on translation of foreign operations	9.5	(19.0)	31.7	(19.7)
Items that may not be reclassified to earnings				
Actuarial gains on pension and similar obligations, net of taxes	0.3	1.6	3.9	1.3
Other comprehensive income (loss)	9.8	(17.4)	35.6	(18.4)
Total comprehensive income	$ 59.7	$ 67.6	$ 135.2	$ 140.5

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in millions of Canadian dollars)	June 30 2024	December 31 2023
ASSETS		
Current		
Cash and cash equivalents	$ 386.2	$ 629.2
Accounts receivable	498.7	457.4
Inventories (Note 4)	861.5	840.3
Prepaids and other	26.0	26.2
Income taxes receivable	11.4	8.2
	1,783.8	1,961.3
Property, Plant and Equipment (Note 5)	372.6	339.9
Right-of-Use Assets (Note 6)	104.2	100.0
Deferred Income Tax Assets	0.9	1.2
Pension and Benefits (Note 11)	47.5	43.6
Financial and Other Assets	4.1	3.9
Goodwill and Intangibles (Note 8)	118.1	120.2
Total Assets	$ 2,431.2	$ 2,570.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 446.3	$ 454.2
Short-term lease obligations (Note 6)	17.0	15.7
Income taxes payable	0.3	3.6
	463.6	473.5
Long-Term Debt (Note 10)	148.9	297.2
Pensions and Benefits (Note 11)	1.9	2.0
Deferred Income Tax Liabilities	20.0	17.5
Long-term Lease Obligations (Note 6)	113.5	109.6
Provisions and Other Non-Current Liabilities (Note 18)	27.6	30.4
Total Liabilities	775.5	930.2
Shareholders' Equity (Note 12)		
Common shares	541.7	556.3
Retained earnings	953.6	954.6
Contributed surplus	10.0	10.3
Accumulated other comprehensive income	150.4	118.7
Total Shareholders' Equity	1,655.7	1,639.9
Total Liabilities and Shareholders' Equity	$ 2,431.2	$ 2,570.1

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flow (unaudited)

(in millions of Canadian dollars)	Three Months Ended June 30 2024	Three Months Ended June 30 2023	Six Months Ended June 30 2024	Six Months Ended June 30 2023
Operating Activities				
Net earnings for the period	$ 49.9	$ 85.0	$ 99.6	$ 158.9
Depreciation and amortization	17.6	16.7	35.3	33.1
Provision for income taxes	16.9	26.9	33.6	49.2
Interest expense, net	1.4	2.8	1.3	6.6
Gain on sale of property, plant and equipment	(0.2)	(0.3)	(0.4)	(0.5)
Earnings from joint venture	-	(6.5)	-	(15.4)
Difference between pension expense and amount funded	0.6	0.6	1.3	0.6
Debt accretion, amortization and other	1.3	0.3	1.7	0.6
Interest received (paid) net, including interest on lease obligations	(2.5)	(2.3)	(2.1)	(6.0)
Cash from operating activities before non-cash working capital	85.0	123.2	170.3	227.1
Changes in Non-Cash Working Capital Items				
Accounts receivable	13.3	18.0	(37.1)	(87.9)
Inventories	(15.8)	(14.2)	(11.2)	1.0
Accounts payable and accrued liabilities	7.8	16.6	(12.3)	84.1
Other	0.5	6.5	0.2	9.0
Change in non-cash working capital	5.8	26.9	(60.4)	6.2
Income tax paid, net	(21.9)	(19.4)	(38.8)	(35.3)
Cash from operating activities	68.9	130.7	71.1	198.0
Financing Activities				
Issue of common shares	0.8	3.2	1.6	11.8
Repurchase of common shares	(57.0)	(44.2)	(71.9)	(44.2)
Dividends on common shares	(25.0)	(24.7)	(49.1)	(48.4)
Repayment of long-term debt	(150.0)	-	(150.0)	-
Lease obligations	(4.6)	(4.4)	(9.3)	(8.3)
Cash used in financing activities	(235.8)	(70.1)	(278.7)	(89.1)
Investing Activities				
Purchase of property, plant and equipment	(24.2)	(15.4)	(48.0)	(29.6)
Proceeds on sale of property, plant and equipment	0.3	0.3	0.5	0.6
Dividends received from joint venture	-	9.8	-	13.7
Cash used in investing activities	(23.9)	(5.3)	(47.5)	(15.3)
Effect of exchange rates on cash and cash equivalents	2.5	(6.3)	12.1	(6.5)
(Decrease) Increase in cash and cash equivalents	(188.3)	49.0	(243.0)	87.1
Cash and cash equivalents, beginning of the period	574.5	401.1	629.2	363.0
Cash and cash equivalents, end of the period	$ 386.2	$ 450.1	$ 386.2	$ 450.1

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2024	$ 556.3	$ 954.6	$ 10.3	$ 118.7	$ 1,639.9
Payment of dividends	-	(49.1)	-	-	(49.1)
Net earnings for the period	-	99.6	-	-	99.6
Other comprehensive income for the period	-	-	-	35.6	35.6
Share options exercised	1.9	-	(0.3)	-	1.6
Shares repurchased	(16.5)	(55.4)	-	-	(71.9)
Transfer of net actuarial gains on defined benefit plans	-	3.9	-	(3.9)	-
Balance, June 30, 2024	$ 541.7	$ 953.6	$ 10.0	$ 150.4	$ 1,655.7

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2023	$ 562.4	$ 844.6	$ 12.2	$ 140.1	$ 1,559.3
Payment of dividends	-	(48.4)	-	-	(48.4)
Net earnings for the period	-	158.9	-	-	158.9
Other comprehensive loss for the period	-	-	-	(18.4)	(18.4)
Share options exercised	13.7	-	(1.9)	-	11.8
Shares repurchased	(11.4)	(32.8)	-	-	(44.2)
Transfer of net actuarial gains on defined benefit plans	-	1.3	-	(1.3)	-
Balance, June 30, 2023	$ 564.7	$ 923.6	$ 10.3	$ 120.4	$ 1,619.0

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 GENERAL BUSINESS DESCRIPTION

Russel Metals Inc. (the "Company"), a Canadian corporation with common shares listed on the Toronto Stock Exchange, is a metals distribution company operating in various locations within North America.

The Company's registered office is located at 6600 Financial Drive, Mississauga, Ontario, L5N 7J6.

These condensed consolidated financial statements were authorized for issue by the Board of Directors on July 31, 2024.

NOTE 2 BASIS OF PRESENTATION

These condensed consolidated financial statements, including comparatives, have been prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2023 except for the changes in accounting policies as described in Note 3. These condensed consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements have been set out in the Company's consolidated financial statements for the year ended December 31, 2023. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2023.

These condensed consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) at fair value through the condensed consolidated statement of earnings. Historical cost is generally based on the fair value of the consideration given in exchange for assets at the time of the transaction.

These condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

NOTE 3 ACCOUNTING CHANGES

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 clarify the impact of loan arrangement covenants on the classification of liabilities as current or non-current at the reporting date. The amendments are effective for annual reporting periods beginning January 1, 2024. The implementation of these amendments did not have a significant impact on the Company's financial position or results of operations.

IFRS 16 Leases

The amendments to IFRS 16 adds subsequent measurement requirements for sale and lease back transactions for seller-lessees. The amendments are effective for annual reporting periods beginning January 1, 2024. The implementation of these amendments did not have a significant impact on the Company's financial position or results of operations.

NOTE 4 INVENTORIES

($ millions)	June 30 2024	December 31 2023
Inventory		
Metals service centers	$ 500.4	$ 499.5
Energy field stores	218.4	237.5
Steel distributors	142.7	103.3
	$ 861.5	$ 840.3

Inventories expensed in cost of sales for the three months ended June 30, 2024, were $0.8 billion (2023: $0.9 billion) and for the six months ended June 30 2024, were $1.7 billion (2023: $1.8 billion).

During the three months ended June 30, 2024, the Company recorded a net increase in inventory provisions of $0.2 million (2023: reduction of $2.5 million) and a net reduction of $2.7 million for the six months ended June 30, 2024 (2023: reduction of $5.7 million).

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Cost *($ millions)*	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2023	$ 320.9	$ 500.4	$ 25.1	$ 846.4
Additions	19.6	28.2	0.2	48.0
Disposals	(0.1)	(3.4)	(0.3)	(3.8)
Foreign exchange	3.9	5.7	0.2	9.8
Balance, June 30, 2024	$ 344.3	$ 530.9	$ 25.2	$ 900.4

Accumulated Depreciation and Amortization *($ millions)*	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2023	$ 157.2	$ 330.0	$ 19.3	$ 506.5
Additions	4.2	15.9	0.5	20.6
Disposals	(0.1)	(3.3)	(0.3)	(3.7)
Foreign exchange	1.3	3.0	0.1	4.4
Balance, June 30, 2024	$ 162.6	$ 345.6	$ 19.6	$ 527.8

Net Book Value *($ millions)*	
December 31, 2023	$ 339.9
June 30, 2024	$ 372.6

Land, included in land and buildings, was $47.7 million (December 31, 2023: $47.5 million).

Depreciation Expense	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	2024	2023	2024	2023
Depreciation - cost of materials	$ 1.6	$ 1.6	$ 3.4	$ 3.2
Depreciation - other operating expense	8.7	8.2	17.2	16.3
	$ 10.3	$ 9.8	$ 20.6	$ 19.5

NOTE 6 RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

Leased land and buildings represented approximately 75% (2023: 77%) of the right-of-use assets with the remainder comprised of leases of vehicles and equipment.

($ millions)	Right-of-use Assets	Lease Obligations
Balance, December 31, 2023	$ 100.0	$ 125.3
Additions	10.3	10.3
Disposals and modification	2.6	2.6
Depreciation and amortization	(10.0)	-
Lease payments	-	(9.3)
Foreign exchange	1.3	1.6
Balance, June 30, 2024	$ 104.2	$ 130.5
Current portion		$ 17.0
Long-term portion		$ 113.5

The carrying value of right-of-use assets and depreciation expense by class of underlying assets are as follows:

Right-of-use Assets *($ millions)*	June 30 2024	December 31 2023
Land and buildings	$ 78.2	$ 76.9
Machinery and equipment	26.0	23.1
	$ 104.2	$ 100.0

Depreciation Expense	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	2024	2023	2024	2023
Land and buildings	$ 2.9	$ 2.6	$ 5.6	$ 5.3
Machinery and equipment	2.0	1.9	4.4	3.5
	$ 4.9	$ 4.5	$ 10.0	$ 8.8

NOTE 7 INVESTMENT IN JOINT VENTURE

On September 1, 2023, the Company sold its interest in the TriMark joint venture for $60.0 million. The Company's investment had included 50% of the common shares and preferred shares with a face value of $31.5 million. For the three months ended June 30, 2023, the Company recorded $6.0 million of its share of earnings from the joint venture and $0.5 million from dividends on preferred shares. For the six months ended June 30, 2023, the Company recorded $14.3 million of its share of earnings from the joint venture and $1.1 million from dividends on preferred shares.

NOTE 8 GOODWILL AND INTANGIBLES

($ millions)	June 30 2024	December 31 2023
Goodwill	$ 52.2	$ 51.3
Intangibles	65.9	68.9
	$ 118.1	$ 120.2

Goodwill *($ millions)*	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2023	$ 50.1	$ 1.2	$ 51.3
Foreign exchange	0.9	-	0.9
Balance, June 30, 2024	$ 51.0	$ 1.2	$ 52.2

The continuity of cost and accumulated depreciation for intangibles, which comprised of customer relationships and non-competition agreements acquired through business combinations, is as follows:

Intangibles *($ millions)*	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2023	$ 49.6	$ 106.7	$ 156.3
Foreign exchange	0.8	0.8	1.6
Balance, June 30, 2024	$ 50.4	$ 107.5	$ 157.9

Accumulated Amortization *($ millions)*	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2023	$ (23.1)	$ (64.3)	$ (87.4)
Amortization	(1.2)	(3.4)	(4.6)
Balance, June 30, 2024	$ (24.3)	$ (67.7)	$ (92.0)

Net Book Value *($ millions)*	
December 31, 2023	$ 68.9
June 30, 2024	$ 65.9

The remaining amortization period for customer relationships is 2 to 15 years.

NOTE 9 REVOLVING CREDIT FACILITIES

At June 30, 2024, the Company had a credit agreement which consisted of availability of $400 million under Tranche I to be utilized for borrowings and letters of credit and $50 million under Tranche II to be utilized only for letters of credit. The borrowings and letters of credit were available on a revolving basis, up to an amount equal to the sum of specified percentages of the Company's eligible accounts receivable and inventories, to a maximum of $450 million.

The Company had no borrowings as at June 30, 2024 and December 31, 2023 and letters of credit of $50.1 million as at June 30, 2024, (December 31, 2023: $25.5 million) under these facilities. The Company was in compliance with its financial covenants at June 30, 2024.

On July 15, 2024, the Company entered into a $600 million credit agreement with a syndicate of banks which consists of: (i) $400 million under Facility A to be utilized for borrowings and letters of credit; (ii) $50 million under Facility B to be utilized only for letters of credit; and (iii) $150 million under Facility C to be used for borrowings. Letters of credit are issued under Facility B first and additional needs are issued under Facility A. Facilities A and B expire on July 15, 2028 and Facility C expires on July 15, 2026. This facility replaces the $450 million facility. These facilities are unsecured and are guaranteed by the Company and certain of its subsidiaries.

NOTE 10 LONG-TERM DEBT

($ millions)	June 30 2024	December 31 2023
5 ¾% $150 million Senior Notes due October 27, 2025	$ 148.9	$ 148.5
6% $150 million Senior Notes due March 16, 2026	-	148.7
	$ 148.9	$ 297.2

Fees associated with the issue of the debt are included in the carrying amount of debt and are amortized using the effective interest method.

a) On October 27, 2020, the Company issued $150 million 5 ¾% senior unsecured notes due October 27, 2025, for net proceeds of $147 million. Interest is due semi-annually on April 27 and October 27 of each year.

The Company may redeem the notes in whole or in part at any time after October 27, 2023, at 101.4% of the principal amount declining to 100% of the principal amount on or after October 27, 2024.

These notes contain certain restrictions on the payment of common share dividends in excess of $1.60 per share in any fiscal year. The Company was in compliance with these covenants at June 30, 2024.

b) On May 2, 2024, the Company redeemed its $150 million 6% senior unsecured notes at par plus accrued and unpaid interest. The after-tax charge to net earnings related to the redemption was $0.8 million due to the non-cash write-off of deferred financing charges.

NOTE 11 PENSIONS AND BENEFITS

As at June 30, 2024, the Company determined its accrued benefit obligations related to the employee future benefit plans using a discount rate of 5.00% (December 31, 2023: 4.60%) and also determined the fair value of the defined benefit pension plan assets as at the statement of financial position date. The net change in the accrued benefit obligations less the fair value of the defined benefit plan assets resulted in an actuarial gain on employee future benefit plans of $0.4 million for the three months ended June 30, 2024 (2023: gain of $2.1 million) and an actuarial gain of $5.3 million for the six months ended June 30, 2024 (2023: gain of $1.7 million).

The benefit obligations and plan assets for the Company's pension and other post-retirement benefit obligations are as follows:

($ millions)	June 30 2024	December 31 2023
Present value of defined benefit pension obligations	$ 82.5	$ 86.1
Fair value of plan assets	129.5	129.2
	(47.0)	(43.1)
Other post-retirement benefit obligations	1.4	1.5
Defined benefit (asset) obligation, net	$ (45.6)	$ (41.6)

The following table provides the defined benefit obligations for partially funded plans and unfunded plans.

Defined Benefit (Asset) Obligations *($ millions)*	Pension Plans June 30 2024	Pension Plans December 31 2023	Other Benefit Plans June 30 2024	Other Benefit Plans December 31 2023
Plans with surplus	$ (47.5)	$ (43.6)	$ -	$ -
Partially funded plans	0.5	0.5	-	-
Unfunded plans	-	-	1.4	1.5
Defined benefit (asset) obligation	$ (47.0)	$ (43.1)	$ 1.4	$ 1.5

NOTE 12 SHAREHOLDERS' EQUITY

a) At June 30, 2024 and 2023, the authorized share capital of the Company consisted of:

(i) an unlimited number of common shares without nominal or par value;
(ii) an unlimited number of Class I preferred shares without nominal or par value, issuable in series; and
(iii) an unlimited number of Class II preferred shares without nominal or par value, issuable in series.

The Directors have the authority to issue the Class I and Class II preferred shares in series and fix the designation, rights, privileges and conditions to be attached to each series, except that the Class I shares shall be entitled to preference over the Class II shares with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

b) The number of common shares issued and outstanding is as follows:

	Number of Shares	Amount (millions)
Balance, December 31, 2023	60,388,426	$ 556.3
Share options exercised	76,015	1.9
Shares repurchased	(1,797,300)	(16.5)
Balance, June 30, 2024	58,667,141	$ 541.7

During the six months ended June 30 , 2024, the Company purchased 1,797,300 shares under the Company's normal course issuer bid at an average cost of $39.22 per share for a total cost of $70.5 million, excluding the impact of the recently enacted 2% federal tax on share repurchase amounting to $1.4 million. The original cost of these shares of $16.5 million was recorded as a reduction of share capital and the balance of $55.4 million as a reduction of retained earnings. The common shares purchased through this bid have been cancelled.

The continuity of contributed surplus is as follows:

($ millions)	
Balance, December 31, 2023	$ 10.3
Options exercised	(0.3)
Balance, June 30, 2024	$ 10.0

Dividends paid and declared are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Dividends paid *($ millions)*	$ 25.0	$ 24.7	$ 49.1	$ 48.4
Dividends paid per share	$ 0.42	$ 0.40	$ 0.82	$ 0.78
Dividends declared per share on July 31, 2024 (August 10, 2023)	$ 0.42	$ 0.40		

NOTE 13 SHARE-BASED COMPENSATION

Share Options

The Company has a shareholder approved share option plan, the purpose of which is to provide certain employees of the Company and its subsidiaries with the opportunity to participate in the growth and development of the Company. The following is a continuity of options outstanding:

	Number of Options		Weighted Average Exercise Price	
	June 30 2024	December 31 2023	June 30 2024	December 31 2023
Balance, beginning of period	100,548	575,785	$ 21.89	$ 26.27
Exercised	(76,015)	(435,862)	20.86	27.03
Expired or forfeited	-	(39,375)	-	28.99
Balance, end of period	24,533	100,548	$ 25.08	$ 21.89
Exercisable	12,266	48,611	$ 25.08	$ 21.94

The outstanding options had exercise price ranges as follows:

(number of options)	June 30 2024	December 31 2023
$ 22.01 - $ 25.08	24,533	24,533
$ 14.62 - $ 22.00	-	64,815
$ 14.61	-	11,200
Options outstanding	24,533	100,548

Share Appreciation Rights (SAR)

The Company has a SAR plan for certain employees. The following is a continuity of SARs outstanding:

	Number of SARs		Weighted Average Exercise Price	
	June 30 2024	December 31 2023	June 30 2024	December 31 2023
Balance, beginning of period	280,321	332,830	$ 28.63	$ 26.27
Granted	44,279	55,768	45.96	36.67
Paid out	-	(108,277)	-	25.51
Balance, end of period	324,600	280,321	$ 31.00	$ 28.63

The SARs liability and fair value at June 30, 2024, was $2.1 million and $2.4 million respectively (December 31, 2023: $3.3 million and $4.6 million respectively).

Deferred Share Units (DSU)

The Company has a DSU Plan for non-executive directors. Continuity of DSUs outstanding is as follows:

(number of units)	June 30 2024	December 31 2023
Balance, beginning of the period	386,183	343,104
Granted	23,206	43,079
Paid out	(41,837)	-
Balance, end of the period	367,552	386,183

The liability and fair value of DSUs was $13.7 million at June 30, 2024 (December 31, 2023: $17.4 million). Dividends declared on common shares accrue to units in the DSU plan in the form of additional DSUs.

Restricted Share Units (RSU)

The Company has an RSU Plan for eligible employees as designated by the Board of Directors. Continuity of RSUs outstanding is as follows:

(number of units)	June 30 2024	December 31 2023
Balance, beginning of the period	513,586	312,464
Granted	229,526	256,393
Paid out	(2,928)	(55,271)
Balance, end of the period	740,184	513,586

The RSU liability at June 30, 2024, was $19.3 million (December 31, 2023: $17.0 million). The fair value of RSUs was $27.6 million at June 30, 2024 (December 31, 2023: $23.1 million). Dividends declared on common shares accrue to units in the RSU plan in the form of additional RSUs.

NOTE 14 EARNINGS PER SHARE

The net income used in the calculation of basic and diluted earnings per share for the three months ended June 30, 2024 was $49.9 million (2023: $85.0 million) and for the six months ended June 30, 2024, was $99.6 million (2023: $158.9 million).

	Three Months Ended June 30		Six Months Ended June 30	
(number of shares)	2024	2023	2024	2023
Weighted average shares outstanding	59,659,653	62,014,641	59,986,769	62,128,420
Dilution impact of share options	8,642	36,615	9,619	35,022
Diluted weighted average shares outstanding	59,668,295	62,051,256	59,996,388	62,163,442

NOTE 15 EXPENSES

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	2024	2023	2024	2023
Employee Expenses				
Wages and salaries	$ 75.8	$ 92.9	$ 159.8	$ 179.7
Other employee related costs	13.3	12.5	29.1	26.6
	$ 89.1	$ 105.4	$ 188.9	$ 206.3
Other Operating Expenses				
Plant and other expenses	$ 33.9	$ 30.3	$ 71.7	$ 65.3
Delivery expenses	21.6	21.6	42.5	43.1
Repairs and maintenance	5.6	4.9	11.5	10.3
Selling expenses	3.4	3.9	6.8	7.6
Professional fees	4.0	1.6	7.4	4.2
Gain on sale of property, plant and equipment	(0.2)	(0.3)	(0.4)	(0.5)
Foreign exchange (gain) loss	(0.3)	(0.2)	0.3	0.1
	$ 68.0	$ 61.8	$ 139.8	$ 130.1

NOTE 16 INTEREST EXPENSE

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	2024	2023	2024	2023
Interest on 6% $150 million Senior Notes	$ 0.9	$ 2.4	$ 3.2	$ 4.7
Interest on 5 ¾% $150 million Senior Notes	2.3	2.4	4.7	4.7
Write-off of deferred financing charges	1.1	-	1.1	-
Interest on lease obligations	2.5	2.3	5.1	4.6
Other interest income, net	(5.4)	(4.3)	(12.8)	(7.4)
Interest expense, net	$ 1.4	$ 2.8	$ 1.3	$ 6.6

Interest expense on long-term debt and lease obligations is charged to earnings using the effective interest method.

Interest expense on long-term debt is comprised of the interest calculated on the face value of long-term debt, issue costs and accretion of the carrying value of the long-term debt. Debt accretion and issue cost amortization for the three months ended June 30, 2024, was $1.4 million (2023: $0.3 million) and for the six months ended June 30, 2024, was $1.7 million (2023: $0.6 million). Interest expense for the three and six months ended June 30, 2024, included $1.1 million for the write-off of deferred financing charges relating to the redemption of the Company's 6% senior unsecured notes.

NOTE 17 INCOME TAXES

The consolidated effective tax rates for the three months ended June 30, 2024 and June 30, 2023, were 25.2% and 24.0% respectively and for the six months ended June 30, 2024 and 2023, were 25.2% and 23.6% respectively.

NOTE 18 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

($ millions)	June 30 2024	December 31 2023
Provision for decommissioning liabilities	$ 3.2	$ 3.1
Deferred compensation and employee incentives	35.1	37.7
	38.3	40.8
Less: current portion	(10.7)	(10.4)
	$ 27.6	$ 30.4

Deferred compensation includes the RSU, DSU and SAR liabilities. The DSU and RSU liability that will be paid within 12 months are reclassified as current accrued liabilities.

NOTE 19 SEGMENTED INFORMATION

For the purpose of segment reporting, operating segments are identified as a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

Accordingly, the Company conducts business in Canada and the U.S. in three reportable segments.

Metals Service Centers

The Company's network of metals service centers carry an extensive line of metal products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum and other non-ferrous specialty metals. The Company purchases these products primarily from North American steel producers, and processes, packages and sells them to end user in accordance with their specific needs.

Energy Field Stores

The Company's energy field store operations carry a specialized product line focused on the needs of energy industry customers. These operations distribute flanges, valves, fittings and other products through our field store operations in Western Canada and the United States.

Steel Distributors

The Company's steel distributors operations act as master distributors selling steel to customers in large volumes to other steel service centers and large equipment manufacturers mainly on an "as is" basis. The main steel products sourced by this segment are carbon steel plate, flat rolled products, beams, channel and pipe.

The Company has segmented its operations on the basis of management reporting and geographic segments in which it operates. For the three months ended June 30, 2024, the inter-segment sales from steel distributors to metals service centers were $28.6 million (2023: $24.9 million) and for the six months ended June 30, 2024, were $47.3 million (2023: $61.9 million). These sales, which are at market rates, are eliminated in the following table.

a) Results by Business Segment:

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	2024	2023	2024	2023
Segment Revenues				
Metals service centers	$ 713.0	$ 820.1	$ 1,436.6	$ 1,627.0
Energy field stores	250.8	249.0	497.9	501.1
Steel distributors	100.4	115.6	190.5	243.0
	1,064.2	1,184.7	2,125.0	2,371.1
Other	7.3	4.9	7.6	5.2
	$ 1,071.5	$ 1,189.6	$ 2,132.6	$ 2,376.3
Segment Operating Profits				
Metals service centers	$ 33.4	$ 71.2	$ 77.2	$ 128.8
Energy field stores	21.9	28.0	44.6	57.4
Steel distributors	8.7	17.4	19.2	35.4
	64.0	116.6	141.0	221.6
Corporate and other income (expenses)	4.2	(8.4)	(6.5)	(22.3)
Earnings from joint venture	-	6.5	-	15.4
Earnings before interest expense and provision for income taxes	68.2	114.7	134.5	214.7
Interest expense, net	(1.4)	(2.8)	(1.3)	(6.6)
Provision for income taxes	(16.9)	(26.9)	(33.6)	(49.2)
Net earnings	$ 49.9	$ 85.0	$ 99.6	$ 158.9
Capital Expenditures				
Metals service centers	$ 22.1	$ 11.8	$ 42.0	$ 23.1
Energy field stores	1.8	3.2	4.3	5.4
Steel distributors	0.1	0.1	0.4	0.1
Other	0.2	0.3	1.3	1.0
	$ 24.2	$ 15.4	$ 48.0	$ 29.6
Depreciation and Amortization Expense				
Metals service centers	$ 12.1	$ 11.5	$ 24.2	$ 22.8
Energy field stores	4.9	4.6	9.9	9.1
Steel distributors	0.4	0.3	0.7	0.6
Other	0.2	0.3	0.5	0.6
	$ 17.6	$ 16.7	$ 35.3	$ 33.1

($ millions)	June 30 2024	December 31 2023
Current Identifiable Assets		
Metals service centers	$ 823.8	$ 793.0
Energy field stores	374.8	392.4
Steel distributors	187.4	139.5
	1,386.0	1,324.9
Non-Current Identifiable Assets		
Metals service centers	456.7	424.6
Energy field stores	123.5	121.7
Steel distributors	11.2	11.2
Total identifiable assets included in segments	1,977.4	1,882.4
Assets Not Included in Segments		
Cash and cash equivalents	386.2	629.2
Income taxes receivable and deferred income tax assets	12.3	9.4
Financial and other assets	4.1	3.9
Pension and benefits	47.5	43.6
Corporate and other operating assets	3.7	1.6
Total assets	$ 2,431.2	$ 2,570.1
Liabilities		
Metals service centers	$ 367.7	$ 365.6
Energy field stores	138.2	134.6
Steel distributors	30.5	34.9
Total liabilities included in segment	536.4	535.1
Liabilities Not Included in Segments		
Income taxes payable and deferred income tax liabilities	20.3	21.1
Long-term debt	148.9	297.2
Pension and benefits	1.9	2.0
Corporate and other liabilities	68.0	74.8
Total liabilities	$ 775.5	$ 930.2

b) Results by Geographic Segment:

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	2024	2023	2024	2023
Segment Revenues				
Canada	$ 639.8	$ 719.6	$ 1,265.7	$ 1,426.7
United States	424.4	465.1	859.3	944.4
	$ 1,064.2	$ 1,184.7	$ 2,125.0	$ 2,371.1
Segment Operating Profits				
Canada	$ 43.0	$ 74.3	$ 92.3	$ 139.3
United States	21.0	42.3	48.7	82.3
	$ 64.0	$ 116.6	$ 141.0	$ 221.6

($ millions)	June 30 2024	December 31 2023
Identifiable Assets		
Canada	$ 1,232.2	$ 1,172.1
United States	745.2	710.3
	$ 1,977.4	$ 1,882.4

c) Revenues by Product:

($ millions)	Three Months Ended June 30 2024	Three Months Ended June 30 2023	Six Months Ended June 30 2024	Six Months Ended June 30 2023
Carbon				
Structurals and Pipe (WF & I Beams, Angles, Channels, Hollow Tubes)	$ 409.0	$ 471.8	$ 816.6	$ 952.6
Plate (Discrete & Plate in Coil)	206.4	256.8	423.8	501.3
Flanges, Valves, Fittings and other related products	179.3	156.1	362.0	328.8
Flat Rolled (Sheet & Coil)	92.2	115.3	179.0	213.9
Bars (Hot Rolled and Cold Finished)	58.6	60.7	119.2	122.3
Grating/ Expanded/ Rails	12.4	10.0	22.5	21.5
Total Carbon	957.9	1,070.7	1,923.1	2,140.4
Total Non-Ferrous (Sheet, Extrusion, Tubes, etc.)	54.4	56.6	101.1	116.8
Other	59.2	62.3	108.4	119.1
	$ 1,071.5	$ 1,189.6	$ 2,132.6	$ 2,376.3

NOTE 20 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

a) Financial Assets and Liabilities

Financial assets and liabilities are as follows:

June 30, 2024 ($ millions)	Loans and Receivables	Other Financial Liabilities	Total
Cash and cash equivalents	$ 386.2	$ -	$ 386.2
Accounts receivable	498.7	-	498.7
Other financial assets	3.8	-	3.8
Accounts payables and accrued liabilities	-	(446.3)	(446.3)
Lease obligations	-	(130.5)	(130.5)
Long-term debt	-	(148.9)	(148.9)
Total	$ 888.7	$ (725.7)	$ 163.0

December 31, 2023 ($ millions)	Loans and Receivables	Other Financial Liabilities	Total
Cash and cash equivalents	$ 629.2	$ -	$ 629.2
Accounts receivable	457.4	-	457.4
Other financial assets	3.4	-	3.4
Accounts payables and accrued liabilities	-	(454.2)	(454.2)
Lease obligations	-	(125.3)	(125.3)
Long-term debt	-	(297.2)	(297.2)
Total	$ 1,090.0	$ (876.7)	$ 213.3

For the three and six months ended June 30, 2024, the fair value loss from derivative financial instruments on the consolidated statements of earnings was $0.2 million and $2.0 million respectively (2023: $1.3 million and $2.4 million) including embedded derivatives and forward contracts.

b) Fair Value

The fair value of cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued liabilities approximate their carrying amounts because of the short-term maturity of these instruments.

The fair values of long-term debt are set forth below.

Carrying Amounts

Amounts recorded in the consolidated statement of financial position are referred to as "carrying amounts". The carrying amounts of primary debt are reflected in "Long-term debt" and "Current portion long-term debt".

Fair Value
The Company records its debt at amortized cost using the effective interest method. The fair value of long-term debt as at June 30, 2024 and December 31, 2023, was estimated based on the last quoted trade price, where it exists, or based on current rates available to the Company for similar debt with the same period to maturity.

The following summary reflects the fair value of the long-term debt:

	Primary Debt Instrument	
June 30, 2024 ($ millions)	Carrying Amount	Fair Value Level 2
5 ¾% $150 million Senior Notes due October 27, 2025	$ 148.9	$ 150.4
Current portion	$ -	
Long-term portion	$ 148.9	

	Primary Debt Instrument	
December 31, 2023 ($ millions)	Carrying Amount	Fair Value Level 2
5 ¾% $150 million Senior Notes due October 27, 2025	$ 148.5	$ 150.2
6% $150 million Senior Notes due March 16, 2026	148.7	150.2
Total	$ 297.2	$ 300.4
Current portion	$ -	
Long-term portion	$ 297.2	

On May 2, 2024, the Company redeemed its 6% senior unsecured notes at par plus accrued and unpaid interest.

c) Credit Risk
Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises from cash and cash equivalents and derivative financial instruments, as well as credit exposure to customers including accounts receivable.

The Company attempts to minimize credit exposure as follows:
- Cash investments are placed with high-quality financial institutions with limited exposure to any one institution. At June 30, 2024, nearly all cash and cash equivalents were held in institutions that were rated as R1 High by DBRS or equivalent rating by Standard and Poor or Moody's;
- Counterparties to derivative contracts are members of the syndicated banking facility (Note 9);
- Credit limits minimize exposure to any one customer; and
- The customer base is geographically diverse and in different industries.

No allowance for credit losses on financial assets was required as of June 30, 2024 and December 31, 2023, other than the allowance for doubtful accounts. As at June 30, 2024, trade accounts receivable greater than 90 days represented less than 3% of trade accounts receivable (December 31, 2023: less than 4%).

d) Interest Rate Risk
Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market rates of interest. The Company is not exposed to significant interest rate risk. The Company's long-term debt is at fixed rates. The Company's bank borrowings, net of cash and cash equivalents used to finance working capital which is short-term in nature, is at floating interest rates.

e) Foreign Exchange Risk
Foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company uses foreign exchange contracts with maturities of less than a year to manage foreign exchange risk on certain future committed cash outflows. As at June 30, 2024, the Company had outstanding forward foreign exchange contracts in the amount of US$118.7 million maturing in 2024 (2023: US$94.4 million). A 1% change in foreign exchange rates would not result in a significant increase or decrease in accounts payable or net earnings.

f) Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations when due. Liquidity adequacy is assessed in view of seasonal needs, growth requirements, capital expenditures, and the maturity profile of indebtedness. As at June 30, 2024, the Company has access to $767.7 million from cash on hand and the undrawn portion of its committed credit facility. Cash is managed by the centralized treasury function and is invested in money market instruments or bank deposits, with durations ranging up to sixty days. A centralized treasury function ensures that the Company maintains funding flexibility by assessing future cash flow expectations and by maintaining its committed borrowing facilities.

As at June 30, 2024, the Company was contractually obligated to make payments under its financial liabilities that come due during the following periods:

($ millions)	Accounts Payable	Long-Term Debt Maturities	Long-Term Debt Interest	Lease Obligations	Total
2024	$ 446.3	$ -	$ 4.3	$ 16.7	$ 467.3
2025	-	150.0	8.5	27.1	185.6
2026	-	-	-	25.6	25.6
2027	-	-	-	23.8	23.8
2028	-	-	-	20.0	20.0
2029 and beyond	-	-	-	70.3	70.3
Total	$ 446.3	$ 150.0	$ 12.8	$ 183.5	$ 792.6

At June 30, 2024, the Company was contractually obligated to repay its letters of credit under its bank facilities at maturity (Note 9). Lease obligations in the above table includes leases recorded on balance sheet in addition to short-term and low value leases.

g) Capital Management

The Company manages capital in order to safeguard its ability to continue as a going concern, provide returns to shareholders through its dividend policy and provide the ability to finance future growth. Capital includes shareholders' equity, bank indebtedness and long-term debt, net of cash. The Company manages its capital structure and may make adjustments to the amount of dividends paid to shareholders, purchase shares for cancellation pursuant to issuer bids, issue new shares, issue new debt, repurchase existing debt or shares and extend or amend its banking facilities. On May 2, 2024, the Company redeemed its 6% senior unsecured notes due March 16, 2026. On July 15, 2024, the Company entered into a new unsecured credit agreement with a syndicate of banks (Note 9).

NOTE 21 CONTINGENCIES, COMMITMENTS AND GUARANTEES

a) Commitment

On December 4, 2023, the Company entered into an agreement to acquire seven service center locations from Samuel, Son & Co., Limited ("Samuel") for approximately $225 million. On June 4, 2024, this acquisition received Canadian regulatory clearance and is expected to close in the 2024 third quarter.

b) Lawsuits and Legal Claims

The Company recognizes contingent loss provisions for losses that are probable when management is able to reasonably estimate the loss. When the estimated loss lies within a range, the Company records a contingent loss provision based on its best estimate of the probable loss. Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used. Estimates of losses may be developed before the ultimate loss is known, and are revalued each accounting period as additional information becomes known. In instances where the Company is unable to develop a reasonable loss estimate, no contingent loss provision is recorded at that time. A contingent loss provision is recorded when a reasonable estimate can be made. Estimates are reviewed quarterly and revised when expectations change.

An outcome that deviates from the Company's estimate may result in an additional expense or income in a future accounting period.

The Company and certain of its subsidiaries have been named defendants in a number of legal actions. Although the outcome of these legal actions cannot be determined, management intends to defend all such legal actions and has recorded provisions, as required, based on its best estimate of the potential losses. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on the Company's financial position, cash flows or operations.

The Company has also entered into other agreements that provide indemnifications to counterparties in certain transactions including underwriting agreements. These indemnifications generally require the Company to indemnify the counterparties for costs incurred as a result of losses from litigation that may be suffered by counterparties arising from those transactions except in the case of gross negligence by the counterparties.

c) Decommissioning Liability

The Company is incurring site cleanup and restoration costs related to properties not utilized in current operations. Remedial actions continue at two sites. Decommissioning liabilities have been estimated using discounted cash flow valuation techniques for cleanup costs based on management's best estimates of the amount required to settle the liability.

The Company has asset retirement obligations relating to the land lease for its Thunder Bay Terminal operation whose lease term expires in 2031. The landlord has the option to retain the equipment or to require the Company to remove it. In addition, the Company has end-of-lease obligations in certain service center operations.

NOTE 22 OTHER COMPREHENSIVE INCOME

Income taxes on other comprehensive (loss) income are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	2024	2023	2024	2023
Tax on items that may not be reclassified to earnings				
Income taxes on actuarial gains on pension and similar obligations	$ (0.1)	$ (0.5)	$ (1.4)	$ (0.4)

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