Russel Metals

Second Quarter
June 30, 2025

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying condensed consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations 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 and Results of Operations 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 IFRS Accounting 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 and Results of Operations. 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 and Results of Operations for presentation to the shareholders.

August 7, 2025

/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, 2025

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, 2025, including the notes thereto, and the MD&A and the audited consolidated financial statements for the year ended December 31, 2024, 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 August 7, 2025.

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 product prices; cyclicality of the industry; future acquisitions; 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, free cash flow, 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.

Basic Earnings per Share before Stock-Based Compensation - represents net earnings less stock-based compensation divided by average shares outstanding.
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.
Gross Margin per Ton - represents gross margin divided by tons shipped.
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.
Stock-based Compensation - represents the mark-to-market of stock-based compensation.
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 to EBITDA.

	Three Months Ended			Six Months Ended	
($ millions except per share data)	Jun 30 2025	Mar 31 2025	Jun 30 2024	Jun 30 2025	Jun 30 2024
Net earnings	$ 60.4	$ 43.0	$ 49.9	$ 103.4	$ 99.6
Provision for income taxes	18.3	14.5	16.9	32.8	33.6
Interest (income) expense, net	5.9	4.7	1.4	10.6	1.3
EBIT [1]	84.6	62.2	68.2	146.8	134.5
Depreciation and amortization	23.2	23.5	17.6	46.7	35.3
EBITDA [1]	$ 107.8	$ 85.7	$ 85.8	$ 193.5	$ 169.8
Basic earnings per share	$ 1.07	$ 0.75	$ 0.84	$ 1.82	$ 1.66

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

RECONCILIATION OF THE NET EARNINGS TO NET EARNINGS BEFORE STOCK-BASED COMPENSATION

	Three Months Ended			Six Months Ended	
($ millions except per share data)	Jun 30 2025	Mar 31 2025	Jun 30 2024	Jun 30 2025	Jun 30 2024
Net earnings	$ 60.4	$ 43.0	$ 49.9	$ 103.4	$ 99.6
Stock-based compensation, net of tax	3.8	(1.9)	(5.7)	1.9	(5.4)
Net earnings before stock-based compensation [1]	$ 64.2	$ 41.1	$ 44.2	$ 105.3	$ 94.2
Basic earnings per share before stock-based compensation [1]	$ 1.14	$ 0.72	$ 0.74	$ 1.86	$ 1.57
Basic earnings per share after stock-based compensation	$ 1.07	$ 0.75	$ 0.84	$ 1.82	$ 1.66

QUARTERLY FINANCIAL HIGHLIGHTS

(for the quarters ended)	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023
Revenues *($ millions)*	$ 1,207	$ 1,174	$ 1,039	$ 1,089	$ 1,072	$ 1,061	$ 1,019	$ 1,110
EBITDA [1] *($ millions)*	108	86	61	67	86	84	82	96
Net earnings *($ millions)*	60	43	27	35	50	50	47	61
Basic earnings per share *($)*	1.07	0.75	0.47	0.59	0.84	0.82	0.78	0.99

OVERVIEW OF THE 2025 SECOND QUARTER

Our second quarter 2025 results reflected a continuing improvement of revenues, margins and EBITDA, both on a consolidated basis and across most of our business segments. Overall market conditions were generally favourable as we benefited from higher metal prices and margins as well as relatively steady demand.

- The metal service centers generated near record shipments in the second quarter, notwithstanding some severe weather impacts and the market uncertainty related to the ongoing tariff dynamic.
- The energy field store segment generated higher revenues, margins and operating profit in the second quarter as compared to the first quarter of 2025, as the segment benefited from improving conditions following a cautious start to 2025.
- We completed an extension of our bank debt facility and removed the springing lien provision, to further enhance our financial flexibility.
- We completed the system integrations for the former Samuel branches onto our ERP platform. These conversions should lead to operational improvements in the quarters ahead. We also advanced a series of initiatives in Western Canada aimed at further rationalizing our footprint and streamlining our operations.

Revenues of $1.2 billion in the second and first quarter of 2025 were higher than the $1.1 billion generated in the second quarter of 2024. This improvement reflected higher steel prices and a full quarter from both the Tampa Bay and Samuel acquisitions.

Our average gross margin grew sequentially to 23.3% in the second quarter of 2025 as compared to 21.5% in the first quarter of 2025 due to the improvement in average selling price realizations for our metal service center segment and continued improvement in our energy field stores.

In the second quarter of 2025, we generated $108 million in EBITDA, which was an increase from $86 million in the first quarter of 2025 and the second quarter of 2024. Our earnings per share of $1.07 for the three months ended June 30, 2025, was higher than the $0.75 per share reported in the first quarter of 2025 and the $0.84 per share recorded in the second quarter of 2024. Our earnings per share for the six months ended June 30, 2025, was $1.82 compared to $1.66 in the six months ended June 30, 2024. Our second quarter 2025 results were negatively impacted by an expense of $5 million on the mark-to-market of stock-based compensation compared to a recovery of $8 million in the 2024 second quarter and a $3 million recovery in the 2025 first quarter.

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

During the three months ended June 30, 2025, the Canadian dollar strengthened from US$0.6956 to US$0.7330. The impact on the translation of our U.S. operations was a reduction in operating income of approximately $2 million and a reduction of shareholders' equity of approximately $55 million.

In the quarter, we generated an annualized return on capital of 20%, which was a sequential increase from the 15% generated in the first quarter of 2025.

During our 2025 second quarter, we generated $105 million of cash from operating activities before non-cash working capital, invested $16 million of capital expenditures to further our internal growth initiatives and returned $47 million of capital to our shareholders through share repurchases and dividends.

Market Conditions
Market prices for our steel and aluminum products were positively impacted by the imposition of tariffs during the early part of 2025. At June 30, 2025, the prices for steel plate and sheet were up 33% and 28%, respectively, as compared to the prices at December 31, 2024. At June 30, 2025, the aluminum mid-west price was up 28% compared to the price at December 31, 2024.

Capital Investment Growth Initiatives
During the three months ended June 30, 2025, we invested $16 million in capital expenditures and for the six months ended June 30, 2025, we invested $45 million in capital expenditures. We have an active pipeline of both facilities modernization and value-added processing projects. Most of the previously announced facilities modernization projects were completed in the 2025 first quarter and additional projects are being further explored.

We are continuing to evaluate additional acquisition opportunities with the focus on expanding our metals service center platform in the U.S.

Returning Capital to Shareholders
We have a flexible approach to returning capital to shareholders through: (i) our ongoing dividend; and (ii) share buybacks.

In the 2025 second quarter, we paid dividends of $24 million or $0.43 per share. We have declared our quarterly dividend of $0.43 per share payable on September 15, 2025, to shareholders of record at the close of business on August 28, 2025.

In the second quarter of 2025, we purchased and cancelled 0.5 million common shares at an average price per share of $42.11 for total consideration of $22 million (excluding the impact of the 2% federal tax on share repurchases). In the period since the August 2022 normal course issuer bid was established, we have purchased approximately 7.7 million common shares, which represents approximately 12% of our then outstanding shares, at an average price per share of $37.61 for total consideration of $288 million. In August 2025, we intend to renew our normal course issuer bid subject to approval from the Toronto Stock Exchange, to purchase for cancellation up to approximately 5.5 million of our common shares representing 10% of our public float over a 12-month period.

Liquidity and Capital Structure
On April 29, 2025, we amended and extended our credit facility to remove the springing lien feature, cancel the $150 million sidecar facility that was set to expire in 2026 and extend the maturity of the main facilities to 2029. Our total available liquidity at June 30, 2025, was $566 million.

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 2025	Mar 31 2025	Jun 30 2024	Jun 30 2025	Jun 30 2024
Segment Revenues					
Metals service centers	$ 855.8	$ 840.0	$ 713.0	$ 1,695.8	$ 1,436.6
Energy field stores	250.8	244.2	250.8	495.0	497.9
Steel distributors	93.4	88.9	100.4	182.3	190.5
Other	7.3	0.5	7.3	7.8	7.6
	$ 1,207.3	$ 1,173.6	$ 1,071.5	$ 2,380.9	$ 2,132.6
Segment Gross Margins [1]					
Metals service centers	$ 195.0	$ 175.6	$ 138.9	$ 370.6	$ 293.7
Energy field stores	61.2	58.1	62.1	119.3	125.5
Steel distributors	17.9	18.2	17.1	36.1	36.5
Other	7.3	0.5	7.3	7.8	7.6
Total operations	$ 281.4	$ 252.4	$ 225.4	$ 533.8	$ 463.3
Segment Operating Profits and EBIT [1]					
Metals service centers	$ 63.1	$ 43.7	$ 33.4	$ 106.8	$ 77.2
Energy field stores	21.1	17.1	21.9	38.2	44.6
Steel distributors	9.2	9.9	8.7	19.1	19.2
Corporate expenses	(13.3)	(6.3)	(0.3)	(19.7)	(9.2)
Other	4.5	(2.2)	4.5	2.4	2.7
Earnings before interest and income taxes	$ 84.6	$ 62.2	$ 68.2	$ 146.8	$ 134.5
Segment Gross Margin as a % of Revenues [1]					
Metals service centers	22.8%	20.9%	19.5%	21.9%	20.4%
Energy field stores	24.4%	23.8%	24.8%	24.1%	25.2%
Steel distributors	19.2%	20.5%	17.0%	19.8%	19.2%
Total operations	23.3%	21.5%	21.0%	22.4%	21.7%
Segment Operating Profit and EBIT as a % of Revenues [1]					
Metals service centers	7.4%	5.2%	4.7%	6.3%	5.4%
Energy field stores	8.4%	7.0%	8.7%	7.7%	9.0%
Steel distributors	9.9%	11.1%	8.8%	10.5%	10.1%
Total operations	7.0%	5.3%	6.4%	6.2%	6.3%

Results of our U.S. operations reported for the six months ended June 30, 2025, were converted at $1.4095 per US$1 compared to $1.3586 per US$1 for the six months ended June 30, 2024. For the six months ended June 30, 2025, our U.S. operations represented approximately 44% of our total revenues. The exchange rate on June 30, 2025, used to translate the balance sheet was $1.3643 per US$1 versus $1.4389 per US$1 on December 31, 2024.

[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 45,000 end users through a network of 51 Canadian locations and 25 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, Northeast and Midwestern regions in the United States.

b) Metals service centers segment results

	Three Months Ended			Six Months Ended	
	Jun 30 2025	Mar 31 2025	Jun 30 2024	Jun 30 2025	Jun 30 2024
Financial Highlights					
Revenue *($ millions)*	$ 856	$ 840	$ 713	$ 1,696	$ 1,437
Tons shipped *(thousands of imperial tons)*	400	409	328	809	651
Gross margin *($ millions)* [1]	195	176	139	371	294
Gross margin per ton *($)*	487	430	424	459	452
Gross margin *(%)* [1]	22.8%	20.9%	19.5%	21.9%	20.4%
Operating profits *($ millions)* [1]	63	44	33	107	77

Revenues increased 2% from the 2025 first quarter and 20% from the 2024 second quarter. Tons shipped in the second quarter of 2025 were 2% lower than the first quarter of 2025 and 22% higher than the second quarter of 2024 due to the Samuel and Tampa Bay acquisitions. Our average selling price increased 4% compared to the first quarter of 2025 as a result of the improvement in steel prices in the early part of the second quarter.

Gross margin as a percentage of revenues of 22.8% in the 2025 second quarter, was higher than the 20.9% in the 2025 first quarter and the 19.5% in the same quarter last year, due to the increase in steel prices and the lag effect benefit from the lower cost inventory. The gross margin per ton was $487 in the 2025 second quarter, which was an increase of $57 as compared to the 2025 first quarter.

Operating expenses were $132 million in the second and first quarter of 2025 compared to $106 million in the 2024 second quarter. The variation in operating expenses from the second quarter of 2024 reflects the inclusion of the Samuel and Tampa Bay acquisitions. For the six months ended June 30, 2025, operating expenses were $264 million compared to $217 million for the six months ended June 30, 2024.

Operating profits for the three months ended June 30, 2025, were $63 million versus $44 million in the 2025 first quarter and $33 million for the same period in 2024 as a result of higher margins. Operating profits for the six months ended June 30, 2025, of $107 million were higher than the $77 million for the same period of 2024.

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 46 Canadian and 14 U.S. facilities in our operations. We purchase our products from North American mills, independent manufacturers of flanges, valves and fittings and other products, international steel mills and other distributors.

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

b) Energy field stores segment results

	Three Months Ended			Six Months Ended	
	Jun 30 2025	Mar 31 2025	Jun 30 2024	Jun 30 2025	Jun 30 2024
Financial Highlights					
Revenue *($ millions)*	$ 251	$ 244	$ 251	$ 495	$ 498
Gross margin *($ millions)* [1]	61	58	62	119	126
Gross margin *(%)* [1]	24.4%	23.8%	24.8%	24.1%	25.2%
Operating profits *($ millions)* [1]	21	17	22	38	45

Revenues in the 2025 second quarter were consistent with the 2024 second quarter and increased 3% compared to the 2025 first quarter due to favourable market conditions.

Gross margin as a percentage of revenues for the three months ended June 30, 2025, was 24.4% compared to 23.8% in the 2025 first quarter and 24.8% in the same period in 2024. For the six months ended June 30, 2025, gross margin as a percentage of revenues was 24.1% compared to 25.2% in the same period in 2024.

Operating expenses of $40 million were relatively steady compared to $41 million in the 2025 first quarter and $40 million in the 2024 second quarter. Operating expenses as a percentage of revenues for the three months ended June 30, 2025 and 2024, were 16.0%. For the six months ended June 30, 2025 and 2024, operating expenses were $81 million.

Operating profits of $21 million for the three months ended June 30, 2025, increased compared to an operating profit of $17 million in the three months ended March 31, 2025, and were slightly lower than the $22 million for the three months ended June 30, 2024. Operating profits were $38 million for the six months ended June 30, 2025, compared to operating profits of $45 million for the same period in 2024 reflecting lower margins in the 2025 first quarter.

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 offshore.

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 2025	Mar 31 2025	Jun 30 2024	Jun 30 2025	Jun 30 2024
Financial Highlights					
Revenue *($ millions)*	$ 93	$ 89	$ 100	$ 182	$ 191
Gross margin *($ millions)* [1]	18	18	17	36	37
Gross margin *(%)* [1]	19.2%	20.5%	17.0%	19.8%	19.2%
Operating profits *($ millions)* [1]	9	10	9	19	19

Revenues increased 4% compared to the 2025 first quarter but decreased 7% compared to the 2024 second quarter. The evolving tariff environment has resulted in more cautious business conditions particularly in our Canadian steel distributor operation that focusses on imports from international markets.

Gross margin as a percentage of revenues was 19.2% for the three months ended June 30, 2025, which was lower than the 20.5% in the first quarter of 2025 but higher than the 17.0% for the three months ended June 30, 2024.

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

Operating expenses were $9 million for the second quarter of 2025 compared to $8 million for the first quarter of 2025 and $8 million in 2024.

Operating profits of $9 million for the three months ended June 30, 2025, compared to $10 million in the 2025 first quarter and $9 million in the 2024 second quarter. The operating profits for the six months ended June 30, 2025 and 2024, were $19 million.

CORPORATE EXPENSES AND OTHER

	Three Months Ended			Six Months Ended	
($ millions)	Jun 30 2025	Mar 31 2025	Jun 30 2024	Jun 30 2025	Jun 30 2024
Corporate expenses	$ 8	$ 9	$ 8	$ 17	$ 17
Stock-based compensation	5	(3)	(8)	2	(8)
Other expenses (income)	(4)	2	(4)	(2)	(2)
	$ 9	$ 8	$ (4)	$ 17	$ 7

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, 2025 and 2024, which was lower than the $9 million in the first quarter of 2025. For the six months ended June 30, 2025, corporate expenses were consistent with the same period in 2024 with higher variable compensation in 2025 offsetting the non-recurring costs of the Samuel acquisition in 2024. The mark-to-market impact on stock-based compensation was a $5 million expense in the 2025 second quarter compared to a $3 million recovery in the 2025 first quarter and a $8 million recovery in the 2024 second quarter. The other expenses (income) relates to our Thunder Bay terminal operation, which benefited from the typical seasonal recovery in the second quarter as compared to the first quarter.

INTEREST EXPENSE

	Three Months Ended			Six Months Ended	
($ millions)	Jun 30 2025	Mar 31 2025	Jun 30 2024	Jun 30 2025	Jun 30 2024
Interest on Senior Unsecured Notes	$ 3	$ -	$ 4	$ 3	$ 9
Interest on lease obligations	4	4	2	8	5
Other interest (income) expense, net	(1)	1	(5)	-	(13)
	$ 6	$ 5	$ 1	$ 11	$ 1

On March 28, 2025, we issued $300 million of 4.423% senior unsecured notes due March 28, 2030, which resulted in $3 million of long-term interest expense in the second quarter of 2025. The redemption of our 6% and 5 ¾% senior unsecured notes in 2024, resulted in no long-term interest expense in the 2025 first quarter compared to $4 million in the 2024 second quarter.

INCOME TAXES

We recorded a provision for income taxes of $18 million for the second quarter of 2025 compared to $17 million for the second quarter of 2024. Our effective income tax rate was 23.3% for the three months ended June 30, 2025, and was 25.2% for the three months ended March 31, 2025 and June 30, 2024. For the six months ended June 30, 2025, our effective income tax rate was 24.1% compared to 25.2% for the same period in 2024.

NET EARNINGS

Net earnings for the second quarter of 2025 were $60 million compared to $50 million for the second quarter of 2024. Basic earnings per share for the second quarter of 2025 was $1.07 per share compared to $0.84 per share for the second quarter of 2024. Basic earnings per share for the six months ended June 30, 2025, of $1.82 compared to $1.66 for the same period last year.

SHARES OUTSTANDING AND DIVIDENDS

The weighted average number of common shares outstanding for the second quarter of 2025 was 56.3 million compared to 59.7 million for the second quarter of 2024. The weighted average number of common shares outstanding for the six months ended June 30, 2025, was 56.7 million compared to 60.0 million for the six months ended June 30, 2024. Common shares outstanding on June 30, 2025, and August 7, 2025, were 56.0 million.

We paid common share dividends of $24 million or $0.43 per share in the second quarter of 2025 and $25 million or $0.42 per share in the second quarter of 2024.

CAPITAL EXPENDITURES

($ millions)	Three Months Ended Jun 30 2025	Three Months Ended Mar 31 2025	Three Months Ended Jun 30 2024	Six Months Ended Jun 30 2025	Six Months Ended Jun 30 2024
Capital expenditures - property, plant and equipment	$ 16	$ 29	$ 24	$ 45	$ 48
Additions - right-of-use assets	2	6	4	8	10
Depreciation - property, plant and equipment	14	14	11	28	21
Depreciation - right-of-use assets	7	7	5	14	10

LIQUIDITY AND CAPITAL RESOURCES

On June 30, 2025, we had net cash, defined as cash less bank indebtedness, of $194 million compared to $32 million on December 31, 2024. In addition, we had $300 million of senior unsecured notes due March 28, 2030.

Cash Flows

The following table represents our cash flow movement for the periods noted:

($ millions)	Three Months Ended Jun 30 2025	Three Months Ended Mar 31 2025	Three Months Ended Jun 30 2024	Six Months Ended Jun 30 2025	Six Months Ended Jun 30 2024
Cash flow (used) from operating activities	$ 48	$ (17)	$ 69	$ 31	$ 71
Cash flow from (used) in financing activities	(53)	229	(236)	177	(279)
Cash flow used in investing activities	(16)	(28)	(24)	(44)	(47)
Effect of exchange rates on cash and cash equivalents	(15)	-	3	(15)	12
Increase (decrease) in cash and cash equivalents	(36)	185	(188)	149	(243)

Cash Flow from Operating Activities

For the three months ended June 30, 2025, we generated $105 million in cash from operating activities before non-cash working capital and utilized $43 million of cash for working capital and $14 million for tax payments. For the six months ended June 30, 2025, we generated $187 million in cash from operating activities before non-cash working capital and utilized $143 million for working capital.

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.

Cash Flow from Financing Activities

For the three months ended June 30, 2025, we utilized $53 million of cash for financing activities, including $24 million for dividends and $23 million for share buybacks. For the six months ended June 30, 2025, we generated $177 million from financing activities including $298 million from the issuance of our 4.423% senior unsecured notes and utilized $49 million for share buybacks and $48 million for dividends.

Cash Flow Used in Investing Activities

During the three and six months ended June 30, 2025, we utilized $16 million and $45 million, respectively, in cash for capital expenditures.

Effect of Exchange Rates on Cash and Cash Equivalents

During the second quarter of 2025, the Canadian dollar exchange rate strengthened from US$0.6956 to US$0.7330 which resulted in a $15 million unrealized foreign exchange loss on translation of U.S. cash and cash equivalents.

Working Capital

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 $2.6 billion on June 30, 2025, $2.7 billion on March 31, 2025, and $2.3 billion on December 31, 2024. The decrease was partially due to the translation to Canadian dollars of foreign operations due to the strengthening Canadian dollar. On June 30, 2025 and December 31, 2024, current assets excluding cash represented 66% and 63% of our total assets respectively.

Inventories represented 41% of our total assets, excluding cash, on June 30, 2025, compared to 40% on December 31, 2024.

Inventory by Segment *($ millions)*	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024
Metals service centers	$ 662	$ 652	$ 595	$ 585	$ 500
Energy field stores	217	220	229	235	218
Steel distributors	133	122	96	104	143
Total	$ 1,012	$ 994	$ 920	$ 924	$ 861

Cost of Sales by Segment *($ millions)*	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024
Metals service centers	$ 661	$ 664	$ 591	$ 581	$ 574
Energy field stores	190	186	161	200	189
Steel distributors	75	71	75	94	83
Total	$ 926	$ 921	$ 827	$ 875	$ 846

Inventory Turns *(quarters ended)*	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024
Metals service centers	4.0	4.1	4.0	4.0	4.6
Energy field stores	3.5	3.4	2.8	3.4	3.5
Steel distributors	2.3	2.3	3.1	3.6	2.3
Total	3.7	3.7	3.6	3.8	3.9

Our inventory turns for the quarter ended June 30, 2025, were consistent with the first quarter of 2025. On June 30, 2025, our inventory tonnage at our metals service centers was 2% lower, and the average cost was 2% higher than the levels on March 31, 2025. Inventory at our energy field stores remained consistent with previous periods. In steel distributors, inventory levels at June 30, 2025, were higher than March 31, 2025 both in terms of tons and price per ton.

Accounts receivable utilized cash of $83 million due to higher revenues in the six months ended June 30, 2025. Accounts receivable represented 23% of our total assets, excluding cash, on June 30, 2025, compared to 21% on December 31, 2024.

During the six months ended June 30, 2025, we made income tax payments of $13 million compared to $39 million for the six months ended June 30, 2024.

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 2025	December 31 2024
4.423% $300 million Senior Unsecured Notes due March 28, 2030	$ 298	$ -
	$ 298	$ -

Cash and Bank Credit Facilities

($ millions)	June 30 2025	December 31 2024
Bank borrowings	$ -	$ (13)
Cash net of outstanding cheques	194	45
Net cash	194	32
Letters of credit	(62)	(26)
	$ 132	$ 6
Facilities		
Borrowings and letters of credit	$ 400	$ 400
Borrowings	-	150
Letters of credit	50	50
Facilities availability	$ 450	$ 600

On July 15, 2024, we entered into a new $600 million committed, unsecured credit facility with a syndicate of Canadian and U.S. banks that provides: (i) Facility A - $400 million for borrowings or additional letters of credit; (ii) Facility B - $50 million for letters of credit; and (iii) Facility C - $150 million for borrowings. On April 29, 2025, we amended and extended our credit facility to remove the springing lien feature, cancel Facility C and extend the maturity date for Facility A and B to April 30, 2029.

On June 30, 2025, we had no borrowings and $62 million of letters of credit outstanding under the facilities. On December 31, 2024, we had $13 million of borrowings and $26 million of letters of credit.

On June 30, 2025, we were in compliance with all of our financial covenants.

With our cash, cash equivalents and our bank facilities we had access to approximately $566 million of cash on June 30, 2025. The use of our bank facilities has been predominantly to fund working capital requirements, acquisitions and trade letters of credit for inventory purchases.

CONTRACTUAL OBLIGATIONS

On June 30, 2025, we were contractually obligated to make payments as per the following table:

	Payments due in				
($ millions)	2025	2026 and 2027	2028 and 2029	2030 and thereafter	Total
Accounts payable	$ 486	$ -	$ -	$ -	$ 486
Long-term debt	-	-	-	300	300
Long-term debt interest	7	27	27	6	67
Operating leases	19	73	57	100	249
Total	$ 512	$ 100	$ 84	$ 406	$ 1,102

We are obligated to pay $62 million in letters of credit when they mature in 2025. We have outstanding US$123 million in forward exchange contracts that mature in 2025.

We expect our average annual capital expenditure level to be approximately $90-100 million over the next several years. These investments are being 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 2024 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, 2025, we used $2 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 2025. 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, 2025, was $1 million higher than our reserve on December 31, 2024. Bad debt expense for the six months ended June 30, 2025, 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, 2025, our inventory reserves were $1 million lower than those in the 2025 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, 2025, 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 $126 million in plan assets on June 30, 2025, which is a decrease of approximately $5 million from December 31, 2024. The discount rate used on the employee benefit plan obligation for the quarter ended June 30, 2025, was 4.8% which is 10 basis points higher than the discount rate used on December 31, 2024.

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. In accordance with National Instrument 52-109 we have limited our scope for reporting on disclosure controls and procedures and internal controls over financial reporting for a period after acquiring the Samuel locations.

For a period after the acquisition, we utilized the Samuel ERP system and shared services to manage these locations prior to their integration onto our ERP system through a Transitional Services Agreement. During the second quarter of 2025, the acquired Samuel locations were converted onto our ERP system and the services covered by the Transitional Service Agreement ceased. These locations are in scope for reporting on disclosure controls and procedures and internal controls over financial reporting effective the date of conversion of these operations onto our ERP platform.

Summary Financial Information – Samuel Locations

For the period ended May 1, 2025 for the Canadian and May 29, 2025 for the U.S. locations ($ millions)	
Revenue	$ 191
Earnings before interest, taxes, depreciation and amortization	10

The information in the above table reflects the financial information of the acquired branches while they were managed as part of the Transitional Services Agreement. As of May 1, 2025, and May 29, 2025, these operations moved to our metals service center ERP system.

For the six months ended June 30, 2025, the line items that could be affected by this limited scope at the Samuel locations are revenue, earnings before interest, taxes, depreciation and amortization.

No changes were made in our internal controls over financial reporting during the second quarter of 2025 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 value-added processing investments enable us to better service our customers and 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 leaders a basis to proactively adjust costs and working capital to local market conditions. Management believes that this strategy will result in higher average earnings over the cycle and in the top quartile of the industry. We continue our facility 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. In the case of significant increases in tariffs, we evaluate alternative sources of supply and when these are not available, tariff increases are passed onto our customers.

On March 12, 2025, the U.S. government increased the section 232 tariff rates for steel and aluminum products to 25% and the Canadian government responded with retaliatory tariffs also at 25%. On June 3, 2025, the U.S. government announced an increase in the section 232 tariff rates on steel and aluminum to 50% effective June 4, 2025. On June 27, 2025, the Canadian government implemented tariff quotas on steel mill products from non-free trade countries. The quota was set at 2.6 million tons with a tariff rate of 50%. As a result of the recent announcements by the U.S. government, there is continued risk related to the imposition of various tariffs on Canada and other countries. On July 17, 2025, the Canadian government announced further measures to protect the domestic steel industry through quotas and additional steel tariffs. We will evaluate all potential and implemented tariffs or quotas and adjust our procurement activities as required.

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 other businesses in the sector as their products are used in maintenance and repair as well as new drilling activity and large energy projects.

The impact of inflation, interest rates changes, geopolitical uncertainty, 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 intangible assets, provisions for inventory and credit losses.

OUTLOOK

During the late part of the first quarter and early part of the second quarter of 2025, steel prices substantially increased as a result of the tariffs imposed by the U.S. government. Steel prices have since moderated, and future steel price changes may be impacted by further changes in such tariffs.

Our metal service center margins increased in the early part of the second quarter as they benefited from the lag effect of higher selling price realizations and lower cost inventories. As a result, we are likely to realize some margin moderation in the third quarter as compared to the second quarter of 2025. In addition, our shipment levels are likely to experience a seasonal reduction in activity in the third quarter of 2025 as compared to the second quarter of 2025, due to normal holiday schedules in both Canada and the U.S. Over the medium-term, we expect to benefit from further rebuilding of the U.S. industrial manufacturing base as well as infrastructure related investments. In addition, we are positioned to gain market share through our ongoing investments in value-added equipment, facility modernizations and through acquisitions.

Our energy field stores are expected to continue to benefit from solid energy activity in 2025. Our energy field store segment is also expected to continue to gain market share while maintaining a solid margin profile.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

(in millions of Canadian dollars, except per share data)	Three Months Ended June 30 2025	2024	Six Months Ended June 30 2025	2024
Revenues	$ 1,207.3	$ 1,071.5	$ 2,380.9	$ 2,132.6
Cost of materials (Note 4)	925.8	846.2	1,847.0	1,669.4
Employee expenses (Note 14)	122.0	89.1	235.0	188.9
Other operating expenses (Note 14)	74.9	68.0	152.1	139.8
Earnings before interest and provision for income taxes	84.6	68.2	146.8	134.5
Interest expense, net (Note 15)	5.9	1.4	10.6	1.3
Earnings before provision for income taxes	78.7	66.8	136.2	133.2
Provision for income taxes (Note 16)	18.3	16.9	32.8	33.6
Net earnings for the period	$ 60.4	$ 49.9	$ 103.4	$ 99.6
Basic earnings per common share (Note 13)	$ 1.07	$ 0.84	$ 1.82	$ 1.66
Diluted earnings per common share (Note 13)	$ 1.07	$ 0.84	$ 1.82	$ 1.66

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in millions of Canadian dollars)	Three Months Ended June 30 2025	2024	Six Months Ended June 30 2025	2024
Net earnings for the period	$ 60.4	$ 49.9	$ 103.4	$ 99.6
Other comprehensive (loss) income				
Items that may be reclassified to earnings				
Unrealized foreign exchange (losses) gains on translation of foreign operations	(55.2)	9.5	(56.1)	31.7
Items that may not be reclassified to earnings				
Actuarial (losses) gains on pension and similar obligations, net of taxes (Note 21)	(0.8)	0.3	(2.8)	3.9
Other comprehensive (loss) income	(56.0)	9.8	(58.9)	35.6
Total comprehensive income	$ 4.4	$ 59.7	$ 44.5	$ 135.2

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 2025	December 31 2024
ASSETS		
Current		
Cash and cash equivalents	$ 194.5	$ 45.6
Accounts receivable	563.8	490.4
Inventories (Note 4)	1,011.9	919.8
Prepaids and other	33.2	29.0
Income taxes receivable	1.8	14.5
	1,805.2	1,499.3
Property, Plant and Equipment (Note 5)	494.5	492.4
Right-of-Use Assets (Note 6)	148.2	157.0
Deferred Income Tax Assets	0.5	0.8
Pension and Benefits (Note 10)	40.2	45.5
Financial and Other Assets	5.3	5.9
Goodwill and Intangible Assets (Note 7)	135.8	145.8
Total Assets	$ 2,629.7	$ 2,346.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (Note 8)	$ -	$ 13.4
Accounts payable and accrued liabilities	485.9	442.1
Short-term lease obligations (Note 6)	23.5	22.4
Income taxes payable	10.9	0.7
	520.3	478.6
Long-Term Debt (Note 9)	298.1	-
Pensions and Benefits (Note 10)	1.4	1.5
Deferred Income Tax Liabilities	21.0	25.8
Long-Term Lease Obligations (Note 6)	153.0	161.0
Provisions and Other Non-Current Liabilities (Note 17)	29.4	21.4
Total Liabilities	1,023.2	688.3
Shareholders' Equity (Note 11)		
Common shares	517.8	528.1
Retained earnings	933.3	918.7
Contributed surplus	9.9	10.0
Accumulated other comprehensive income	145.5	201.6
Total Shareholders' Equity	1,606.5	1,658.4
Total Liabilities and Shareholders' Equity	$ 2,629.7	$ 2,346.7

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 2025	Three Months Ended June 30 2024	Six Months Ended June 30 2025	Six Months Ended June 30 2024
Operating Activities				
Net earnings for the period	$ 60.4	$ 49.9	$ 103.4	$ 99.6
Depreciation and amortization	23.2	17.6	46.7	35.3
Provision for income taxes	18.3	16.9	32.8	33.6
Interest expense, net	5.9	1.4	10.6	1.3
Gain on sale of property, plant and equipment	(0.3)	(0.2)	(0.5)	(0.4)
Difference between pension expense and amount funded	0.7	0.6	1.4	1.3
Interest paid net, including interest on lease obligations	(2.8)	(2.5)	(7.1)	(2.1)
Cash from operating activities before non-cash working capital	105.4	83.7	187.3	168.6
Changes in Non-Cash Working Capital Items				
Accounts receivable	16.6	13.3	(83.3)	(37.1)
Inventories	(36.8)	(15.8)	(111.3)	(11.2)
Accounts payable and accrued liabilities	(27.7)	9.1	55.6	(10.6)
Other	4.5	0.5	(4.2)	0.2
Change in non-cash working capital	(43.4)	7.1	(143.2)	(58.7)
Income tax paid, net	(14.1)	(21.9)	(12.8)	(38.8)
Cash from operating activities	47.9	68.9	31.3	71.1
Financing Activities				
Issue of common shares	-	0.8	0.3	1.6
Repurchase of common shares	(22.8)	(57.0)	(48.6)	(71.9)
Dividends on common shares	(24.2)	(25.0)	(48.1)	(49.1)
Decrease in bank indebtedness	-	-	(13.4)	-
Issuance (repayment) of long-term debt	-	(150.0)	300.0	(150.0)
Deferred financing costs	0.1	-	(1.9)	-
Lease obligations	(5.7)	(4.6)	(11.6)	(9.3)
Cash (used in) from financing activities	(52.6)	(235.8)	176.7	(278.7)
Investing Activities				
Purchase of property, plant and equipment	(16.1)	(24.2)	(45.0)	(48.0)
Proceeds on sale of property, plant and equipment	0.4	0.3	0.9	0.5
Cash used in investing activities	(15.7)	(23.9)	(44.1)	(47.5)
Effect of exchange rates on cash and cash equivalents	(15.3)	2.5	(15.0)	12.1
(Decrease) Increase in cash and cash equivalents	(35.7)	(188.3)	148.9	(243.0)
Cash and cash equivalents, beginning of the period	230.2	574.5	45.6	629.2
Cash and cash equivalents, end of the period	$ 194.5	$ 386.2	$ 194.5	$ 386.2

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, 2025	$ 528.1	$ 918.7	$ 10.0	$ 201.6	$ 1,658.4
Payment of dividends	-	(48.1)	-	-	(48.1)
Net earnings for the period	-	103.4	-	-	103.4
Other comprehensive loss for the period	-	-	-	(58.9)	(58.9)
Share options exercised	0.4	-	(0.1)	-	0.3
Shares repurchased	(10.7)	(37.9)	-	-	(48.6)
Transfer of net actuarial losses on defined benefit plans	-	(2.8)	-	2.8	-
Balance, June 30, 2025	$ 517.8	$ 933.3	$ 9.9	$ 145.5	$ 1,606.5

(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

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 August 7, 2025.

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, 2024. 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, 2024. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024.

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 FUTURE ACCOUNTING CHANGES

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and is expected to have an impact on how the Company presents and discloses its financial statements and the notes thereto. The new standard will provide guidance on a more structured income statement presentation, introduce disclosure requirements on management-defined performance measures and provide guidance on when additional disaggregation is required for items presented on the face of the financial statements or in the notes thereto. The standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted and is to be applied retrospectively. The new standard will affect the Company’s disclosure and presentation of its financial performance but not measurement or recognition.

The Company is currently evaluating the standard and developing an implementation plan.

NOTE 4 INVENTORIES

($ millions)	June 30 2025	December 31 2024
Inventories		
Metals service centers	$ 662.4	$ 594.4
Energy field stores	216.5	229.3
Steel distributors	133.0	96.1
	$ 1,011.9	$ 919.8

Inventories expensed in cost of sales for the three months ended June 30, 2025, were $0.9 billion (2024: $0.8 billion) and for the six months ended June 30, 2025, were $1.8 billion (2024: $1.7 billion).

During the three months ended June 30, 2025, the Company recorded a net decrease in inventory provisions of $0.9 million (2024: net reduction of $0.2 million) and a net reduction of $3.6 million for the six months ended June 30, 2025 (2024: net reduction of $2.7 million).

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Cost *($ millions)*	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2024	$ 401.1	$ 611.1	$ 28.5	$ 1,040.7
Additions	10.5	33.9	0.6	45.0
Disposals	-	(10.7)	-	(10.7)
Foreign exchange and other	(8.1)	(7.6)	(0.4)	(16.1)
Balance, June 30, 2025	$ 403.5	$ 626.7	$ 28.7	$ 1,058.9

Accumulated Depreciation and Amortization *($ millions)*	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2024	$ 168.7	$ 358.8	$ 20.8	$ 548.3
Additions	5.5	21.3	0.7	27.5
Disposals	-	(10.3)	-	(10.3)
Foreign exchange and other	(2.3)	1.4	(0.2)	(1.1)
Balance, June 30, 2025	$ 171.9	$ 371.2	$ 21.3	$ 564.4

Net Book Value *($ millions)*	
December 31, 2024	$ 492.4
June 30, 2025	$ 494.5

All items of property, plant and equipment are recorded and held at cost.

Land, included in land and buildings, was $48.3 million (December 31, 2024: $49.9 million).

Depreciation Expense	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	2025	2024	2025	2024
Depreciation - cost of materials	$ 2.1	$ 1.6	$ 4.6	$ 3.4
Depreciation - other operating expense	11.6	8.7	22.9	17.2
	$ 13.7	$ 10.3	$ 27.5	$ 20.6

NOTE 6 RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

Leased land and buildings represented approximately 79% (2024: 75%) 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, 2024	$ 157.0	$ 183.4
Additions	7.7	7.7
Depreciation and amortization	(13.8)	-
Lease payments	-	(11.6)
Foreign exchange	(2.7)	(3.0)
Balance, June 30, 2025	$ 148.2	$ 176.5
Current portion		$ 23.5
Long-term portion		$ 153.0

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 2025	December 31 2024
Land and buildings	$ 117.4	$ 126.3
Machinery and equipment	30.8	30.7
	$ 148.2	$ 157.0

Depreciation Expense	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	2025	2024	2025	2024
Land and buildings	$ 4.6	$ 2.9	$ 9.1	$ 5.6
Machinery and equipment	2.2	2.0	4.7	4.4
	$ 6.8	$ 4.9	$ 13.8	$ 10.0

NOTE 7 GOODWILL AND INTANGIBLE ASSETS

($ millions)	June 30 2025	December 31 2024
Goodwill	$ 64.5	$ 66.6
Intangible assets	71.3	79.2
	$ 135.8	$ 145.8

Goodwill *($ millions)*	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2024	$ 65.4	$ 1.2	$ 66.6
Foreign exchange	(2.1)	-	(2.1)
Balance, June 30, 2025	$ 63.3	$ 1.2	$ 64.5

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:

Intangible Assets Cost *($ millions)*	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2024	$ 67.5	$ 108.6	$ 176.1
Foreign exchange	(1.7)	(1.1)	(2.8)
Balance, June 30, 2025	$ 65.8	$ 107.5	$ 173.3

Accumulated Amortization *($ millions)*	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2024	$ (25.7)	$ (71.2)	$ (96.9)
Amortization	(1.6)	(3.5)	(5.1)
Balance, June 30, 2025	$ (27.3)	$ (74.7)	$ (102.0)

Net Book Value *($ millions)*	
December 31, 2024	$ 79.2
June 30, 2025	$ 71.3

The remaining amortization period for customer relationships is 1 to 20 years.

NOTE 8 REVOLVING CREDIT FACILITIES

On July 15, 2024, the Company entered into a new $600 million credit agreement with a syndicate of banks replacing its previous $450 million facility, 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 were set to expire on July 15, 2028 and Facility C was set to expire on July 15, 2026. These facilities were unsecured and are guaranteed by the Company and certain of its subsidiaries.

On April 29, 2025, the Company amended its credit agreement to remove the springing lien feature and extend the expiration date on Facility A and B to April 30, 2029, and to cancel Facility C. These facilities are unsecured and are guaranteed by the Company and certain of its subsidiaries.

The Company had no borrowings as at June 30, 2025, (December 31, 2024: $13.4 million) and letters of credit were $61.9 million as at June 30, 2025, (December 31, 2024: $26.2 million) under this facility. The Company was in compliance with its financial covenants at June 30, 2025.

NOTE 9 LONG-TERM DEBT

($ millions)	June 30 2025	December 31 2024
4.423% $300 million Senior Unsecured Notes due March 28, 2030	$ 298.1	$ -

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

On March 28, 2025, the Company issued, through a private placement, $300 million 4.423% senior unsecured notes due March 28, 2030, for net proceeds of $298 million. Interest is due semi-annually on March 28 and September 28 of each year. These notes are senior unsecured unsubordinated obligations of the Company and rank *pari passu* with other existing and future unsecured unsubordinated debt.

Prior to February 28, 2030, the Company, at its option, may redeem, in whole or in part, at any time at a redemption price equal to the greater of: (a) 100% of the principal amount of the notes redeemed; and (b) the Canada Yield Price, in each case plus accrued and unpaid interest. The Canada Yield Price is equal to the sum of the present values of the remaining scheduled payments of interest and the principal on the notes to be redeemed from the redemption date to the par call date discounted at the Government of Canada yield plus 43.5 basis points. The Company may redeem the notes at par on or after February 28, 2030, which is the par call date.

NOTE 10 PENSIONS AND BENEFITS

As at June 30, 2025, the Company determined its accrued benefit obligations related to the employee future benefit plans using a discount rate of 4.8% (December 31, 2024: 4.7%) 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 loss on employee future benefit plans of $0.9 million for the three months ended June 30, 2025 (2024: gain of $0.4 million) and an actuarial loss of $3.8 million for the six months ended June 30, 2025 (2024: gain of $5.3 million).

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

($ millions)	June 30 2025	December 31 2024
Present value of defined benefit pension obligations	$ 85.9	$ 86.4
Fair value of plan assets	125.6	131.4
	(39.7)	(45.0)
Other post-retirement benefit obligations	0.9	1.0
Defined benefit (asset) obligation, net	$ (38.8)	$ (44.0)

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

Defined Benefit (Asset) Obligation *($ millions)*	Pension Plans June 30 2025	Pension Plans December 31 2024	Other Benefit Plans June 30 2025	Other Benefit Plans December 31 2024
Plans with surplus	$ (40.2)	$ (45.5)	$ -	$ -
Partially funded plans	0.5	0.5	-	-
Unfunded plans	-	-	0.9	1.0
Defined benefit (asset) obligation	$ (39.7)	$ (45.0)	$ 0.9	$ 1.0

NOTE 11 SHAREHOLDERS' EQUITY

a) At June 30, 2025 and 2024, 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, 2024	57,133,088	$ 528.1
Share options exercised	12,267	0.4
Shares repurchased	(1,157,000)	(10.7)
Balance, June 30, 2025	55,988,355	$ 517.8

During the six months ended June 30, 2025, the Company purchased 1,157,000 shares under the Company's normal course issuer bid at an average cost of $41.21 per share for a total cost of $47.7 million excluding the impact of 2% federal tax on share repurchase which amounted to $0.9 million. The original cost of these shares of $10.7 million was recorded as a reduction of share capital and the balance of $37.9 million as a reduction of retained earnings. The common shares purchased through this bid have been cancelled.

Dividends paid and declared are as follows:

	Three Months Ended June 30 2025	Three Months Ended June 30 2024	Six Months Ended June 30 2025	Six Months Ended June 30 2024
Dividends paid *($ millions)*	$ 24.2	$ 25.0	$ 48.1	$ 49.1
Dividends paid per share	$ 0.43	$ 0.42	$ 0.85	$ 0.82
Dividends declared per share on August 7, 2025 (July 31, 2024)	$ 0.43	$ 0.42		

NOTE 12 SHARE-BASED COMPENSATION

Share Options

The Company had no share options outstanding as at June 30, 2025 (December 31, 2024: 12,267 at an exercise price of $25.08).

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 2025	December 31 2024
Balance, beginning of the period	475,532	513,586
Granted	200,692	243,097
Paid out	-	(281,151)
Balance, end of the period	676,224	475,532

The RSU liability at June 30, 2025, was $20.9 million (December 31, 2024: $14.6 million). The fair value of RSUs was $29.7 million at June 30, 2025 (December 31, 2024: $20.0 million). Dividends declared on common shares accrue to units in the RSU plan in the form of additional RSUs.

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 2025	December 31 2024
Balance, beginning of the period	360,130	386,183
Granted	21,871	45,409
Paid out	-	(71,462)
Balance, end of the period	382,001	360,130

The liability and fair value of DSUs was $16.7 million at June 30, 2025 (December 31, 2024: $15.2 million). Dividends declared on common shares accrue to units in the DSU plan in the form of additional DSUs.

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 2025	December 31 2024	June 30 2025	December 31 2024
Balance, beginning of period	324,600	280,321	$ 31.00	$ 28.63
Granted	47,262	44,279	42.08	45.96
Balance, end of period	371,862	324,600	$ 32.41	$ 31.00

The SARs liability and fair value at June 30, 2025, was $4.0 million and $4.3 million respectively (December 31, 2024: $3.4 million and $3.8 million respectively).

Performance Share Units (PSU)
The Company has a PSU Plan for certain employees as designated by the Board of Directors. PSUs vest one third on the first and second anniversary after the grant date and the remaining one third on the expiry date. PSUs expire on the earlier of: (i) December 5 of the third calendar year following the year in which the services were provided to which such grant of PSUs relates; and (ii) the third anniversary of the grant date. The Company is obligated to pay in cash an amount equal to the number of PSUs multiplied by the market price, which is defined as the volume weighted average price of a common share on the Toronto Stock Exchange for the last five trading days immediately prior to the expiry date and the Performance Modifier. The Performance Modifier ranges from 0% to 200% of the target award and is determined based on the achievement of specific performance criteria.

For the six months ended June 30, 2025, 70,182 PSUs were granted and outstanding (2024: nil). The PSU liability at June 30, 2025, was $1.7 million (December 31, 2024: $nil). The fair value of PSUs was $3.1 million at June 30, 2025 (December 31, 2024: $nil). Dividends declared on common shares accrue to units in the PSU plan in the form of additional PSUs.

NOTE 13 EARNINGS PER SHARE

The net income used in the calculation of basic and diluted earnings per share for the three months ended June 30, 2025 was $60.4 million (2024: $49.9 million) and for the six months ended June 30, 2025, was $103.4 million (2024: $99.6 million).

	Three Months Ended June 30		Six Months Ended June 30	
(number of shares)	2025	2024	2025	2024
Weighted average shares outstanding	56,343,386	59,659,653	56,662,151	59,986,769
Dilution impact of share options	-	8,642	-	9,619
Diluted weighted average shares outstanding	56,343,386	59,668,295	56,662,151	59,996,388

NOTE 14 EXPENSES

($ millions)	Three Months Ended June 30 2025	2024	Six Months Ended June 30 2025	2024
Employee Expenses				
Wages and salaries	$ 105.7	$ 75.8	$ 200.6	$ 159.8
Other employee related costs	16.3	13.3	34.4	29.1
	$ 122.0	$ 89.1	$ 235.0	$ 188.9
Other Operating Expenses				
Plant and other expenses	$ 40.4	$ 33.9	$ 83.4	$ 71.7
Delivery expenses	22.3	21.6	43.9	42.5
Repairs and maintenance	7.0	5.6	14.5	11.5
Selling expenses	3.9	3.4	8.2	6.8
Professional fees	3.1	4.0	5.4	7.4
Gain on sale of property, plant and equipment	(0.3)	(0.2)	(0.5)	(0.4)
Foreign exchange (gain) loss	(1.5)	(0.3)	(2.8)	0.3
	$ 74.9	$ 68.0	$ 152.1	$ 139.8

NOTE 15 INTEREST EXPENSE

($ millions)	Three Months Ended June 30 2025	2024	Six Months Ended June 30 2025	2024
Interest on 6% $150 million Senior Unsecured Notes	$ -	$ 0.9	$ -	$ 3.2
Interest on 5 ¾% $150 million Senior Unsecured Notes	-	2.3	-	4.7
Interest on 4.423% $300 million Senior Unsecured Notes	3.4	-	3.5	-
Write-off of deferred financing charges	-	1.1	-	1.1
Interest on lease obligations	3.7	2.5	7.5	5.1
Other interest income, net	(1.2)	(5.4)	(0.4)	(12.8)
Interest expense, net	$ 5.9	$ 1.4	$ 10.6	$ 1.3

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, 2025, was $0.1 million (2024: $1.4 million) and for the six months ended June 30, 2025, was $0.1 million (2024: $1.7 million).

NOTE 16 INCOME TAXES

The consolidated effective tax rates for the three months ended June 30, 2025 and June 30, 2024, were 23.3% and 25.2% respectively and for the six months ended June 30, 2025 and 2024, were 24.1% and 25.2% respectively.

NOTE 17 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

($ millions)	June 30 2025	December 31 2024
Provision for decommissioning liabilities	$ 3.5	$ 3.4
Deferred compensation and employee incentives	43.3	33.2
	46.8	36.6
Less: current portion	(17.4)	(15.2)
	$ 29.4	$ 21.4

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

NOTE 18 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 operating and 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 users 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. For the three months ended June 30, 2025, the inter-segment sales from steel distributors to metals service centers were $14.5 million (2024: $28.6 million) and for the six months ended June 30, 2025, were $29.0 million (2024: $47.3 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)	2025	2024	2025	2024
Segment Revenues				
Metals service centers	$ 855.8	$ 713.0	$ 1,695.8	$ 1,436.6
Energy field stores	250.8	250.8	495.0	497.9
Steel distributors	93.4	100.4	182.3	190.5
	1,200.0	1,064.2	2,373.1	2,125.0
Other	7.3	7.3	7.8	7.6
	$ 1,207.3	$ 1,071.5	$ 2,380.9	$ 2,132.6
Segment Operating Profits				
Metals service centers	$ 63.1	$ 33.4	$ 106.8	$ 77.2
Energy field stores	21.1	21.9	38.2	44.6
Steel distributors	9.2	8.7	19.1	19.2
	93.4	64.0	164.1	141.0
Corporate and other income (expenses)	(8.8)	4.2	(17.3)	(6.5)
Earnings before interest expense and provision for income taxes	84.6	68.2	146.8	134.5
Interest expense, net	(5.9)	(1.4)	(10.6)	(1.3)
Provision for income taxes	(18.3)	(16.9)	(32.8)	(33.6)
Net earnings	$ 60.4	$ 49.9	$ 103.4	$ 99.6
Capital Expenditures				
Metals service centers	$ 13.8	$ 22.1	$ 39.2	$ 42.0
Energy field stores	0.7	1.8	2.5	4.3
Steel distributors	1.0	0.1	1.2	0.4
Other	0.6	0.2	2.1	1.3
	$ 16.1	$ 24.2	$ 45.0	$ 48.0
Depreciation and Amortization Expense				
Metals service centers	$ 17.7	$ 12.1	$ 35.2	$ 24.2
Energy field stores	5.0	4.9	10.1	9.9
Steel distributors	0.3	0.4	0.7	0.7
Other	0.2	0.2	0.7	0.5
	$ 23.2	$ 17.6	$ 46.7	$ 35.3

($ millions)	June 30 2025	December 31 2024
Current Identifiable Assets		
Metals service centers	$ 1,065.7	$ 926.4
Energy field stores	378.0	370.0
Steel distributors	164.4	130.5
	1,608.1	1,426.9
Non-Current Identifiable Assets		
Metals service centers	650.5	658.4
Energy field stores	109.7	118.1
Steel distributors	12.5	12.8
Total identifiable assets included in segments	2,380.8	2,216.2
Assets Not Included in Segments		
Cash and cash equivalents	194.5	45.6
Income taxes receivable and deferred income tax assets	2.3	15.3
Financial and other assets	5.3	17.3
Pension and benefits	40.2	45.5
Corporate and other operating assets	6.6	6.8
Total assets	$ 2,629.7	$ 2,346.7
Liabilities		
Metals service centers	$ 464.3	$ 417.8
Energy field stores	135.2	139.1
Steel distributors	21.0	23.0
Total liabilities included in segment	620.5	579.9
Liabilities Not Included in Segments		
Bank indebtedness	-	13.4
Income taxes payable and deferred income tax liabilities	31.9	26.5
Long-term debt	298.1	-
Pension and benefits	1.4	1.5
Corporate and other liabilities	71.3	67.0
Total liabilities	$ 1,023.2	$ 688.3

b) Enterprise-wide disclosure - results by geographic region:

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	2025	2024	2025	2024
Segment Revenues				
Canada	$ 672.2	$ 639.8	$ 1,333.4	$ 1,265.7
United States	527.8	424.4	1,039.7	859.3
	$ 1,200.0	$ 1,064.2	$ 2,373.1	$ 2,125.0
Segment Operating Profits				
Canada	$ 48.7	$ 43.0	$ 86.0	$ 92.3
United States	44.7	21.0	78.1	48.7
	$ 93.4	$ 64.0	$ 164.1	$ 141.0

($ millions)	June 30 2025	December 31 2024
Identifiable Assets		
Canada	$ 1,410.2	$ 1,328.3
United States	970.6	887.9
	$ 2,380.8	$ 2,216.2

c) Revenues by Product:

($ millions)	Three Months Ended June 30 2025	2024	Six Months Ended June 30 2025	2024
Carbon				
Structurals and Pipe (WF & I Beams, Angles, Channels, Hollow Tubes)	$ 395.3	$ 398.6	$ 797.2	$ 801.5
Plate (Discrete & Plate in Coil)	250.1	206.0	484.7	424.6
Flanges, Valves, Fittings and other related products	191.4	181.8	363.3	361.6
Flat Rolled (Sheet & Coil)	139.5	96.3	280.9	188.7
Bars (Hot Rolled and Cold Finished)	50.8	59.3	103.8	116.6
Grating/ Expanded/ Rails	13.2	11.9	27.3	24.2
Total Carbon (excluding Stainless)	1,040.3	953.9	2,057.2	1,917.2
Stainless Steel	54.5	34.3	112.7	65.8
Aluminum	76.2	50.1	146.3	90.9
Other Non-Ferrous	1.9	0.4	3.9	2.3
Total Non-Ferrous	132.6	84.8	262.9	159.0
Other	34.4	32.8	60.8	56.4
	$ 1,207.3	$ 1,071.5	$ 2,380.9	$ 2,132.6

NOTE 19 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

a) Financial assets and liabilities

Financial assets and liabilities are as follows:

June 30, 2025 ($ millions)	Loans and Receivables	Other Financial Liabilities	Total
Cash and cash equivalents	$ 194.5	$ -	$ 194.5
Accounts receivable	563.8	-	563.8
Other financial assets	3.8	-	3.8
Accounts payables and accrued liabilities	-	(485.9)	(485.9)
Lease obligations	-	(176.5)	(176.5)
Long-term debt	-	(298.1)	(298.1)
Total	$ 762.1	$ (960.5)	$ (198.4)

December 31, 2024 ($ millions)	Loans and Receivables	Other Financial Liabilities	Total
Cash and cash equivalents	$ 45.6	$ -	$ 45.6
Accounts receivable	479.0	-	479.0
Other financial assets	15.5	-	15.5
Bank indebtedness	-	(13.4)	(13.4)
Accounts payable and accrued liabilities	-	(442.1)	(442.1)
Lease obligations	-	(183.4)	(183.4)
Total	$ 540.1	$ (638.9)	$ (98.8)

For the three and six months ended June 30, 2025, the fair value loss from derivative financial instruments on the consolidated statements of earnings was $3.5 million and $5.2 million respectively (2024: $0.2 million and $2.0 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 is 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 carrying and fair value of the Company's $300 million senior unsecured notes at 4.423% as at June 30, 2025, were $298.1 million and $299.3 million respectively.

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, 2025, nearly all cash and cash equivalents were held in institutions that were rated as R1 High by DBRS;
- Counterparties to derivative contracts are members of the syndicated banking facility (Note 8);
- 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, 2025 and December 31, 2024, other than the allowance for expected credit losses in accounts receivable. As at June 30, 2025, and December 31, 2024, trade accounts receivable greater than 90 days represented less than 3% of total trade accounts receivable.

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, 2025, the Company had outstanding forward foreign exchange contracts in the amount of US$123.0 million maturing in 2025 (2024: US$118.7 million). A 1% change in foreign exchange rates would not result in a significant increase or decrease in accounts receivable, 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, 2025, the Company has access to $566 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, 2025, 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
2025	$ 485.9	$ -	$ 6.8	$ 19.0	$ 511.7
2026	-	-	13.3	37.2	50.5
2027	-	-	13.3	35.6	48.9
2028	-	-	13.3	31.2	44.5
2029	-	-	13.3	25.5	38.8
2030 and beyond	-	300.0	6.5	100.8	407.3
Total	$ 485.9	$ 300.0	$ 66.5	$ 249.3	$ 1,101.7

At June 30, 2025, the Company was contractually obligated to repay its letters of credit under its bank facilities (Note 8).

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.

In the six months ended June 30, 2025, the Company issued $300 million 4.423% senior unsecured notes due March 28, 2030, amended and extended its credit facilities, repurchased 1.2 million shares for $47.7 million under its normal course issuer bid and paid dividends of $48.1 million.

NOTE 20 CONTINGENCIES, COMMITMENTS AND GUARANTEES

a) Lawsuits and Legal Claims

The Company recognizes 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 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 loss provision is recorded at that time. 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.

b) 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 21 OTHER COMPREHENSIVE INCOME

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

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	2025	2024	2025	2024
Tax on items that may not be reclassified to earnings				
Income taxes on actuarial gains on pension and similar obligations	$ 0.1	$ (0.1)	$ 1.0	$ (1.4)

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