

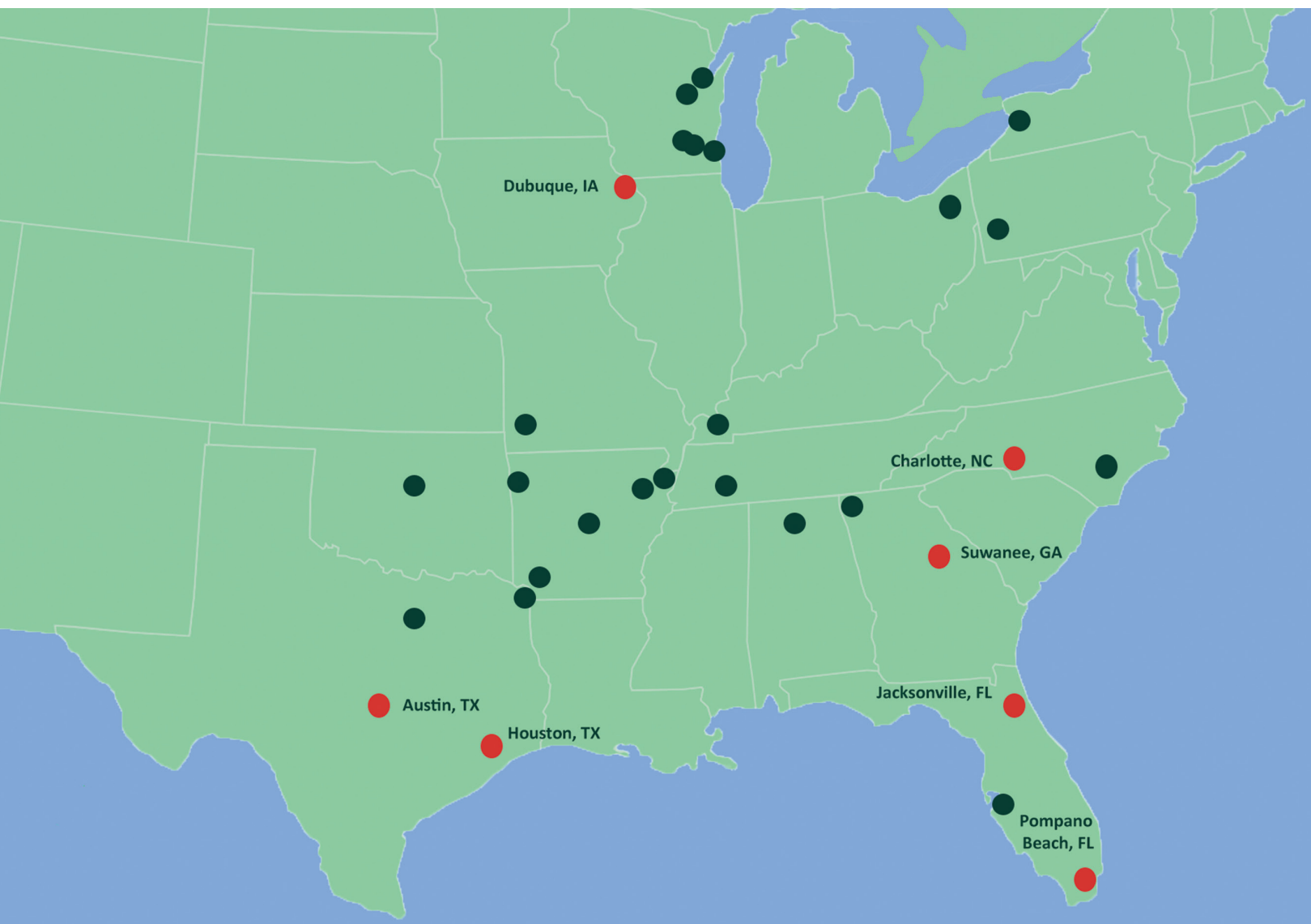


# U.S. EXPANSION

**DUBUQUE, IA**  
 300,000 sq. ft. facility  
 Processing: burning, saws, blasting, t-splitting  
 Products: tubing, angle, channel, flats, rounds, beams, plate, sheet, pipe, grating, expanded metal

**SUWANEE, GA**  
 196,200 sq. ft. facility  
 Processing: burning, saws, press brake, tube laser, Ficep drill/saw structural beam line, cambering, t-splitting  
 Products: tubing, angle, channel, flats, rounds, beams, plate, sheet, pipe, grating, expanded metal

**CHARLOTTE, NC**  
 121,000 sq. ft. facility  
 Processing: burning, drilling, saws  
 Products: tubing, angle, channel, flats, rounds, beams, plate, sheet, pipe, grating, expanded metal



**AUSTIN, TX**  
 85,000 sq. ft. facility  
 Processing: burning, saws  
 Products: tubing, angle, channel, flats, rounds, beams, plate, sheet, pipe, grating, expanded metal

**HOUSTON, TX**  
 190,000 sq. ft. facility  
 Processing: burning, saws, Python Structural beam line, cambering  
 Products: tubing, angle, channel, flats, rounds, beams, plate, sheet, pipe, grating, expanded metal

**JACKSONVILLE, FL**  
 60,000 sq. ft. facility  
 Processing: burning, saws  
 Products: tubing, angle, channel, flats, rounds, beams, plate, sheet, pipe, grating, expanded metal

**POMPAÑO BEACH, FL**  
 95,000 sq. ft. facility  
 Processing: burning, saws  
 Products: tubing, angle, channel, flats, rounds, beams, plate, sheet, pipe, grating, expanded metal

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## FINANCIAL HIGHLIGHTS

	Years Ended December 31				
	2025	2024	2023	2022	2021
<b>OPERATING RESULTS (millions)</b>					
Revenues	\$4,641.5	\$4,261.2	\$4,505.1	\$5,070.6	\$4,208.5
EBITDA <sup>(1)</sup>	337.1	298.5	425.6	578.9	664.0
Adjusted EBITDA <sup>(1)</sup>	337.1	298.5	425.6	578.9	666.6
Adjusted EBITDA as a % of revenue <sup>(1)</sup>	7.3%	7.0%	9.4%	11.4%	15.8%
EBIT <sup>(1)</sup>	243.6	221.8	357.6	512.8	606.1
Adjusted EBIT <sup>(1)</sup>	243.6	221.8	357.6	512.8	608.7
Adjusted EBIT as a % of revenue <sup>(1)</sup>	5.2%	5.2%	7.9%	10.1%	14.5%
Net earnings	168.8	161.0	266.7	371.9	432.2
Basic earnings per common share (\$)	\$3.01	\$2.73	\$4.33	\$5.91	\$6.90
<b>BALANCE SHEET INFORMATION (millions)</b>					
Accounts receivable	\$552.0	\$475.9	\$456.3	\$495.2	\$553.6
Inventories	1,084.2	919.8	840.3	956.5	986.0
Prepaid expenses and other assets	33.1	29.0	26.2	35.8	30.3
Accounts payable and accruals	(506.7)	(398.0)	(411.4)	(446.3)	(521.4)
Net working capital	1,162.6	1,026.7	911.4	1,041.2	1,048.5
Fixed assets	557.8	488.4	337.3	312.2	302.4
Right-of-use assets	155.2	155.2	100.0	101.7	86.7
Goodwill and intangibles	131.1	145.8	120.2	126.5	132.2
Lease obligations	(185.4)	(183.4)	(125.3)	(126.9)	(109.5)
Net assets employed in metals operations	1,821.3	1,632.7	1,343.6	1,454.7	1,460.3
Other operating assets	3.7	2.5	1.0	0.8	0.3
Net income tax assets (liabilities)	(25.5)	(11.2)	(11.7)	(5.7)	(68.7)
Pension and benefit assets (liabilities)	35.5	44.0	41.6	40.5	26.1
Other corporate assets (liabilities)	(62.4)	(41.8)	(66.6)	2.0	(8.0)
Total net assets employed	\$1,772.6	\$1,626.2	\$1,307.9	\$1,492.3	\$1,410.0
<b>CAPITALIZATION (millions)</b>					
Bank indebtedness, net of (cash)	\$(114.6)	\$(32.2)	\$(629.2)	\$(363.0)	\$(133.1)
Long-term debt (incl. current portion)	298.3	-	297.2	296.0	294.8
Total interest bearing debt, net of (cash)	183.7	(32.2)	(332.0)	(67.0)	161.7
Shareholders' equity	1,588.9	1,658.4	1,639.9	1,559.3	1,248.3
Invested Capital <sup>(1)</sup>	\$1,772.6	\$1,626.2	\$1,307.9	\$1,492.3	\$1,410.0
<b>OTHER INFORMATION (Notes)</b>					
Book value per share (\$) <sup>(1)</sup>	\$28.86	\$29.03	\$27.16	\$25.10	\$19.78
Free cash flow (millions) <sup>(1)</sup>	\$247.1	\$206.4	\$320.6	\$482.8	\$609.7
Capital expenditures (millions)	\$74.4	\$90.2	\$72.7	\$41.5	\$28.8
Depreciation and amortization (millions)	\$93.5	\$76.7	\$68.0	\$66.1	\$57.9
Net debt to invested capital <sup>(1)</sup>	10%	(2%)	(25%)	(4%)	11%
Return on invested capital <sup>(1)</sup>	15%	15%	25%	33%	51%
<b>COMMON SHARE INFORMATION</b>					
Ending outstanding common shares	55,061,755	57,133,088	60,388,426	62,112,220	63,100,220
Average outstanding common shares	56,149,744	58,880,546	61,527,975	62,891,611	62,667,618
Dividends per share	\$1.71	\$1.66	\$1.58	\$1.52	\$1.52
Share price - High	\$45.55	\$47.39	\$45.44	\$36.15	\$37.57
Share price - Low	\$34.62	\$35.20	\$28.63	\$23.80	\$22.33
Share price - Ending	\$43.80	\$42.10	\$45.03	\$28.78	\$33.63

<sup>(1)</sup> This chart includes certain financial measures that are not prescribed by International Financial Reporting Standards (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other companies. Refer to page 6 of our MD&A for commentary and certain definitions of Non-GAAP Measures and Ratios and a reconciliation of certain Non-GAAP measures to GAAP measures. Adjusted EBIT and Adjusted EBITDA are adjusted to remove the impact of long-lived asset impairment. Management believes that measures like Adjusted EBIT and Adjusted EBITDA 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 requirements. Adjusted EBIT and Adjusted EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data. Adjusted EBIT, Adjusted EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies. See financial statements for GAAP measures.

## MESSAGE FROM OUR PRESIDENT & CHIEF EXECUTIVE OFFICER

*Fellow Shareholders,*

### **2025 Year in Review**

This was a year of continued growth and business optimization across the Russel portfolio of businesses. We continue to evolve every year, but our culture and core principles remain the same. The Russel team delivered strong financial performance, executed multiple growth initiatives, continued to refine our operations and safety performance, and rewarded shareholders with a strong return of capital. This performance was driven by our people as they continue to raise the bar in all facets of the business. Our keen focus on partnering with our customers allows us to grow the business and maintain our intense working capital management discipline. Our flexible capital structure allows us to effectively deploy capital in all areas that make economic and commercial sense. Our initiatives position us well for continued disciplined growth well into the future. Personally, I want to thank everyone for the pleasure and privilege of being a part of the Russel team.

### **Strong Financial Performance**

In 2025, we generated strong results while navigating the evolving geopolitical landscape riddled with tariffs, political tension and volatile markets. Our industry-leading return on invested capital was 15% in 2025 and averaged 18% per year over the past three years. The results reflect our performance-based culture and compensation system that leads to an intense focus on capital efficiency.

### **Growth Initiatives**

On the heels of the Samuel and Tampa Bay Steel acquisitions in 2024, we completed the acquisition of seven branches from Kloeckner in late 2025. Individually, these three acquisitions were complementary additions, but collectively they will have a meaningful impact in growing our North American footprint, expanding our non-ferrous offering and facilitating new opportunities to grow our value-added processing investments.

- The three acquisitions totaled over \$400 million in incremental capital and resulted in our capital deployed of \$1.8 billion at the end of 2025 compared to \$1.6 billion at the end of 2024 and \$1.1 billion at the end of 2020. We expect to continue to drive profitable growth and invest capital while maintaining an average annual return on capital of over 15% through the cycle.
- Our geographic presence is broader than it has ever been, with our operations spanning coast-to-coast in Canada as well as a strong and growing presence in the U.S. South, Northeast and Midwest. Going forward, we expect the U.S. to represent roughly 50% of our overall business.
- The Samuel acquisition has evolved according to plan, with an approximate \$100 million reduction in the invested capital since our original acquisition announcement, as working capital reduction initiatives were substantially realized and the monetization of redundant real estate is expected to close in the 2026 first quarter. As a result, we now have opportunities for new investment initiatives in our Western Canadian operations in 2026.
- The Tampa Bay acquisition closed in late 2024 and delivered strong financial results in 2025 that were in line with our expectations. The large value-added and non-ferrous components in the business generated consistently strong results despite the volatile markets.
- The Kloeckner acquisition closed on December 31, 2025, and we are very excited about the opportunity to integrate those locations into our complementary subregions in the U.S. I would like to thank our internal team for the tremendous effort in bringing the transaction to the finish line and commencing our initiatives to realize the potential from those operating locations.

Our internal discretionary investment opportunities continue to grow. We currently have a multi-year capital expenditure plan of approximately \$200 million that we expect to pursue in 2026 and 2027.

### **Capital Structure Enhancements**

Our flexible capital structure continued its evolution in 2025, with a key milestone being our inaugural term debt financing into the Canadian investment grade debt market. We completed a \$300 million financing at a 4.423% interest rate and are now positioned with investment grade ratings by both S&P and DBRS. As a result, we have significant financial flexibility and access to low-cost debt that can allow us to execute future growth opportunities.

### ***Returned Capital to Shareholders***

In 2025, we paid \$96 million for dividends and repurchased \$86 million of our shares. We increased our dividend each of the last three years and our dividend per share has grown by over 13% since 2023. The balanced approach to dividends and share buybacks over the same period have allowed our total dividend outflows to remain relatively steady.

### ***Health and Safety Program***

Our "Mission Zero" safety program remains a key priority and our 2025 results reflected significant accomplishments. Our business and headcount have grown, while our safety culture and metrics continue to improve. We are proud of our team as they have taken on an industry wide leadership role in MSCI's Zero Harm Safety Always initiative engaging in establishing industry-specific benchmarking, training and collaborating with industry peers.

### ***Talent Management and Systems Enhancements***

Over the past year, there has been a series of internal realignments, systems investments and promotions to position Russel for future growth and maximize the effectiveness of our existing operations.

In our Metals Service Center segment, we have reconfigured the operations into three primary geographic regions, with leadership for each region being responsible for establishing best practices and realizing efficiencies across their business units. In conjunction with this reconfiguration, we have made the following internal promotions:

- Brandon Ezell was promoted to Vice President of US Service Centers effective May 1, 2025. Brandon started his career with us in 2001 and has steadily moved up the ranks. Previously Brandon was Regional Manager of JMS Russel Metals in the U.S. Recently, Brandon has been focused on transition management for the recently acquired Kloeckner locations.
- Scott Harris was promoted to Vice President of Eastern Canada Service Centers effective January 1, 2026. Scott started his career on the commercial side of the steel mill business and joined us in 2020, Previously Scott served as the Eastern Regional Manager of JMS Russel Metals. Recently, Scott has been focused on transition management and strategic planning within Eastern Canada.
- RJ Weisner was promoted to Vice President of Western Canada Service Centers in 2024 and has been a key driver of the initiatives to integrate the Samuel operations into our Western Canadian platform.

We onboarded 350 new teammates via the Kloeckner acquisition. We welcome you to the Russel Team and look forward to working with you.

We've had an ongoing focus on developing the talent within the Company through our Next Generation Leadership program. We recently completed Cohort 3 as we continue to develop our future leaders.

We have recently hired Jay Chai as Vice President and Controller. Jay joins Russel after almost six years at Blackberry as their Vice President and Controller and prior to that was an audit partner at Deloitte. Please join me in welcoming Jay to our Team. Jay will be succeeding Lesley Coleman, who will be retiring in the second quarter of 2026, after being with the Company for 34 years. Lesley has played a critical leadership role in our evolution.

### ***The Future is Exciting***

As we look forward, we are excited to fully integrate the recent acquisitions, continue to grow our value-added processing, further expand our product mix and evaluate growth opportunities as we navigate the ever-changing political, economic, and steel industry landscape in 2026 and beyond.



John G. Reid  
President and Chief Executive Officer

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements, Management's Discussion and Analysis of Financial Condition and Results of Operations and all information in the Annual Report have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

These 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 consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations within reasonable limits of materiality and for the consistency of financial data included in the text of the Annual Report with that contained in the consolidated financial statements.

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 as issued by the International Accounting Standards Board. 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 has evaluated its internal and disclosure controls for the year ended December 31, 2025, and has disclosed the results of this evaluation in its Management's Discussion and Analysis of Financial Condition and Results of Operations.

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

The consolidated financial statements have been audited on behalf of the shareholders by the external auditors, KPMG LLP, in accordance with Canadian generally accepted auditing standards. KPMG LLP has full and free access to the Audit Committee.

February 11, 2026

/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 YEAR ENDED DECEMBER 31, 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 our audited Consolidated Financial Statements for the year ended December 31, 2025, including the notes thereto and should be read in conjunction with these financial statements. 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](http://www.sedarplus.ca) or on our website at [www.russelmetals.com](http://www.russelmetals.com).

Unless otherwise stated, the discussion and analysis contained in this MD&A are as of February 11, 2026.

### 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; cyclical nature 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; 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 are otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR+ at [www.sedarplus.ca](http://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 materials.

**Gross Margin Percentage** - represents gross margin over revenues.

**Gross Margin per Ton** - represents gross margin divided by tons shipped.

**Inventory Turns** - represent annualized cost of sales divided by ending inventory.

**Invested Capital** - net debt plus shareholders' equity.

**Liquidity** - represents cash on hand less bank indebtedness plus excess availability under our bank credit facility.

**Net Debt** - long-term debt less cash on hand.

**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) excluding the Kloeckner assets from the average invested capital, as the acquisition closed on December 31, 2025.

## RECONCILIATION OF NET EARNINGS TO EBITDA <sup>1</sup>

The following table provides a reconciliation of net earnings to EBITDA <sup>1</sup>:

(\$ millions except per share data)	Three Months Ended			Year Ended	
	Dec 31 2025	Sep 30 2025	Dec 31 2024	Dec 31 2025	Dec 31 2024
Net earnings	\$ 30.4	\$ 35.0	\$ 26.9	\$ 168.8	\$ 161.0
Provision for income tax	9.7	11.2	8.8	53.7	53.1
Interest (income) expense, net	5.1	5.4	4.0	21.1	7.7
EBIT <sup>1</sup>	45.2	51.6	39.7	243.6	221.8
Depreciation and amortization	23.4	23.4	21.6	93.5	76.7
EBITDA <sup>1</sup>	\$ 68.6	\$ 75.0	\$ 61.3	\$ 337.1	\$ 298.5
Basic earnings per share	\$ 0.55	\$ 0.63	\$ 0.47	\$ 3.01	\$ 2.73

<sup>1</sup> Refer to Non-GAAP Measures and Ratios on page 6

## OVERVIEW OF THE 2025 FOURTH QUARTER AND ANNUAL RESULTS

Our fourth quarter 2025 and full year 2025 results reflected a continuation of improving trend line metrics, as we are starting to generate the benefits from our 2024 acquisitions and internal investment initiatives.

- Revenues were \$1.1 billion for the fourth quarter of 2025, which represented a 5% increase over the fourth quarter of 2024. Total revenues for 2025 represented a 9% increase over 2024. The increases were primarily related to the two acquisitions that were completed in the second half of 2024.
- Our average gross margin percentage for the fourth quarter of 2025 was 21.2%, which was an 80 basis point increase over the fourth quarter of 2024. For 2025, our average gross margin percentage was 21.8% which was a 90 basis point increase over 2024. These improvements were related to a pick-up in market conditions as well as the continuation of our value-added investment initiatives.
- In the fourth quarter of 2025, our EBITDA was \$69 million, which was a 12% improvement over the fourth quarter of 2024. For 2025, our EBITDA was \$337 million, which was a 13% increase over 2024.
- The metal service centers segment had solid shipments in the fourth quarter of 2025, even though it is typically a seasonally slower period. The fourth quarter 2025 tons shipped were down 5% versus the third quarter of 2025, but up 1% versus the fourth quarter of 2024. For 2025, our tons shipped achieved an annual record of almost 1.6 million tons, which was 15% higher than the 2024 tons shipped.

On December 31, 2025, we closed the acquisition of seven service centers from Kloeckner Metals Corporation ("Kloeckner") for approximately US\$95 million, subject to closing working capital and other normal course adjustments. This acquisition is a complimentary fit with our existing U.S. locations, as they will tie into our footprint in key regions of Florida/Georgia/Carolinas, Iowa/Wisconsin and Texas. As a result of this transaction, we expect our average annual revenues to grow by approximately US\$500 million and expand the relative contribution from our U.S. based businesses to over 50%.

In 2025, we generated \$200 million of cash from operating activities. In the fourth quarter of 2025, we generated \$105 million of cash from operating activities, including \$53 million from non-cash working capital.

For the year ended December 31, 2025, our revenues, EBITDA, and earnings per share were \$4.6 billion, \$337 million and \$3.01 per share, respectively, compared to \$4.3 billion, \$299 million and \$2.73 per share in 2024.

In the 2025 fourth quarter, our revenues, EBITDA and earnings per share were \$1.1 billion, \$69 million and \$0.55 per share, respectively compared to \$1.0 billion, \$61 million and \$0.47 per share in the fourth quarter of 2024 and \$1.2 billion, \$75 million and \$0.63 per share in the third quarter of 2025. Our 2025 fourth quarter results declined relative to our 2025 third quarter primarily due to the typical seasonal dynamic. In addition, our fourth quarter results were impacted by several non-recurring items, including: (i) \$3 million expense for the mark-to-market on stock-based compensation; (ii) \$2 million of operating losses in certain locations in Western Canada that are undergoing operational changes; (iii) \$1 million expense for transaction and transition costs for the Kloeckner acquisition; (iv) \$2 million expense reversal for the tariff that was recently recovered from the Canadian government for an expense that was incurred in the third quarter; and (v) \$1 million gain related to equipment sales.

In 2025, we invested \$74 million in capital expenditures, including \$14 million in the fourth quarter, that included a series of value-added equipment and facility modernization initiatives in both Canada and the U.S. Going forward, we expect to invest approximately \$100 million per year over the next two years, as our pipeline of internal investment opportunities continues to grow.

### *Market Conditions*

The implementation of tariffs on steel and aluminum in the first quarter of 2025 led to an increase in metal prices late in the first quarter of 2025. Steel prices moderated over the subsequent six months before stabilizing in the latter part of the year. The 2025 average price for hot rolled coil was US\$849 per ton, which was higher than the US\$772 per ton average for 2024. Plate prices averaged US\$1,035 per ton in 2025, which was down from the 2024 average of US\$1,070 per ton.

### *Capital Investment Growth Initiatives*

In 2025, we grew the business through a series of internal and external investments, which resulted in an increase of our invested capital from \$1.6 billion at the end of 2024 to almost \$1.8 billion at the end of 2025. Our return on invested capital was 15% for 2025 and averaged 18% over the past three years. These results reflect a strong focus on growing invested capital in an efficient manner, as return on capital is the key element of our pay-for-performance culture.

In addition to our new investments, we also repatriated redundant capital in certain areas. During 2025, we announced a series of business improvement initiatives related to our Western Canadian operations, including the rationalization of locations in British Columbia and a related property sale. Once completed, we will have exceeded the upper end of our targeted capital reduction initiative from the 2024 acquisition of the Samuel branches.

The recent capital investment and repatriation initiatives are also part of our strategy to diversify and expand our business in a number of areas.

- U.S. operations represented 44% of consolidated 2025 revenues and will be over 50% after taking into account the Kloeckner acquisition.
- Approximately 11% of our 2025 revenues were stainless and aluminum products as compared to 9% in 2024 and 8% in 2023.
- Our value-added equipment and facility modernization initiatives are ongoing and will further increase our average margins through the cycle.

### *Returning Capital to Shareholders*

Our approach to returning capital to shareholders is a balance between dividends and share buybacks. In 2025, we paid \$96 million of dividends and repurchased \$86 million of our shares (excluding the impact of the federal tax on share repurchases).

During the first quarter of 2025, we announced a 2.4% increase in our quarterly dividend from \$0.42 per share to \$0.43 per share. More recently, we just declared a dividend of \$0.43 per share, payable on March 16, 2026, to shareholders of record at the close of business on February 27, 2026. Our 2025 dividend payments of \$96 million were lower than the 2024 payments of \$98 million, as the impact of our share repurchases more than offset the increase in our dividend per share.

In the fourth quarter of 2025, we purchased 0.6 million common shares at an average price per share of \$40.58. In the full year of 2025, we purchased 2.1 million common shares, which represented approximately 4% of our beginning shares outstanding, at an average price per share of \$41.06. In the period since the August 2022 normal course issuer bid was established, we purchased approximately 8.6 million common shares, which represents approximately 14% of our then outstanding shares, at an average price per share of \$37.96 for total consideration of \$326 million (excluding the impact of the federal tax on share repurchases).

### *Liquidity and Capital Structure*

One of our key strategies is to maintain a strong capital structure in order to navigate through market cycles and be in a position to capitalize on opportunities. In 2025, we further strengthened our capital structure by issuing term debt and amending and extending our credit facility. We ended the year with a strong capital structure, with a net debt to invested capital ratio of approximately 10% and liquidity of \$515 million.

On March 28, 2025, we completed an inaugural offering of investment grade term debt, with \$300 million of 4.423% senior unsecured notes due March 28, 2030. 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. On October 27, 2025, S&P Global upgraded our credit rating from BB+ to BBB-. We are now rated as an investment grade credit by both S&P Global and DBRS Morningstar.

## SUMMARIZED FINANCIAL INFORMATION

The following tables disclose selected information related to revenues, earnings and common shares over the last three years.

### 2025

<i>(in millions, except per share data and volumes)</i>	Quarters Ended				Year Ended
	Mar. 31	June 30	Sept. 30	Dec. 31	Dec. 31
Revenues	\$ 1,173.6	\$ 1,207.3	\$ 1,166.9	\$ 1,093.7	\$ 4,641.5
EBITDA <sup>1</sup>	85.7	107.8	75.0	68.6	337.1
Net earnings	43.0	60.4	35.0	30.4	168.8
Basic and diluted earnings per common share	\$ 0.75	\$ 1.07	\$ 0.63	\$ 0.55	\$ 3.01
Total assets	\$ 2,707.9	\$ 2,629.7	\$ 2,622.8	\$ 2,684.6	\$ 2,684.6
Non-current financial liabilities	\$ 457.5	\$ 451.1	\$ 445.7	\$ 455.2	\$ 455.2
Dividends paid	\$ 0.42	\$ 0.43	\$ 0.43	\$ 0.43	\$ 1.71
Market price of common shares					
High	\$ 43.29	\$ 43.97	\$ 45.55	\$ 44.69	\$ 45.55
Low	\$ 36.17	\$ 34.62	\$ 39.64	\$ 39.09	\$ 34.62
Shares outstanding end of quarter	56,522,055	55,988,355	55,658,155	55,061,755	55,061,755
Average shares outstanding	56,984,456	56,343,386	55,866,943	55,606,546	56,149,744
Number of common shares traded on the TSX	12,081,902	9,140,845	8,717,701	11,239,404	41,179,852

### 2024

<i>(in millions, except per share data and volumes)</i>	Quarters Ended				Year Ended
	Mar. 31	June 30	Sept. 30	Dec. 31	Dec. 31
Revenues	\$ 1,061.1	\$ 1,071.5	\$ 1,089.4	\$ 1,039.2	\$ 4,261.2
EBITDA <sup>1</sup>	84.0	85.8	67.4	61.3	298.5
Net earnings	49.7	49.9	34.5	26.9	161.0
Basic and diluted earnings per common share	\$ 0.82	\$ 0.84	\$ 0.59	\$ 0.47	\$ 2.73
Total assets	\$ 2,590.7	\$ 2,431.2	\$ 2,484.0	\$ 2,346.7	\$ 2,346.7
Non-current financial liabilities	\$ 410.1	\$ 262.4	\$ 305.0	\$ 161.0	\$ 161.0
Dividends paid	\$ 0.40	\$ 0.42	\$ 0.42	\$ 0.42	\$ 1.66
Market price of common shares					
High	\$ 47.39	\$ 45.07	\$ 41.65	\$ 46.87	\$ 47.39
Low	\$ 41.79	\$ 36.13	\$ 35.20	\$ 38.52	\$ 35.20
Shares outstanding end of quarter	60,084,926	58,667,141	57,451,222	57,133,088	57,133,088
Average shares outstanding	60,313,886	59,659,653	58,238,501	57,334,211	58,880,546
Number of common shares traded on the TSX	11,927,057	11,895,186	12,841,743	9,510,839	46,174,825

<sup>1</sup> Refer to Non-GAAP Measures and Ratios on page 6

## 2023

<i>(in millions, except per share data and volumes)</i>	Quarters Ended				Year Ended
	Mar. 31	June 30	Sept. 30	Dec. 31	Dec. 31
Revenues	\$ 1,186.7	\$ 1,189.6	\$ 1,109.5	\$ 1,019.3	\$ 4,505.1
EBITDA <sup>1</sup>	116.4	131.4	95.6	82.2	425.6
Net earnings	73.9	85.0	60.6	47.2	266.7
Basic and diluted earnings per common share	\$ 1.19	\$ 1.37	\$ 0.99	\$ 0.78	\$ 4.33
Total assets	\$ 2,630.8	\$ 2,647.1	\$ 2,632.4	\$ 2,570.1	\$ 2,570.1
Non-current financial liabilities	\$ 406.8	\$ 406.0	\$ 405.0	\$ 406.8	\$ 406.8
Dividends paid	\$ 0.38	\$ 0.40	\$ 0.40	\$ 0.40	\$ 1.58
Market price of common shares					
High	\$ 37.28	\$ 37.85	\$ 40.52	\$ 45.44	\$ 45.44
Low	\$ 28.63	\$ 31.24	\$ 35.42	\$ 33.38	\$ 28.63
Shares outstanding end of quarter	62,428,342	61,307,326	60,778,726	60,388,426	60,388,426
Average shares outstanding	62,243,466	62,014,641	61,184,940	60,689,696	61,527,975
Number of common shares traded on the TSX	23,543,332	16,261,518	10,156,617	9,545,403	59,506,870

<sup>1</sup> Refer to Non-GAAP Measures and Ratios on page 6

## 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 consolidated financial statements.

(\$ millions, except percentages)	Three Months Ended			Year Ended	
	Dec 31 2025	Sep 30 2025	Dec 31 2024	Dec 31 2025	Dec 31 2024
<b>Segment Revenues</b>					
Metals service centers	\$ 778.2	\$ 823.2	\$ 723.0	\$ 3,297.2	\$ 2,866.5
Energy field stores	221.3	226.7	220.3	943.0	983.9
Steel distributors	91.6	112.2	89.2	386.1	389.4
Other	2.6	4.8	6.7	15.2	21.4
	\$ 1,093.7	\$ 1,166.9	\$ 1,039.2	\$ 4,641.5	\$ 4,261.2
<b>Segment Gross Margins <sup>1</sup></b>					
Metals service centers	\$ 158.4	\$ 166.3	\$ 131.5	\$ 695.3	\$ 551.1
Energy field stores	54.8	58.2	59.8	232.3	251.4
Steel distributors	16.3	17.0	13.8	69.4	66.0
Other	2.6	4.8	6.7	15.2	21.4
Total operations	\$ 232.1	\$ 246.3	\$ 211.8	\$ 1,012.2	\$ 889.9
<b>Segment Operating Profits and EBIT <sup>1</sup></b>					
Metals service centers	\$ 27.3	\$ 27.5	\$ 20.9	\$ 161.6	\$ 119.6
Energy field stores	15.1	19.1	20.2	72.4	89.5
Steel distributors	9.2	8.1	4.4	36.4	32.6
Corporate expenses	(6.9)	(5.1)	(9.8)	(31.7)	(30.9)
Other	0.5	2.0	4.0	4.9	11.0
Earnings before interest and income taxes	\$ 45.2	\$ 51.6	\$ 39.7	\$ 243.6	\$ 221.8
<b>Segment Gross Margin as a % of Revenues <sup>1</sup></b>					
Metals service centers	20.3%	20.2%	18.2%	21.1%	19.2%
Energy field stores	24.8%	25.7%	27.1%	24.6%	25.6%
Steel distributors	17.8%	15.1%	15.5%	18.0%	16.9%
Total operations	21.2%	21.1%	20.4%	21.8%	20.9%
<b>Segment Operating Profit and EBIT as a % of Revenues <sup>1</sup></b>					
Metals service centers	3.5%	3.3%	2.9%	4.9%	4.2%
Energy field stores	6.8%	8.4%	9.2%	7.7%	9.1%
Steel distributors	10.2%	7.2%	4.9%	9.5%	8.4%
Total operations	4.1%	4.4%	3.8%	5.3%	5.5%

Results of our U.S. operations for the year ended December 31, 2025, were converted at \$1.3979 per US\$1 compared to \$1.3700 per US\$1 for the year ended December 31, 2024. Our U.S. operations represented approximately 44% of our total revenues. The exchange rate used to translate the balance sheet on December 31, 2025, was \$1.3706 per US\$1 versus \$1.4389 per US\$1 at December 31, 2024.

<sup>1</sup> Refer to Non-GAAP Measures and Ratios on page 6

## METALS SERVICE CENTERS

### a) Description of operations

We provide processing and distribution services to a broad base of approximately 47,000 end users through a network of 51 Canadian locations and 31 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 Midwest regions in the United States.

### b) Metals service centers segment results

	Three Months Ended			Year Ended	
	Dec 31 2025	Sep 30 2025	Dec 31 2024	Dec 31 2025	Dec 31 2024
<b>Financial Highlights</b>					
Revenues (\$ millions)	\$ 778	\$ 823	\$ 723	\$ 3,297	\$ 2,866
Tons shipped (thousands of imperial tons)	365	386	359	1,559	1,350
Gross margin (\$ millions) <sup>1</sup>	158	166	132	695	551
Gross margin per ton (\$)	433	430	368	441	408
Gross margin (%) <sup>1</sup>	20.3%	20.2%	18.2%	21.1%	19.2%
Operating profits (\$ millions) <sup>1</sup>	27	28	21	162	120

The 2025 revenues and tons shipped for our metals service center operations increased 15% from 2024 primarily due to a full year of the former Samuel branches that were acquired on August 12, 2024, and Tampa Bay that was acquired on December 4, 2024. Same store tons shipped were consistent with 2024. The average selling price per ton in 2025 was also consistent with 2024. In the fourth quarter of 2025, our shipments were 5% lower than the third quarter of 2025 and 1% higher than the comparable fourth quarter of 2024.

Gross margin as a percentage of revenues was 21.1% for the year ended December 31, 2025, which was higher than 19.2% in 2024 due to the significant increase in metal prices in the 2025 first quarter and the benefits from our ongoing investments in value-added processing. The gross margin per ton of \$433 in the fourth quarter was consistent with the \$430 per ton in the third quarter of 2025, as both average price realizations and average cost of goods sold per ton were consistent in the third and fourth quarters. However, as a result of favourable market conditions that evolved during the fourth quarter, there was an increase in margins towards the end of the fourth quarter that resulted in the December gross margins being higher than the fourth quarter average.

Operating expenses in 2025 were 24% higher than 2024 mostly due to a full year of operating expenses from business units acquired during 2024. Operating expenses in the fourth quarter of 2025 were \$131 million, which was \$8 million lower than the third quarter of 2025, as the third quarter included non-recurring costs related to the restructuring provision for the Delta branch closure as well as other operating costs incurred in conjunction with our Western Canadian business improvement initiatives.

Metals service centers operating profit for the year ended December 31, 2025, was \$162 million compared to \$120 million reported for 2024. Our operating profit of \$27 million in the fourth quarter approximated the \$28 million reported in the third quarter of 2025.

## ENERGY FIELD STORES

### a) Description of operations

We distribute flanges, valves, fittings and other products, primarily to the energy industry in Western Canada and the United States. We operate from 46 Canadian and 12 U.S. facilities in our operations. We purchase our products from North American steel mills, independent manufacturers of flanges, valves and fittings and other products, international steel mills and other distributors.

<sup>1</sup> Refer to Non-GAAP Measures and Ratios on page 6

## b) Energy field stores segment results

	Three Months Ended			Year Ended	
	Dec 31 2025	Sep 30 2025	Dec 31 2024	Dec 31 2025	Dec 31 2024
<b>Financial Highlights</b>					
Revenues (\$ millions)	\$ 221	\$ 227	\$ 220	\$ 943	\$ 984
Gross margin (\$ millions) <sup>1</sup>	55	58	60	232	251
Gross margin (%) <sup>1</sup>	24.8%	25.7%	27.1%	24.6%	25.6%
Operating profits (\$ millions) <sup>1</sup>	15	19	20	72	90

The 2025 revenues in our energy field stores segment were 4% lower than 2024 due to strong project-related activity in 2024 and more moderate business activity in the early part of 2025 compared to the early part of 2024. Revenues in the 2025 fourth quarter were consistent with the 2024 fourth quarter.

Gross margin as a percentage of revenues of 24.6% in 2025 compared to 25.6% in 2024. In the fourth quarter of 2025, our gross margin was 24.8% compared to 25.7% in the third quarter. These levels are all within the typical range for this business segment.

Operating expenses of \$160 million in 2025 were consistent with the 2024 level of \$162 million. The fourth quarter operating expenses of \$40 million were consistent with the third quarter 2025 amount of \$39 million and the fourth quarter 2024 amount of \$40 million.

This segment generated operating profits of \$72 million for 2025 compared to \$90 million in 2024.

## STEEL DISTRIBUTORS

### a) Description of operations

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

The main 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			Year Ended	
	Dec 31 2025	Sep 30 2025	Dec 31 2024	Dec 31 2025	Dec 31 2024
<b>Financial Highlights</b>					
Revenues (\$ millions)	\$ 92	\$ 112	\$ 89	\$ 386	\$ 389
Gross margin (\$ millions) <sup>1</sup>	16	17	14	69	66
Gross margin (%) <sup>1</sup>	17.8%	15.1%	15.5%	18.0%	16.9%
Operating profits (\$ millions) <sup>1</sup>	9	8	4	36	33

The 2025 revenues in our steel distributors operations were consistent with 2024, despite the challenging market environment.

Gross margins in this segment vary based on steel prices, product mix and macro-economic factors. Gross margin as a percentage of revenues was 18.0% for 2025, which was higher than the 16.9% for 2024 due to higher steel prices and product mix. In the fourth quarter of 2025, margins were 17.8% compared to 15.1% in the 2025 third quarter due to a \$2 million expense reversal for the tariff that was recently recovered from the Canadian government for an expense that was incurred in the third quarter by our Canadian operations.

Operating expenses of \$33 million in 2025 were consistent with the same period in 2024.

Operating profits for 2025 of \$36 million were higher than the \$33 million generated in 2024. In the fourth quarter of 2025, operating profits of \$9 million were higher compared to the third quarter of 2025 and the fourth quarter of 2024.

<sup>1</sup> Refer to Non-GAAP Measures and Ratios on page 6

## CORPORATE EXPENSES AND OTHER

(\$ millions)	Three Months Ended			Year Ended	
	Dec 31 2025	Sep 30 2025	Dec 31 2024	Dec 31 2025	Dec 31 2024
Corporate expenses	\$ 5	\$ 7	\$ 7	\$ 29	\$ 31
Stock-based compensation	3	(2)	3	3	-
Other income	(1)	(2)	(4)	(5)	(11)
	\$ 7	\$ 3	\$ 6	\$ 27	\$ 20

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

Corporate expenses of \$29 million in 2025 were lower than the \$31 million reported in 2024. The mark-to-market on our stock-based compensation was an expense of \$3 million in 2025 compared to \$nil in 2024. In the fourth quarter of 2025, the corporate expenses were lower than the 2025 third quarter due in part to acquisition transaction costs in the 2025 third quarter.

## INTEREST EXPENSE

(\$ millions)	Three Months Ended			Year Ended	
	Dec 31 2025	Sep 30 2025	Dec 31 2024	Dec 31 2025	Dec 31 2024
Interest on Senior Unsecured Notes	\$ 3	\$ 3	\$ 1	\$ 10	\$ 13
Interest on lease obligations	4	4	4	15	12
Other interest (income) expense, net	(2)	(2)	(1)	(4)	(17)
	\$ 5	\$ 5	\$ 4	\$ 21	\$ 8

Net interest expense of \$21 million for 2025 was higher compared to \$8 million for 2024 due to the utilization of cash for growth activities.

## INCOME TAXES

We recorded a provision for income taxes of \$54 million for 2025 compared to a provision of \$53 million for 2024. Our effective income tax rate for 2025 was 24.1% compared to 24.8% for 2024.

## NET EARNINGS

Net earnings for 2025 were \$169 million compared to \$161 million in 2024. Basic earnings per share for 2025 were \$3.01 compared to \$2.73 in 2024.

## SHARES OUTSTANDING AND DIVIDENDS

Common shares outstanding on December 31, 2025, and February 11, 2026, were 55.1 million compared to 57.1 million on December 31, 2024, due to the share repurchases. The weighted average number of common shares outstanding decreased to 56.1 million for 2025 compared to 58.9 million for 2024 primarily as a result of the share repurchases.

We paid common share dividends of \$96 million or \$1.71 per share in 2025 and \$98 million or \$1.66 per share in 2024. We raised our common share dividend to \$0.43 per share from \$0.42 per share in May 2025.

## CAPITAL EXPENDITURES

(\$ millions)	Three Months Ended			Year Ended	
	Dec 31 2025	Sep 30 2025	Dec 31 2024	Dec 31 2025	Dec 31 2024
Capital expenditures -					
property, plant and equipment	\$ 14	\$ 15	\$ 21	\$ 74	\$ 90
Additions - right-of-use assets	6	1	3	15	19
Depreciation - property, plant and equipment	13	14	12	55	44
Depreciation - right-of-use assets	7	7	6	28	22

Capital expenditures and right-of-use assets exclude additions relating to acquisitions.

## LIQUIDITY AND CAPITAL RESOURCES

On December 31, 2025, we had net debt, defined as bank indebtedness and term debt less cash, of \$184 million, compared to \$(32) million on December 31, 2024.

### Cash Flows

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

(\$ millions)	Three Months Ended			Twelve Months Ended	
	Dec 31 2025	Sep 30 2025	Dec 31 2024	Dec 31 2025	Dec 31 2024
Cash flow from operating activities	\$ 106	\$ 63	\$ 110	\$ 200	\$ 344
Cash flow (used) in financing activities	(55)	(44)	(181)	78	(538)
Cash flows used in investing activities	(142)	(15)	(127)	(201)	(418)
Effect of exchange rates on cash and cash equivalents	(6)	13	21	(8)	28
Increase (decrease) in cash and cash equivalents	(97)	17	(177)	69	(584)

#### Cash Flow from Operating Activities

During the twelve months ended December 31, 2025, we generated \$322 million in cash from operations, utilized \$85 million for changes in non-cash working capital and \$38 million for the payment of income taxes. For the three months ended December 31, 2025, we generated \$106 million in cash from operating activities.

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

During the twelve months ended December 31, 2025, we generated \$78 million of cash flow in financing including \$300 million for the issue of our inaugural investment grade notes and utilized \$87 million for the repurchase of our shares and \$96 million for dividends. During the three months ended December 31, 2025, we utilized \$55 million of cash for financing activities including \$25 million for the repurchase of our shares and \$24 million for dividends.

#### Cash Flow Used in Investing Activities

During the twelve months ended December 31, 2025, we utilized \$201 million in cash for investing activities and capital expenditures including \$130 million for the acquisition of the seven Kloeckner branches on December 31, 2025. During the three months ended December 31, 2025, we utilized \$142 million in cash for investing activities and capital expenditures.

### 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 \$2.7 billion on December 31, 2025, compared to \$2.3 billion on December 31, 2024. On December 31, 2025, current assets, excluding cash, represented 65% of our total assets compared to 63% on December 31, 2024.

Inventories represented 42% of our total assets, excluding cash, on December 31, 2025, and 40% on December 31, 2024.

<i>Inventories by Segment</i> (\$ millions)	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024
Metals service centers	\$ 726	\$ 626	\$ 662	\$ 652	\$ 595
Energy field stores	225	221	217	220	229
Steel distributors	133	126	133	122	96
Total	\$ 1,084	\$ 973	\$ 1,012	\$ 994	\$ 920

<b>Cost of Materials by Segment</b> (\$ millions)	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024
Metals service centers	\$ 620	\$ 657	\$ 661	\$ 664	\$ 591
Energy field stores	167	169	190	186	161
Steel distributors	75	95	75	71	75
<b>Total</b>	<b>\$ 862</b>	<b>\$ 921</b>	<b>\$ 926</b>	<b>\$ 921</b>	<b>\$ 827</b>

<b>Inventory Turns</b> (quarters ended)	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024
Metals service centers	3.4	4.2	4.0	4.1	4.0
Energy field stores	3.0	3.0	3.5	3.4	2.8
Steel distributors	2.3	3.0	2.3	2.3	3.1
<b>Total</b>	<b>3.2</b>	<b>3.8</b>	<b>3.7</b>	<b>3.7</b>	<b>3.6</b>

For the quarter ended December 31, 2025, our inventory turns in metals service centers, excluding the December 31, 2025, Kloeckner acquisition, would have been 3.9 turns and our total turns would have been 3.5 turns.

On December 31, 2025, our metals service center same store tons were approximately 5% higher than our tons on December 31, 2024, and tons for steel distributors were approximately 37% higher. The average cost of inventory in our metals service centers on December 31, 2025, was approximately 7% higher than on December 31, 2024, on a same store basis and for steel distributors was approximately 3% lower. Inventory levels in our energy field stores were consistent between the levels at December 31, 2025 and December 31, 2024.

Accounts receivable utilized cash of \$23 million in 2025 and represented 22% of our total assets, excluding cash, on December 31, 2025, compared to 21% on December 31, 2024.

## DEBT

As of December 31 (\$ millions)	2025	2024
4.423% \$300 million Senior Unsecured Notes due March 28, 2030	\$ 298	\$ -
	\$ 298	\$ -

## CASH AND BANK CREDIT FACILITY

(\$ millions)	2025	2024
Bank borrowings	\$ -	\$ (13)
Cash net of outstanding cheques	115	45
Net cash	115	32
Letters of credit	(24)	(26)
	\$ 91	\$ 6
Facility		
Borrowings and letters of credit	\$ 400	\$ 400
Borrowings	-	150
Letters of credit	50	50
Facility availability	\$ 450	\$ 600

We have a \$450 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 and (ii) Facility B - \$50 million for letters of credit; which expire on April 30, 2029.

On December 31, 2025, we had no borrowings and \$24 million of letters of credit outstanding under the facilities. On December 31, 2024, we had \$13 million of borrowings and letters of credit were \$26 million.

On December 31, 2025, we were in compliance with all of our financial covenants.

With our cash, cash equivalents and our bank facility we have access to approximately \$515 million of cash at December 31, 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 December 31, 2025, we were contractually obligated to make payments as per the following table:

<b>Contractual Obligations</b> (\$ millions)	Payments due in				Total
	2026	2027 and 2028	2029 and 2030	2031 and thereafter	
Accounts payable	\$ 552	\$ -	\$ -	\$ -	\$ 552
Long-term debt	-	-	300	-	300
Long-term debt interest	13	27	20	-	60
Operating leases	43	77	52	88	260
<b>Total</b>	<b>\$ 608</b>	<b>\$ 104</b>	<b>\$ 372</b>	<b>\$ 88</b>	<b>\$ 1,172</b>

We are obligated to pay \$24 million in letters of credit when they mature in 2026. We have outstanding US\$106 million (2024: US\$236 million) in forward exchange contracts that mature in 2026.

We expect our 2026 capital expenditure level to be approximately \$100 million. These investments are being planned but are 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 and one defined benefit plan in the U.S., as disclosed in Note 16 of our 2025 consolidated financial statements.

As provided in the Canadian plan text, we are using our defined benefit surplus to fund the employer portion of our defined contribution plan contributions. During 2025 we used \$4 million of our defined benefit plan surplus to fund our defined contribution benefit plan. We expect to contribute \$nil to these plans during 2026 and expect to pay \$4 million from our plan surplus in one of our defined benefit plans to fund our defined contribution plan. 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 \$2 million.

On December 31, 2025, we assumed the benefit obligations for a U.S. defined benefit pension plan as part of the Kloeckner acquisition. We expected to contribute \$0.4 million to these plans in 2026. We estimate the impact of a 0.25% change in the discount rate on the solvency obligation would be approximately \$1 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 credit losses 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 December 31, 2025, approximated our reserve level on December 31, 2024.

### *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. The inventory reserve level on December 31, 2025, approximated the level on December 31, 2024.

Other areas involving significant estimates and judgements include:

### *Long-lived Asset Impairment*

The determination of whether long-lived assets, including goodwill and intangible assets, 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 higher of the value in use or its fair value less costs to sell. The assessment of future cash flows and a discount rate requires significant judgement.

During 2025, no long-lived asset impairments were recorded. There is no certainty that there will not be 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 net assets acquired. Where we deem it appropriate, we hire outside business valuers to assist in the assessment of the fair value of property, plant, equipment, intangible assets 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 benefits. 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.

Our Canadian plan assets decreased approximately \$30 million from December 31, 2024, to \$101 million on December 31, 2025, due in part to the \$23 million premium paid for the buy-out portion of the annuitization. The discount rate used on the employee benefit plan obligation for December 31, 2025, was 4.9%, which is 20 basis points higher than the discount rate on December 31, 2024. Our U.S. plan assets were approximately \$23 million on December 31, 2025, the date the plan obligations were assumed.

### *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 during the first year of acquiring the seven Kloeckner locations. For a period after the acquisition, we are utilizing the Kloeckner ERP and shared services to manage these locations prior to their integration into our ERP platform through a Transitional Services Agreement.

Based on our evaluation, excluding the operations acquired as part of the Kloeckner acquisition, we have concluded that our disclosure controls and procedures and our internal controls over financial reporting were effective to provide reasonable assurance that information related to our consolidated results and decisions to be made on those results were appropriate as at December 31, 2025.

## Summary Financial Information - Kloeckner Locations

At December 31, 2025 (\$ millions)

Current assets	\$ 145
Current liabilities	(86)
Property, plant and equipment (including right-of-use assts)	85
Lease liabilities	(14)

The line items that could be affected by this limited scope at the Kloeckner locations are current assets, current liabilities, property, plant and equipment (including right-of-use assets) and lease liabilities.

No changes were made in our internal controls over financial reporting during 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 facility modernization initiative and our value-added processing investments enable us to better service our customers and enhance 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. In 2025 we expended \$74 million on capital expenditures.

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. During 2025, we completed the acquisition of seven service center locations from Kloeckner.

Returning capital to our shareholders through our ongoing dividends and opportunistic share buy backs 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.

During 2025, the U.S. government increased the tariff rates for steel and aluminum to 50%. The Canadian government responded with 25% retaliatory tariffs and implemented a quota of 2.6 million tons with a tariff rate of 50% on steel mill products from free trade countries. As a result of the announcements, there is continued risk related to the imposition of various tariffs. We will continue to evaluate existing or potential tariffs and quotas and adjust our procurement activities as required.

A portion of our revenues are 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 products.

The impact of inflation, interest rate 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 2025, steel prices were impacted by various tariffs that were initiated by the U.S. government and countered by other countries, including Canada. Future steel price changes may be impacted by further changes in such tariffs.

Our metal service center gross margins came down in the early part of the third quarter but stabilized over the latter part of the third quarter and into the fourth quarter. Going into the first quarter of 2026, there has been an improvement in market tone and an increase in most steel prices, which should lead to an improvement in our margins in the first quarter of 2026 as compared to the fourth quarter of 2025. In addition, we expect to see a seasonal recovery in shipments in the first quarter of 2026, subject to weather-related factors, that is similar in magnitude to the seasonal improvement that had been experienced in the past.

Over the medium-term, we expect to benefit from further rebuilding of the U.S. industrial manufacturing base, Canadian nation building projects, as well as infrastructure related investments in areas such as data centers. In addition, we are positioned to gain market share through our ongoing investments in value-added equipment, facility modernizations and acquisitions. As a result of the closing of the Kloeckner acquisition on December 31, 2025, we will benefit from an increased presence in the U.S.

Our energy field stores are expected to continue to benefit from solid energy activity in 2026. Our energy field store segment is also expected to continue to gain market share while maintaining a solid margin profile.

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Russel Metals Inc.

## **Opinion**

We have audited the consolidated financial statements of Russel Metals Inc. (the "Company"), which comprise:

- ♦ the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- ♦ the consolidated statements of earnings for the years then ended
- ♦ the consolidated statements of comprehensive income for the years then ended
- ♦ the consolidated statement of changes in equity for the years then ended
- ♦ the consolidated statements of cash flow for the years then ended
- ♦ and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flow for the years then ended in accordance with IFRS Accounting Standards.

## **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

### **Evaluation of the existence of inventories**

#### *Description of the matter*

We draw attention to note 7 of the financial statements. The Company has \$1,084.2 million of inventories across Metals service centers, Energy field stores, and Steel distributors as at December 31, 2025.

#### *Why the matter is a key audit matter*

We identified the evaluation of the existence of inventories as a key audit matter. We identified this as a key audit matter because it required significant auditor attention in performing the audit given the magnitude of inventories, geographical dispersion of the inventories, and timing of physical inventory counts.

#### *How the matter was addressed in the audit*

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

The primary procedures we performed to address the key audit matter included the following:

- ◆ Analyzed locations with inventories to determine where to attend the Company's physical inventory counts
- ◆ Performed test counts for a sample of inventories and compared the results to the Company's inventory records
- ◆ For certain locations where the inventory count was performed prior to year end, we tested a sample of inventory movements during the roll-forward period by inspecting relevant third-party documentation
- ◆ We involved Information Technology (IT) professionals with specialized skills and knowledge, who assisted in evaluating the design and testing the operating effectiveness of certain general IT controls and automated controls relevant to certain of the Company's inventory management systems.

### ***Other Information***

Management is responsible for the other information. Other information comprises:

- ◆ the information included in Management's Discussion and Analysis of Financial Condition and Results of Operations filed with the relevant Canadian Securities Commissions.
- ◆ the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis of Financial Condition and Results of Operations filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- ◆ Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- ◆ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- ◆ Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Mark Christopher Lehman.

/s/ KPMG LLP  
Vaughan, Canada  
February 11, 2026

## CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31

(in millions of Canadian dollars, except per share data)

	2025	2024
Revenues	\$ 4,641.5	\$ 4,261.2
Cost of materials (Note 7)	3,629.3	3,371.3
Employee expenses (Note 20)	454.9	392.2
Other operating expenses (Note 20)	313.7	275.1
Asset impairment (Note 9)	-	0.8
<b>Earnings before interest and provision for income taxes</b>	<b>243.6</b>	<b>221.8</b>
Interest expense, net (Note 21)	21.1	7.7
<b>Earnings before provision for income taxes</b>	<b>222.5</b>	<b>214.1</b>
Provision for income taxes (Note 22)	53.7	53.1
Net earnings for the year	\$ 168.8	\$ 161.0
<b>Basic earnings per common share (Note 19)</b>	<b>\$ 3.01</b>	<b>\$ 2.73</b>
<b>Diluted earnings per common share (Note 19)</b>	<b>\$ 3.01</b>	<b>\$ 2.73</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31

(in millions of Canadian dollars)

	2025	2024
<b>Net earnings for the year</b>	<b>\$ 168.8</b>	<b>\$ 161.0</b>
Other comprehensive (loss) income		
<b>Items that may be reclassified to earnings</b>		
Unrealized foreign exchange (losses) gains on translation of foreign operations	(51.7)	82.9
<b>Items that may not be reclassified to earnings</b>		
Actuarial (losses) gains on pension and similar obligations, net of taxes of \$1.3 million (2024: \$1.4 million)	(3.7)	3.9
Other comprehensive (loss) income	(55.4)	86.8
<b>Total comprehensive income</b>	<b>\$ 113.4</b>	<b>\$ 247.8</b>

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

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31

(in millions of Canadian dollars)

	2025	2024
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 5)	\$ 114.6	\$ 45.6
Accounts receivable (Note 6)	554.2	490.4
Inventories (Note 7)	1,084.2	919.8
Prepays and other	33.1	29.0
Income taxes receivable	6.2	14.5
Assets held for sale (Note 8 and 9)	4.9	-
	1,797.2	1,499.3
<b>Property, Plant and Equipment (Note 9)</b>	558.6	492.4
<b>Right-of-Use Assets (Note 10)</b>	155.2	157.0
<b>Deferred Income Tax Assets (Note 22)</b>	0.4	0.8
<b>Pensions and Benefits (Note 16)</b>	37.0	45.5
<b>Financial and Other Assets (Note 11)</b>	5.1	5.9
<b>Goodwill and Intangible Assets (Note 12)</b>	131.1	145.8
<b>Total Assets</b>	<b>\$ 2,684.6</b>	<b>\$ 2,346.7</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness (Note 13)	\$ -	\$ 13.4
Accounts payable and accrued liabilities (Note 14)	552.2	442.1
Short-term lease obligations (Note 10)	28.5	22.4
Income taxes payable	6.3	0.7
	587.0	478.6
<b>Long-Term Debt (Note 15)</b>	298.3	-
<b>Pensions and Benefits (Note 16)</b>	1.5	1.5
<b>Deferred Income Tax Liabilities (Note 22)</b>	25.8	25.8
<b>Long-term Lease Obligations (Note 10)</b>	156.9	161.0
<b>Provisions and Other Non-Current Liabilities (Note 23)</b>	26.2	21.4
	1,095.7	688.3
<b>Shareholders' Equity (Note 17)</b>		
Common shares	509.4	528.1
Retained earnings	919.7	918.7
Contributed surplus	9.9	10.0
Accumulated other comprehensive income	149.9	201.6
<b>Total Shareholders' Equity</b>	<b>1,588.9</b>	<b>1,658.4</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 2,684.6</b>	<b>\$ 2,346.7</b>

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

## CONSOLIDATED STATEMENTS OF CASH FLOW

For the years ended December 31  
(in millions of Canadian dollars)

	2025	2024
<b>Operating Activities</b>		
Net earnings for the year	\$ 168.8	\$ 161.0
Depreciation and amortization	93.5	76.7
Provision for income taxes	53.7	53.1
Interest expense, net	21.1	7.7
Gain on sale of property, plant and equipment	(1.1)	(0.7)
Difference between pension expense and amount funded	3.3	3.0
Asset impairment	-	0.8
Interest paid net, including interest on lease obligations	(17.4)	(5.0)
Cash from operating activities before non-cash working capital	321.9	296.6
<b>Changes in Non-cash Working Capital Items</b>		
Accounts receivable	(23.4)	75.2
Inventories	(86.6)	78.7
Accounts payable and accrued liabilities	29.5	(50.0)
Other	(4.1)	(1.2)
Change in non-cash working capital	(84.6)	102.7
Income tax paid, net	(37.8)	(55.4)
<b>Cash from operating activities</b>	<b>199.5</b>	<b>343.9</b>
<b>Financing Activities</b>		
(Decrease) increase in bank indebtedness	(13.4)	13.4
Issue of common shares	0.3	1.9
Repurchase of common shares	(87.3)	(133.6)
Dividends on common shares	(95.9)	(97.6)
Issuance (repayment) of long-term debt	300.0	(300.0)
Deferred financing costs	(2.0)	(2.1)
Lease obligations	(23.5)	(19.9)
<b>Cash from (used in) financing activities</b>	<b>78.2</b>	<b>(537.9)</b>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(74.4)	(90.2)
Proceeds on sale of property, plant and equipment	3.9	1.3
Business acquisitions (Note 4)	(130.0)	(328.8)
<b>Cash used in investing activities</b>	<b>(200.5)</b>	<b>(417.7)</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>(8.2)</b>	<b>28.1</b>
Increase (decrease) in cash and cash equivalents	69.0	(583.6)
Cash and cash equivalents, beginning of the year	45.6	629.2
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 114.6</b>	<b>\$ 45.6</b>

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

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(in millions of Canadian dollars)</i>	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	-	(95.9)	-	-	(95.9)
Net earnings for the year	-	168.8	-	-	168.8
Other comprehensive loss for the year	-	-	-	(55.4)	(55.4)
Share options exercised	0.4	-	(0.1)	-	0.3
Shares repurchased	(19.1)	(68.2)	-	-	(87.3)
Transfer of net actuarial loss on defined benefit plans	-	(3.7)	-	3.7	-
<b>Balance, December 31, 2025</b>	<b>\$ 509.4</b>	<b>\$ 919.7</b>	<b>\$ 9.9</b>	<b>\$ 149.9</b>	<b>\$ 1,588.9</b>

<i>(in millions of Canadian dollars)</i>	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	-	(97.6)	-	-	(97.6)
Net earnings for the year	-	161.0	-	-	161.0
Other comprehensive income for the year	-	-	-	86.8	86.8
Share options exercised	2.2	-	(0.3)	-	1.9
Shares repurchased	(30.4)	(103.2)	-	-	(133.6)
Transfer of net actuarial gains on defined benefit plans	-	3.9	-	(3.9)	-
Balance, December 31, 2024	\$ 528.1	\$ 918.7	\$ 10.0	\$ 201.6	\$ 1,658.4

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 GENERAL BUSINESS DESCRIPTION

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

The Company primarily distributes steel and other metal products in three principal business 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, 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 Distribution*

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

### NOTE 2 BASIS OF PRESENTATION

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. These 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 consolidated statements 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.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. These consolidated financial statements were authorized for issue by the Board of Directors on February 11, 2026.

#### ACCOUNTING POLICIES

##### *a) Basis of consolidation*

The consolidated financial statements include the accounts of Russel Metals Inc. and its subsidiaries. Subsidiaries are entities controlled by the Company. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date the control commences until the date the control ceases. Accounting policies for all subsidiaries are consistent with those of the parent and all intercompany transactions, balances, income and expenses are eliminated on consolidation.

To facilitate a better understanding of the Company's consolidated financial statements, material accounting policies, estimates and judgements are disclosed with the related financial note disclosure.

*b) Revenue from contracts with customers*

Revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer applying the following steps:

1. Identify the contract with a customer
2. Identify the performance obligation
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Company generates revenue primarily from the delivery of metal and metal products to customers. The primary contracts to provide goods and services to customers are purchase orders (written or verbal) which provide the Company's performance obligations and transaction prices. The primary performance obligation in the Company's contracts is to provide metal products to customers in accordance with their specifications. These specifications could require the Company to cut, bend and provide other metal processing prior to delivery. The Company's performance obligation is satisfied upon transfer of control of product to the customers, which occurs when it has been packed and loaded for delivery. Credit terms for customers are short-term in nature.

*c) Impairment of long lived non-financial assets*

Non-financial tangible and definite life intangible assets are reviewed for an indication of impairment at each statement of financial position date. If an indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount. Impairment losses are recognized in net earnings for the period. Impairment losses recognized relating to CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

*d) Foreign currency*

The accounts of foreign subsidiaries whose functional currency is the U.S. dollar are translated from U.S. dollars to Canadian dollars at the closing rate in effect at the statement of financial position date, which was \$1.3706 per US\$1 at December 31, 2025 (December 31, 2024: \$1.4389 per US\$1). Monetary items receivable or payable to a foreign subsidiary for which settlement is neither planned nor likely to occur form part of the net investment in the foreign subsidiary. Revenues and expenses are translated at the average rate of exchange during the year. For the year ended December 31, 2025, the average U.S. dollar Bank of Canada closing exchange rate was \$1.3979 per US\$1 (2024: \$1.3700 per US\$1). The resulting gains or losses from the translation of foreign subsidiaries and those items forming part of the net investment are included in other comprehensive income.

Goodwill, intangible assets and fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and translated at the rate in effect at the statement of financial position date.

## ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make certain judgements and estimates about the future. Judgement is commonly used in determining whether a balance or transaction should be recognized in the consolidated financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgement and estimates are often interrelated. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company's management also makes estimates for net realizable value and obsolescence provisions relating to inventory, fair values, guarantees, long-lived asset and goodwill impairment, decommissioning obligations, lease obligations, contingencies and litigation. These estimates are based 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.

## NOTE 3 ACCOUNTING CHANGES - FUTURE

### FUTURE CHANGES

#### *IFRS 18 Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1 Presentation of Financial Statements and is expected to have a significant 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 BUSINESS ACQUISITIONS

### ACCOUNTING POLICIES

The Company accounts for its acquisitions using the acquisition method whereby assets acquired and liabilities assumed are recorded at their estimated fair values with the surplus of the aggregate consideration relative to the fair value for the identifiable net assets recorded as goodwill.

The acquisition method of accounting is used to account for the acquisition of subsidiaries as follows:

- (i) cost of consideration is measured as the fair value of the assets provided, equity instruments issued, liabilities incurred or assumed and any non-controlling interest acquired at the acquisition date;
- (ii) identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date;
- (iii) the excess of acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill;
- (iv) if the acquisition cost is less than the fair value of the net assets acquired, the fair value of the net assets is re-assessed and any residual difference is recognized directly in net earnings;
- (v) any costs directly attributable to the business combination are expensed as incurred; and
- (vi) contingent consideration, if any, is measured at fair value at the acquisition date and subsequent changes in fair value are recognized in net earnings.

## ACCOUNTING ESTIMATES AND JUDGEMENTS

The fair value of assets acquired and liabilities assumed in a business combination are estimated based on information available at the date of acquisition and involves considerable judgement in determining the fair values assigned to property, plant, equipment, right-of-use assets and intangible assets acquired and liabilities, including any contingent consideration or lease obligations, assumed on acquisition. The determination of these fair values involves analysis including the use of discounted cash flow models, estimated future margins, future growth rates and estimated future customer attrition. There is measurement uncertainty inherent in this analysis, and actual results could differ from estimates.

## SUPPORTING INFORMATION

### 2025 Acquisition

On December 31, 2025, the Company completed its acquisition of the assets and certain liabilities of seven service centers from Kloeckner Metals Corporation ("Kloeckner"). The Company acquired Kloeckner's metal service centers in Dubuque (Iowa), Charlotte (North Carolina), Suwanee (Georgia), Houston (Texas), Austin (Texas), Jackson (Florida) and Pompano Beach (Florida). The acquisition is a complementary fit with the Company's other U.S. locations. The following summarizes the allocation of the consideration for this acquisition:

<i>(\$ millions)</i>	
Inventories	\$ 96.0
Accounts receivable	48.8
Property, plant and equipment	70.7
Right-of-use assets	14.1
Accounts payable and accrued liabilities	(85.3)
Pension liability	(0.2)
Lease obligations	(14.1)
<b>Net identifiable assets acquired</b>	<b>\$ 130.0</b>
<b>Consideration:</b>	
Cash	\$ 130.0

The preliminary allocation is subject to change following the final working capital calculation, which may result in an adjustment to the purchase price.

Accounts receivable of \$50.1 million represented gross contractual accounts receivable of which \$48.8 million were considered collectible at the time of acquisition.

The consolidated statement of earnings for the year ended December 31, 2025, does not include any revenues or operating profits for the acquired locations.

If the acquisition had taken place at the beginning of the 2025 fiscal year, management estimates that the acquired business would have provided revenues of approximately \$770 million and contributed segment operating profits of approximately \$37 million (after depreciation and amortization expense of \$5 million).

The transaction costs for this acquisition were \$1.2 million and were included in other operating expenses in the consolidated statement of earnings.

### 2024 Acquisitions

On August 12, 2024, the Company completed its acquisition of the assets and certain liabilities of seven service centers from Samuel, Son & Co., Limited ("Samuel"). The Company acquired Samuel's metal service centers in Winnipeg (Manitoba), Calgary (Alberta), Nisku (Alberta), Langley (British Columbia), Surrey (British Columbia), Buffalo (New York) and Pittsburgh (Pennsylvania). In addition, the Company acquired the working capital and certain fixed assets of the Samuel location in Delta (British Columbia). The five Canadian locations were integrated into our Western Canada operations and the two U.S. Northeast locations provide an eastern extension for our operations in the U.S. Mid-West. The following summarizes the allocation of the consideration for this acquisition:

<i>(\$ millions)</i>	
Inventories	\$ 113.9
Accounts receivable	70.2
Prepays and other	0.6
Property, plant and equipment	30.7
Right-of-use assets	48.3
Intangible assets	6.7
Accounts payable and accrued liabilities	(0.8)
Lease obligations	(46.4)
<b>Net identifiable assets acquired</b>	<b>\$ 223.2</b>
<b>Consideration:</b>	
Cash	\$ 223.2

Accounts receivable of \$70.2 million represented net contractual accounts receivable of which none were considered uncollectible at the time of acquisition.

The consolidated statement of earnings for the year ended December 31, 2024, includes revenues of \$182.8 million and contributed segment operating profits of \$1.6 million (after depreciation and amortization expense of \$1.7 million).

If the acquisition had taken place at the beginning of the 2024 fiscal year, management estimates that the acquired business would have provided revenues of approximately \$536 million and contributed segment operating profits of \$11.2 million (after depreciation and amortization expense of \$5.2 million).

The transaction costs for this acquisition were \$2.0 million and were included in other operating expenses in the consolidated statement of earnings.

On December 4, 2024, the Company completed its acquisition of 100% of the issued and outstanding shares of Tampa Bay Steel Corporation ("Tampa Bay"). The following summarizes the allocation of the consideration for this acquisition:

<i>(\$ millions)</i>	
Inventories	\$ 14.7
Accounts receivable	13.6
Prepays and other	1.1
Property, plant and equipment	60.6
Right-of-use assets	2.3
Intangible assets	8.9
Goodwill	12.7
Accounts payable and accrued liabilities	(6.0)
Lease obligations	(2.3)
<b>Net identifiable assets acquired</b>	<b>\$ 105.6</b>
Consideration:	
Cash, net of cash acquired of \$10.7 million	\$ 105.6

Accounts receivable of \$13.6 million represents net contractual accounts receivable of which none was considered uncollectible at the time of acquisition.

Goodwill represents the expansion of our geographical footprint into the U.S. Florida market and the expected growth potential of the business. The goodwill is deductible for tax purposes. The consolidated statement of earnings for the year ended December 31, 2024, includes revenues of \$9.6 million and contributed segment operating profits of \$0.4 million (after depreciation and amortization expense of \$0.5 million). If the acquisition had taken place at the beginning of the 2024 fiscal year, management estimates that the acquired business would have provided revenues of approximately \$136 million and contributed segment operating profits of \$9 million (after depreciation and amortization expense of \$4 million).

The transaction costs for this acquisition were \$0.3 million and were included in other operating expenses in the consolidated statement of earnings.

## **NOTE 5 CASH AND CASH EQUIVALENTS**

### **ACCOUNTING POLICIES**

Cash includes demand deposits and cash equivalents includes bank term deposits and short-term investments with a maturity of less than three months at time of purchase. The financial instrument designation for cash and cash equivalents is loans and receivables.

### **SUPPORTING INFORMATION**

<i>(\$ millions)</i>	2025	2024
Cash	\$ 45.3	\$ 39.7
Cash equivalents	69.3	5.9
	<b>\$ 114.6</b>	<b>\$ 45.6</b>

## NOTE 6 ACCOUNTS RECEIVABLE

### ACCOUNTING POLICIES

Trade receivables are amounts due from customers from the sale of goods or rendering of services in the ordinary course of business. Trade receivables are classified as current assets if payment is due within one year or less. The financial instrument designation for trade receivables is loans and receivables. Trade receivables are measured at amortized cost, which approximates fair value.

The Company maintains an allowance for expected credit losses to provide for the impairment of trade receivables. The expense relating to expected credit losses is included within "Other operating expenses" in the consolidated statements of earnings.

In order to minimize the risk of uncollectability of trade receivables, the Company performs regular credit reviews for all customers with significant credit limits. Trade receivables are analyzed on a case-by-case basis taking into account a customer's past credit history as well as its current ability to pay and forward-looking macro-economic factors.

### ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company evaluates the collectability of accounts receivable by recording an allowance for expected credit losses which is based on customer creditworthiness, current economic trends and past experience.

### SUPPORTING INFORMATION

(\$ millions)	2025	2024
Trade receivables	\$ 530.8	\$ 463.7
Other receivables	23.4	26.7
	<b>\$ 554.2</b>	<b>\$ 490.4</b>

As at December 31, 2025, other receivables includes a \$nil unrealized gain (2024: \$11.4 million) on forward contracts. (Note 11)

The following is the continuity of the allowance for expected credit losses:

(\$ millions)	2025	2024
<b>Allowance for Expected Credit Losses</b>		
Balance, beginning of the year	\$ 5.1	\$ 5.2
Increases to allowance	2.6	2.0
Amounts written off	(1.8)	(2.4)
Adjustments	0.2	0.3
Balance, end of the year	<b>\$ 6.1</b>	<b>\$ 5.1</b>

An increase in the allowance of 1% of accounts receivable would decrease pre-tax earnings by approximately \$5.5 million for the year ended December 31, 2025 (2024: \$4.8 million).

As at December 31, 2025 (\$ millions)	Current	Past Due 1-30 Days	Past Due 31-60 Days	Past Due Over 60 Days	Total Trade Receivables
<b>Trade Receivables</b>					
Gross trade receivables	\$ 349.2	\$ 132.7	\$ 37.0	\$ 18.0	\$ 536.9
Allowance for expected credit losses	(0.1)	(0.5)	(0.5)	(5.0)	(6.1)
<b>Total net trade receivables</b>	<b>\$ 349.1</b>	<b>\$ 132.2</b>	<b>\$ 36.5</b>	<b>\$ 13.0</b>	<b>\$ 530.8</b>

As at December 31, 2024 (\$ millions)	Current	Past Due 1-30 Days	Past Due 31-60 Days	Past Due Over 60 Days	Total Trade Receivables
<b>Trade Receivables</b>					
Gross trade receivables	\$ 279.0	\$ 134.4	\$ 42.7	\$ 12.7	\$ 468.8
Allowance for expected credit losses	(0.1)	(0.1)	(0.2)	(4.7)	(5.1)
<b>Total net trade receivables</b>	<b>\$ 278.9</b>	<b>\$ 134.3</b>	<b>\$ 42.5</b>	<b>\$ 8.0</b>	<b>\$ 463.7</b>

## NOTE 7 INVENTORIES

### ACCOUNTING POLICIES

Inventories are recorded at the lower of cost and net realizable value. Cost is determined on an average cost basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be greater than the recoverable amount due to declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down previously recorded is reversed.

### ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's determination of the net realizable value of inventory requires the use of assumptions such as future selling prices and costs to sell. Inventories are reviewed to ensure that the cost of inventories is not in excess of their estimated net realizable value. Inventory reserves or write-downs are recorded when cost exceeds the estimated selling price less costs to sell and when product is determined to be slow moving or obsolete. Where the selling prices cannot be estimated based on recent transactional information, they are estimated using current replacement cost plus an applicable margin.

There is measurement uncertainty in these estimates. Actual selling prices and costs to sell could differ from these estimates.

### SUPPORTING INFORMATION

<i>Inventory</i> (\$ millions)	2025	2024
Metals service centers	\$ 726.6	\$ 594.4
Energy field stores	224.9	229.3
Steel distributors	132.7	96.1
Total	\$ 1,084.2	\$ 919.8

Inventories expensed in cost of materials for the year ended December 31, 2025, were \$3.6 billion (2024: \$3.4 billion).

For the year ended December 31, 2025, the Company recorded a net reduction of \$1.6 million in inventory provisions (2024: \$0.9 million).

## NOTE 8 ASSETS HELD FOR SALE

### ACCOUNTING POLICIES

A non-current asset or disposal group of assets and liabilities ("disposal group") is classified as held for sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and when the following criteria are met: (i) the non-current asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; and (ii) the sale of the non-current asset or disposal group is highly probable.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell ("FVLCS"). If the FVLCS is lower than the carrying amount, an impairment loss is recognized in the consolidated statements of earnings. Non-current assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the Company's consolidated statements of financial position.

### SUPPORTING INFORMATION

During 2025, the Company entered into binding sale agreements to sell land and building associated with its Saskatoon (Saskatchewan) and Delta (British Columbia) branches within the metals service centers segment. The Company transferred its book value of \$4.9 million from property, plant and equipment and presented it under current assets as held for sale. The purpose of the sale is to rationalize excess capacity for the British Columbia location and sell a redundant property for the Saskatoon location. The Delta location will be permanently closed, and the Company recorded a restructuring provision of \$4.2 million relating to this closure in the third quarter of 2025. The Company expects to complete the sales in the first half of 2026 for total cash proceeds of greater than \$40 million.

## NOTE 9 PROPERTY, PLANT AND EQUIPMENT

### ACCOUNTING POLICIES

Property, plant, equipment and leasehold improvements are recorded at cost. Component accounting is used for both buildings and machinery and equipment. Components that make up a material portion of the original cost of the asset and have an estimated useful life that is significantly different than the parent asset are considered to be significant components. For buildings, roofs are the only significant component. For machinery and equipment there are various significant components depending on the asset. Depreciation starts when the asset or significant component is ready for use and is provided on a straight-line basis at rates that charge the original cost of such asset, less residual values, to operations over their estimated useful lives. Periods of depreciation are 15 to 25 years for roofs, 20 to 40 years for buildings, 3 to 10 years for machinery and equipment components, 10 to 25 years for machinery and equipment, and over the lease term for leasehold improvements. Depreciation ceases at the earlier of when the asset or component is derecognized, or when it is held for sale or included in a group that is classified as held for sale. Residual values and useful lives are reviewed at the end of each annual reporting period and whenever facts and circumstances indicate a reduction in residual value or useful life. Changes in the estimates of residual values and useful lives are reflected in earnings in the period of the change and future periods, as appropriate.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs not directly attributable to a qualifying asset are expensed in the period incurred.

### ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period and whenever events or circumstances indicate a change in useful life. Estimated useful lives of items of property, plant and equipment are based on a best estimate and the actual useful lives may be different.

### SUPPORTING INFORMATION

<b>Cost</b> (\$ millions)	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2023	\$ 320.9	\$ 500.4	\$ 25.1	\$ 846.4
Business acquisition (Note 4)	32.5	56.4	2.4	91.3
Additions	37.4	51.9	0.9	90.2
Disposals	(0.6)	(13.6)	(0.3)	(14.5)
Asset impairment	-	(0.8)	-	(0.8)
Foreign exchange and other	10.9	16.8	0.4	28.1
<b>Balance, December 31, 2024</b>	<b>\$ 401.1</b>	<b>\$ 611.1</b>	<b>\$ 28.5</b>	<b>\$ 1,040.7</b>
Business acquisition (Note 4)	61.9	8.8	-	70.7
Additions	15.7	57.9	0.8	74.4
Assets held for sale (Note 8)	(15.0)	-	-	(15.0)
Disposals	(0.9)	(25.6)	-	(26.5)
Foreign exchange and other	(8.3)	(14.3)	(0.1)	(22.7)
<b>Balance, December 31, 2025</b>	<b>\$ 454.5</b>	<b>\$ 637.9</b>	<b>\$ 29.2</b>	<b>\$ 1,121.6</b>

<b>Accumulated Depreciation and Amortization</b> (\$ millions)	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2023	\$ 157.2	\$ 330.0	\$ 19.3	\$ 506.5
Additions	8.6	34.6	1.0	44.2
Disposals	(0.1)	(13.5)	(0.3)	(13.9)
Foreign exchange and other	3.0	7.7	0.8	11.5
<b>Balance, December 31, 2024</b>	<b>\$ 168.7</b>	<b>\$ 358.8</b>	<b>\$ 20.8</b>	<b>\$ 548.3</b>
Additions	10.2	43.8	1.2	55.2
Disposals	(0.5)	(23.2)	-	(23.7)
Assets held for sale (Note 8)	(10.1)	-	-	(10.1)
Foreign exchange and other	(1.5)	(4.9)	(0.3)	(6.7)
<b>Balance, December 31, 2025</b>	<b>\$ 166.8</b>	<b>\$ 374.5</b>	<b>\$ 21.7</b>	<b>\$ 563.0</b>

<b>Net Book Value</b> (\$ millions)	
December 31, 2024	\$ 492.4
<b>December 31, 2025</b>	<b>\$ 558.6</b>

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

On December 31, 2025, land, included in land and buildings, was \$75.0 million (2024: \$49.9 million).

During 2025, the Company entered into binding sale agreements to sell two properties which have been reclassified as assets held for sale (Note 8). During 2024, an impairment loss of \$0.8 million was recorded for processing equipment within our metals service center segment.

<i>Depreciation expense</i> (\$ millions)	2025	2024
Depreciation - cost of materials	\$ 9.2	\$ 6.7
Depreciation - other operating expenses	46.0	37.5
	\$ 55.2	\$ 44.2

## **NOTE 10 RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS**

### **ACCOUNTING POLICIES**

The Company recognizes right-of-use assets at the commencement date of the lease. The Company leases warehouse locations, field stores, office space, land, equipment, trucks and other vehicles. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. In addition, the right-of-use assets are subject to impairment and adjusted for any remeasurement of lease liabilities. Amortization expense is recorded in other operating expenses.

The lease liability is initially measured at the present value of lease payments to be paid and discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in interest expense in the consolidated statements of earnings.

In the consolidated statements of cash flow, the Company records the principal portion of lease payments in financing activities and the interest portion in operating activities.

Lease payments on short-term leases and leases of low-value assets are recognized in other operating expense on a straight-line basis over the lease term.

### **ACCOUNTING ESTIMATES AND JUDGEMENTS**

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Termination options are only considered if the lease is reasonably certain to be terminated. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. The Company's determination of lease liability requires the use of assumptions to determine incremental borrowing rates.

## SUPPORTING INFORMATION

<i>(\$ millions)</i>	Right-of-use Assets	Lease Obligations
Balance, December 31, 2023	\$ 100.0	\$ 125.3
Additions	19.1	19.1
Business acquisitions (Note 4)	50.6	48.7
Disposals and modifications	5.8	5.7
Depreciation and amortization	(22.3)	-
Lease payments	-	(19.9)
Foreign exchange	3.8	4.5
Balance, December 31, 2024	\$ 157.0	\$ 183.4
Additions	14.8	14.8
Business acquisitions (Note 4)	14.1	14.1
Disposals and modifications	(0.6)	(1.1)
Depreciation and amortization	(27.6)	-
Lease payments	-	(23.5)
Foreign exchange	(2.5)	(2.3)
<b>Balance December 31, 2025</b>	<b>\$ 155.2</b>	<b>\$ 185.4</b>
Current portion		\$ 28.5
Long-term portion		\$ 156.9

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

<i>Right-of-use Assets (\$ millions)</i>	2025	2024
Land and buildings	\$ 112.1	\$ 126.3
Machinery and equipment	43.1	30.7
	<b>\$ 155.2</b>	<b>\$ 157.0</b>
<i>Depreciation Expense (\$ millions)</i>	2025	2024
Land and buildings	\$ 18.0	\$ 13.5
Machinery and equipment	9.6	8.8
	<b>\$ 27.6</b>	<b>\$ 22.3</b>

For the year ended December 31, 2025, the Company expensed \$1.0 million (2024: \$0.6 million) for short-term and low value leases.

## NOTE 11 FINANCIAL AND OTHER ASSETS

### ACCOUNTING POLICIES

Eligible costs incurred relating to the revolving credit facility are deferred and amortized on a straight-line basis over the period of the related financing. Deferred financing charges are recorded at cost less accumulated amortization. Eligible costs related to long-term debt financing are capitalized to the carrying amount of the associated debt and amortized using the effective interest method.

## SUPPORTING INFORMATION

<i>(\$ millions)</i>	2025	2024
Deferred charges on revolving credit facility	\$ 1.3	\$ 1.8
Financial assets	-	11.4
Other assets	3.8	4.1
	5.1	17.3
Less: current portion of financial assets (Note 6);	-	(11.4)
	<b>\$ 5.1</b>	<b>\$ 5.9</b>

For the year ended December 31, 2025, the amortization of deferred financing charges was \$0.5 million (2024: \$0.7 million).

## NOTE 12 GOODWILL AND INTANGIBLE ASSETS

### ACCOUNTING POLICIES

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. The Company reviews goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. When testing goodwill, the carrying values of the CGUs or group of CGUs including goodwill are compared with their respective recoverable amounts (higher of fair value less costs to sell or value in use) and an impairment loss, if any, is recognized for the excess. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Amortization expense is recorded in other operating expenses.

Intangible assets are comprised of customer relationships and trademarks. They are recorded at cost, which for business acquisitions represents the fair value at the date of acquisition, less accumulated amortization and accumulated impairment losses. Customer relationships are amortized on a straight-line basis over their estimated useful lives which is typically 12 to 20 years. Non-competition agreements are amortized over the period of the agreement. Useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

Trademarks are not amortized as they have an indefinite life; however, they are tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired.

### ACCOUNTING ESTIMATES AND JUDGEMENTS

Intangible assets and goodwill arise from business combinations. Upon acquisition, the Company identifies and attributes the fair value of intangible assets with the residual value allocated to goodwill acquired. These determinations involve estimates and assumptions regarding cash flow projections, economic risk and the weighted average cost of capital. If future events or results differ adversely from these estimates and assumptions, the Company could record increased amortization or impairment charges.

The determination of impairment of goodwill and intangible assets involves estimates and assumptions regarding cash flow projections and estimated discount rates. There is measurement uncertainty inherent in this analysis.

### SUPPORTING INFORMATION

<i>(\$ millions)</i>	2025	2024
Goodwill	\$ 64.7	\$ 66.6
Intangible assets	66.4	79.2
	\$ 131.1	\$ 145.8

#### a) *Goodwill*

The continuity of goodwill is as follows:

<i>Goodwill (\$ millions)</i>	2025	2024
Balance, beginning of the year	\$ 66.6	\$ 51.3
Business acquisition (Note 4)	-	12.7
Foreign exchange	(1.9)	2.6
Balance, end of the year	\$ 64.7	\$ 66.6

**b) Impairment of goodwill**

In determining whether goodwill is impaired, the Company estimates the recoverable amount of CGUs or groups of CGUs to which goodwill is allocated. Management considers the operations below to be CGUs or groups of CGUs as they represent the lowest level at which goodwill is monitored for internal management purposes. Accordingly, goodwill was allocated to each CGU or group of CGUs as follows:

<b>Allocation of Goodwill</b> (\$ millions)	2025	2024
Metals service centers	\$ 63.5	\$ 65.4
Energy field stores	1.2	1.2
	\$ 64.7	\$ 66.6

**c) Intangible assets**

The continuity of intangible assets within the metals service centers and energy field stores segments is as follows:

<b>Cost</b> (\$ millions)	Metals Service Centers	Energy Field Stores	Total 2025	Total 2024
Balance, beginning of the year	\$ 67.5	\$ 108.6	\$ 176.1	\$ 156.3
Business acquisitions (Note 4)	-	-	-	15.6
Foreign exchange	(1.6)	(1.0)	(2.6)	4.2
Balance, end of the year	\$ 65.9	\$ 107.6	\$ 173.5	\$ 176.1

<b>Accumulated Amortization</b> (\$ millions)	Metals Service Centers	Energy Field Stores	Total 2025	Total 2024
Balance, beginning of the year	\$ (25.7)	\$ (71.2)	\$ (96.9)	\$ (87.4)
Amortization	(3.3)	(6.9)	(10.2)	(9.5)
Balance, end of the year	\$ (29.0)	\$ (78.1)	\$ (107.1)	\$ (96.9)

**Carrying Amount**

December 31, 2024	\$ 79.2
<b>December 31, 2025</b>	<b>\$ 66.4</b>

The carrying amount of intangible assets as at December 31, 2025, relates to customer relationships and trademarks arising from the acquisition of Alberta Industrial Metals, Apex Distribution, Color Steels, City Pipe, Sanborn, Boyd, Alliance, Samuel and Tampa Bay. The remaining amortization period for customer relationships is 1 to 19 years.

**NOTE 13 REVOLVING CREDIT FACILITY**

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.

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.

At December 31, 2025, the Company had borrowings of \$nil (2024: \$13.4 million) and letters of credit of \$23.8 million (2024: \$26.2 million) under this facility. The Company was in compliance with the financial covenants at December 31, 2025.

**NOTE 14 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

**ACCOUNTING POLICIES**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

## SUPPORTING INFORMATION

(\$ millions)	2025	2024
Trade payables and accrued expenses	\$ 548.7	\$ 442.1
Accrued interest (Note 15)	3.5	-
	\$ 552.2	\$ 442.1

## NOTE 15 LONG-TERM DEBT

### ACCOUNTING POLICIES

Long-term debt is recognized initially at fair value, net of transaction costs incurred. Long-term debt is subsequently recorded at amortized cost with any difference between the proceeds (net of transaction costs) and the redemption value recognized in net earnings over the term of the debt using the effective interest method.

Debt is classified as a current liability unless the Company has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

## SUPPORTING INFORMATION

(\$ millions)	2025	2024
4.423% \$300 million Senior Unsecured Notes due March 28, 2030	\$ 298.3	\$ -

Fees associated with the issuance 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.

## NOTE 16 PENSIONS AND BENEFITS

### ACCOUNTING POLICIES

For defined benefit pension plans and other post-employment benefits, the net periodic pension and benefit expense is actuarially determined on an annual basis by independent actuaries using the projected benefit method, prorated on service and is charged to expense as services are rendered. The determination of a benefit expense requires assumptions such as the discount rate to measure obligations, the expected mortality, the expected rate of future compensation increases and the expected healthcare cost trend rate.

The past service costs arising from plan amendments is recognized immediately in net earnings. The asset or liability recognized in the consolidated statements of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for asset ceiling limits. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related pension liability. All actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are recognized immediately in the consolidated statements of comprehensive income. Net interest on the defined benefit liability (asset) represents the net defined benefit liability (asset), multiplied by the discount rate and is recorded in employee expenses in the consolidated statements of earnings. The net interest expense (income) on the net defined benefit liability (asset) is comprised of interest cost on the defined benefit obligation and interest income on plan assets. The Company contributes to three multi-employer pension plans which are accounted for as defined contribution plans.

The Company closes out actuarial gains and losses recognized in other comprehensive income into retained earnings at the end of each reporting period.

## ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's determination of employee benefit expenses and obligations requires the use of assumptions such as the discount rate to measure obligations, expected mortality, the expected rate of increase of future compensation and the expected healthcare cost trend rate. Since the determination of the costs and obligations associated with employee future benefits requires the use of various assumptions, there is measurement uncertainty inherent in the actuarial valuation process. Actual results could differ from estimated results.

## SUPPORTING INFORMATION

The Company maintains Canadian defined benefit pension plans, a U.S. defined benefit pension plan, Canadian defined contribution plans, U.S. 401K plans and other post retirement benefit plans.

The following information provides the defined benefit (assets) obligations of the Company's defined benefit pension and other benefit plans.

<i>(\$ millions)</i>	2025	2024
Canadian defined benefit pension plans	\$ (36.6)	\$ (45.5)
U.S. defined benefit pension plan	0.2	-
Canadian post-retirement benefits plans	0.9	1.0
Defined benefit (assets), net	\$ (35.5)	\$ (44.0)

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

<i>(\$ millions)</i>	Pension Plans		Other Benefit Plans	
	2025	2024	2025	2024
<b>Defined Benefit (Assets) Obligations</b>				
Plans with surplus	\$ (37.0)	\$ (45.5)	\$ -	\$ -
Plans with deficit	0.2	-	-	-
Partially funded plans	0.4	0.5	-	-
Unfunded plans	-	-	0.9	1.0
Defined benefit (assets) obligations	\$ (36.4)	\$ (45.0)	\$ 0.9	\$ 1.0

In addition, under three labour contracts, the Company participates in multi-employer pension plans established for the benefit of certain employees covered by collective bargaining contracts in both Canada and U.S. One of the multi-employer plans is a defined benefit plan; however, this plan is accounted for as a defined contribution plan as the Company has insufficient information to apply defined benefit plan accounting.

The components of the Company's pension and benefit expense recorded in net earnings included the following:

<i>(\$ millions)</i>	2025	2024
<b>Defined Benefit Pension Plans</b>		
Current service cost	\$ 1.5	\$ 1.8
Plan administration cost	0.6	0.2
	2.1	2.0
Post-retirement benefits	-	0.1
Defined contribution plans	9.9	8.2
Pension and benefit expense	\$ 12.0	\$ 10.3

### a) Canadian defined benefit pension plans

The Company maintains a defined contribution pension plan ("DCPP") for most of its Canadian salaried employees as its defined benefits plans were closed for new employees. The Company maintains two defined benefit plans, one of which was merged with the DCPP ("merged plan"). The Company also maintains executive plans, post-retirement benefit plans and two additional defined contribution plans in Canada.

The defined benefit pension plans are administered by a master trust, which is legally separate from the Company and is monitored by a pension committee. The pension committee is responsible for policy setting. The defined benefit pension plans expose the Company to actuarial risk, currency risk, interest rate risk and market risk.

The merged plan had a valuation date of January 1, 2025, and the other defined benefit plan had a valuation date of January 1, 2024.

(i) The components of the Company's pension and benefit changes recorded in other comprehensive income included the following:

(\$ millions)	2025	2024
<b>Remeasurements of the Net Defined Benefit Liability</b>		
Actuarial (loss) gain due to actuarial experience	\$ (1.0)	\$ 0.9
Actuarial gain due to financial assumption changes	2.5	1.1
Actuarial loss due to demographic assumption changes	(0.5)	-
Return on plan assets (less) greater than the discount rate	(6.0)	3.3
Remeasurement effect recognized in other comprehensive income	\$ (5.0)	\$ 5.3
<b>Cumulative Actuarial Gains Relating to Pensions and Benefits</b>		
Balance of actuarial gains at January 1	\$ 46.8	\$ 41.5
Net actuarial (losses) gains recognized in the year	(5.0)	5.3
Balance of actuarial gains at December 31	\$ 41.8	\$ 46.8

There were no adjustments related to asset ceiling limits in other comprehensive income for the years ended December 31, 2025, and 2024.

The actuarial determinations were based on the following assumptions:

	2025	2024
Assumed discount rate - year end	4.90%	4.70%
Rate of increase in future compensation	3.00%	3.00%
Rate of increase in future government benefits	2.75%	2.75%

The discount rate is based on a review of current market interest rates of AA corporate bonds with a similar duration as the expected future cash outflows for the pension payments. A 0.25% increase or decrease in the discount rate would decrease or increase the defined benefit obligation by approximately \$2.2 million as of December 31, 2025 (2024: \$2.8 million).

The mortality assumptions used to assess the defined benefit obligation are based on the Mortality Improvement Scale (MI-2017). Informal practices that give rise to constructive obligations are included in the measurement of the defined benefit obligation.

On December 4, 2025, the Company entered into an annuitization transaction with an insurance company including buy-in and buy-out components for its two Canadian defined benefit plans. Under the buy-out component, the insurer assumed responsibility for paying benefits to certain retired members, and the related defined benefit obligations were fully settled. Under the buy-in component, the plans will continue to pay benefits to the retirees and the insurance company will reimburse the plans. The Company paid a premium of \$38.1 million (buy-out: \$23.0 million; buy-in: \$15.1 million) to annuitize obligations of \$38.3 million, as measured on an accounting basis, for certain retirees.

The Company has obligations included under other benefit plans for dental and medical costs for a group of retired employees. The health care cost trend rates used were 5% for dental and 5% for medical. A 1% change in trend rates would not result in a significant increase or decrease in either the present value of the defined benefit obligation or the net periodic cost.

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected benefit method at the end of the reporting period, which is consistent with the defined benefit obligation liability calculation recognized in the consolidated statements of financial position.

(ii) The following information pertains to the Company's Canadian defined benefit pension and other benefit plans.

(\$ millions)	Pension Plans		Other Benefit Plans	
	2025	2024	2025	2024
<b>Reconciliation of Present Value of the Defined Benefit Obligation</b>				
Balance, beginning of the year	\$ 86.4	\$ 86.1	\$ 1.0	\$ 1.5
Current service costs	1.5	1.8	-	-
Participant contributions	0.1	0.1	-	-
Interest cost	4.0	3.8	-	0.1
Benefits paid	(4.2)	(3.8)	-	(0.2)
Settlement payments	(22.7)	-	-	-
Actuarial gain	(1.1)	(1.6)	(0.1)	(0.4)
Balance, end of the year	\$ 64.0	\$ 86.4	\$ 0.9	\$ 1.0

(\$ millions)	Pension Plans		Other Benefit Plans	
	2025	2024	2025	2024
<b>Reconciliation of Present Value of the Plan Assets</b>				
Balance, beginning of the year	\$ 131.4	\$ 129.2	\$ -	\$ -
Interest income	5.9	5.8	-	-
Employer contributions	(3.3)	(3.0)	-	0.2
Employee contributions	0.1	0.1	-	-
Benefits paid	(4.2)	(3.8)	-	(0.2)
Plan administration costs	(0.6)	(0.2)	-	-
Settlement payments	(22.7)	-	-	-
Return on plan assets (less) greater than discount rate	(6.0)	3.3	-	-
Balance, end of the year	\$ 100.6	\$ 131.4	\$ -	\$ -
Defined benefit (asset) obligations, net	\$ (36.6)	\$ (45.0)	\$ 0.9	\$ 1.0

The fair values of these defined benefit pension plan assets at the end of the reporting period for each category are as follows:

(\$ millions)	2025	2024
Cash and cash equivalents	\$ 11.7	\$ 12.1
<b>Equities</b>		
Canadian equity	1.0	0.9
Global equity fund	35.4	35.2
	36.4	36.1
<b>Fixed Income Investments Categorized by Type of Issuer</b>		
Government guaranteed	3.6	4.6
Provincials	31.8	51.4
Corporate	17.1	27.2
	52.5	83.2
	\$ 100.6	\$ 131.4

(iii) As at December 31, 2025, approximately 36% (2024: 28%) of the fair value of all pension plan assets was invested in equities, 52% (2024: 63%) in fixed income securities, and 12% (2024: 9%) in cash and cash equivalents. The plan assets are not invested in derivatives or real estate assets. Management endeavours to have an asset mix of approximately 20% - 40% in equities, 55% - 75% in fixed income securities and 0% - 30% in cash and cash equivalents. Subsequent to year end, the plan's investments were rebalanced to align the post-annuitization asset mix ranges.

(iv) The weighted average duration of the Canadian defined benefit obligations is 14.9 years (2024: 13.9 years) for defined benefit pension plans, 8.9 years (2024: 9.3 years) for executive pension arrangements and 5.2 years (2024: 5.6 years) for other post retirement benefit plans. The Company expects to make contributions of \$0.2 million to its defined benefit pension plans and post retirement benefits medical plans in the next financial year.

*b) U.S. defined benefit pension plan*

On December 31, 2025, the Company acquired seven service centers from Kloeckner (Note 4). As part of this transaction, the Company assumed responsibility for the "Namasco Retirement Plan for Dubuque Warehouse Employees of the Steel Warehousing Division", a defined benefit pension plan covering employees of one of the acquired service centers. The defined benefit plan provides a fixed amount per year of service and remains open to new employees and future defined benefit provisions. The present value of the plan's defined benefit obligations is \$22.7 million, and the fair value of the plan's assets is \$22.5 million. The actuarial determinations were based on a discount rate of 5.4%. As at December 31, 2025, approximately 99% of the plan assets were invested in fixed income and 1% in cash and cash equivalents. The Company expects to make contributions of \$0.4 million to the defined benefit pension plan in the next financial year.

## NOTE 17 SHAREHOLDERS' EQUITY

a) At December 31, 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 was as follows:

	Number of Shares	Amount (\$ millions)
Balance, December 31, 2023	60,388,426	\$ 556.3
Share options exercised	88,281	2.2
Shares repurchased	(3,343,619)	(30.4)
Balance, December 31, 2024	57,133,088	\$ 528.1
Share options exercised	12,267	0.4
Shares repurchased	(2,083,600)	(19.1)
<b>Balance, December 31, 2025</b>	<b>55,061,755</b>	<b>\$ 509.4</b>

During the year ended December 31, 2025, the Company purchased 2,083,600 shares under the Company's normal course issuer bid at an average cost of \$41.06 per share for a total cost of \$85.6 million excluding the impact of the 2% federal tax on share repurchase amounting to \$1.7 million. The original cost of these shares of \$19.1 million was recorded as a reduction of share capital and the balance of \$68.2 million as a reduction of retained earnings. The common shares purchased through this bid have been cancelled.

During the year ended December 31, 2024, the Company purchased 3,343,619 shares under the Company's normal course issuer bid at an average cost of \$39.17 per share for a total cost of \$131.0 million excluding the impact of the 2% federal tax on share repurchase amounting to \$2.6 million. The original cost of these shares of \$30.4 million was recorded as a reduction of share capital and the balance of \$103.2 million as a reduction of retained earnings. The common shares purchased through this bid have been cancelled.

Dividends paid and declared were as follows:

	2025	2024
Dividends paid (\$ millions)	\$ 95.9	\$ 97.6
Dividends per share	\$ 1.71	\$ 1.66
Quarterly dividend per share declared on February 11, 2026 (February 12, 2025)	\$ 0.43	\$ 0.42

## NOTE 18 SHARE-BASED COMPENSATION

### ACCOUNTING POLICIES

The Company accounts for Share Options and Share Appreciation Rights ("SARs") at fair value. The Company utilizes the Black-Scholes option pricing model to estimate the fair value of SARs and share options on the grant date.

Compensation expense is recognized for share options on a graded vesting basis, where the fair value of each tranche is determined at the grant date based on the Company's estimate of options that will eventually vest and is recognized over its respective vesting period, except for employees who are eligible to retire during the vesting period whose options are expensed immediately. At the end of each reporting period, the Company revises its estimate of the number of options expected to vest. The impact of the revision of the original estimate, if any, is recognized in net earnings such that the cumulative expense reflects the revised estimate with a corresponding adjustment to contributed surplus.

Changes in the fair value of outstanding SARs are calculated at each reporting period as well as at settlement dates. The fair value of the award is recorded over the award vesting period.

Compensation expense for deferred share units is recognized when the units are issued and for changes in the quoted market price from the issue date to the reporting date until the units are redeemed. Compensation expense for restricted share units is recognized over the vesting period and for changes in the quoted market price from the issue date to the reporting period date until the units mature.

#### ACCOUNTING ESTIMATES AND JUDGEMENTS

The inputs for the Black-Scholes option pricing model require significant judgements including share price volatility, expected dividends, expected life of the options and the risk-free interest rate.

#### SUPPORTING INFORMATION

##### *Share Options*

The Company has a shareholder approved share option plan, the purpose of which is to provide the employees of the Company and its subsidiaries with the opportunity to participate in the growth and development of the Company. The number of common shares that may be issued under the share option plan is 4,498,909 and the options vest over a period of four years in the amount of one quarter each year and expire ten years from their grant date. Other terms and conditions of the plan include a 10 year life and immediate vesting under certain change of control provisions. The consideration paid by employees for the purchase of common shares is added to share capital. From 2014, employees other than certain senior officers no longer receive share options.

The following is a continuity of options outstanding:

	Number of Options		Weighted Average Exercise Price	
	2025	2024	2024	2024
Balance, beginning of year	12,267	100,548	\$ 25.08	\$ 21.89
Exercised	(12,267)	(88,281)	25.08	21.45
Balance, end of the year	-	12,267	\$ -	\$ 25.08

##### *Restricted Share Units (RSU)*

The Company has a Restricted Share Unit ("RSU") Plan for eligible employees as designated by the Board of Directors. The plan was established to provide medium-term compensation. RSUs are awarded by the Board of Directors to eligible employees annually. RSUs vest one third on the first and second anniversary after the grant date and the remaining one third on the expiry date. RSUs 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 RSU's 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 RSUs 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. Continuity of RSUs outstanding is as follows:

<i>(number of units)</i>	2025	2024
Balance, beginning of the year	475,532	513,586
Granted	214,979	243,097
Paid out	(263,513)	(281,151)
Balance, end of the year	426,998	475,532

The RSU liability at December 31, 2025, was \$14.7 million (2024: \$14.6 million). The fair value of RSUs was \$18.7 million at December 31, 2025, (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 Deferred Share Unit ("DSU") Plan for non-executive directors. A DSU is a unit of equivalent value to one common share based on 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 grant date. DSUs are granted quarterly to the account of each non-executive director by dividing the quarterly allocation by the market price. At the option of the individual director, they may elect to receive other board fees in the form of DSUs. DSUs vest immediately and are redeemable for cash only when a non-executive director leaves the Board.

The continuity of DSUs is as follows:

<i>(number of units)</i>	2025	2024
Balance, beginning of the year	360,130	386,183
Granted	43,051	45,409
Paid out	-	(71,462)
Balance, end of the year	403,181	360,130

The liability and fair value of DSUs was \$17.7 million at December 31, 2025, (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)*

In February 2017, the Board of Directors approved a Share Appreciation Rights Plan. Under this plan the Company may award SARs to officers and full-time employees as determined by the Board of Directors. The SARs are cash settled and vest over a period of four years in the amount of one quarter each year and expire ten years from their grant date.

The continuity of SARs is as follows:

	Number of SARs		Weighted Average Exercise Price	
	2025	2024	2025	2024
Balance, beginning of year	324,600	280,321	\$ 31.00	\$ 28.63
Granted	47,262	44,279	42.08	45.96
Balance, end of the year	371,862	324,600	\$ 32.41	\$ 31.00

The SARs liability and fair value at December 31, 2025, was \$4.1 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 year ended December 31, 2025, 71,628 PSUs were granted and outstanding (2024: nil). The PSU liability at December 31, 2025, was \$2.4 million (December 31, 2024: \$nil). The fair value of PSUs was \$3.1 million at December 31, 2025 (December 31, 2024: \$nil). Dividends declared on common shares accrue to units in the PSU plan in the form of additional PSUs.

### Employee Share Purchase Plan

The Company has an Employee Share Purchase Plan to provide employees with the opportunity to purchase common shares. Employees may make contributions of between 1% and 5% of their base pay and the Company will contribute an amount equal to one-third of the employee's contribution. Employees are eligible to make contributions above the 5% of base pay threshold but the Company contributes only to a maximum of one-third of 5% of base pay. The plan does not provide for a discount for employee purchases and is administered by a trustee who purchases shares for the plan through the TSX. Dividends paid on the shares are used to purchase additional shares.

Components of share-based compensation expense are as follows:

(\$ millions)	2025	2024
DSUs, SARs and RSUs	\$ 10.3	\$ 9.2
Employee Share Purchase Plan	0.9	0.7
	\$ 11.2	\$ 9.9

## NOTE 19 EARNINGS PER SHARE

### ACCOUNTING POLICIES

Basic earnings per common share is calculated using the weighted average number of common shares outstanding. Diluted earnings per share is calculated using the treasury share method.

### SUPPORTING INFORMATION

The following table provides the numerator and denominator used to compute basic and diluted earnings per share:

(\$ millions)	2025	2024
Net income used in calculation of basic and diluted earnings per share	\$ 168.8	\$ 161.0

(number of shares)	2025	2024
Weighted average shares outstanding	56,149,744	58,880,546
Dilution impact of share options	-	4,762
Diluted weighted average shares outstanding	56,149,744	58,885,308

## NOTE 20 EXPENSES

(\$ millions)	2025	2024
<b>Employee Expenses</b>		
Wages and salaries	\$ 390.5	\$ 337.4
Other employee related costs	64.4	54.8
	\$ 454.9	\$ 392.2
<b>Other Operating Expenses</b>		
Plant and other expenses	\$ 171.3	\$ 140.9
Delivery expenses	88.4	83.2
Repairs and maintenance	28.7	23.4
Selling expenses	18.3	14.0
Professional fees	11.4	13.2
Gain on sale of property, plant and equipment	(1.1)	(0.7)
Foreign exchange (gain) loss	(3.3)	1.1
	\$ 313.7	\$ 275.1

## NOTE 21 INTEREST EXPENSE

(\$ millions)	2025	2024
Interest on 6% \$150 million Senior Unsecured Notes	\$ -	\$ 4.3
Interest on 5 ¾% \$150 million Senior Unsecured Notes	-	8.5
Interest on 4.423% \$300 million Senior Unsecured Notes	10.4	-
Interest on lease obligations	14.7	11.9
Other interest income, net	(4.0)	(17.0)
Interest expense, net	\$ 21.1	\$ 7.7

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 year ended December 31, 2025, was \$0.3 million (2024: \$2.7 million).

## **NOTE 22 INCOME TAXES**

### **ACCOUNTING POLICIES**

Income tax expense comprises of current and deferred tax. Income tax is recognized in the consolidated statements of earnings except to the extent that it relates to items recognized directly in equity in which case the related tax is recognized in equity.

Current income tax expense is based on the results for the period which is adjusted for items that are not taxable or not deductible for tax. Current income tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

#### *Deferred Tax Liabilities*

- ◆ generally recognized for all taxable temporary differences;
- ◆ recognized for taxable temporary differences arising on investments in subsidiaries, except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and
- ◆ not recognized on differences that arise from goodwill at acquisition.

#### *Deferred Tax Assets*

- ◆ recognized to the extent it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax losses and credits can be utilized; and
- ◆ reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

### **ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company computes an income tax provision in each of the jurisdictions in which it operates. Actual amounts of income tax expense are finalized upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements. Additionally, the estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period. In interim periods, the income tax provision is based on an estimate of earnings for a full year by jurisdiction. The estimated average annual effective income tax rates are reviewed at each reporting date, based on projections of full year earnings. To the extent that forecasts differ from actual results, adjustments are recorded through earnings in subsequent periods.

The Company is subject to taxation in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provision in the period in which such determination is made.

## SUPPORTING INFORMATION

a) The components of the provision for income taxes are as follows:

<i>(\$ millions)</i>	2025	2024
Current tax expense	\$ 51.5	\$ 39.5
Deferred tax expense	2.2	13.6
	<b>\$ 53.7</b>	<b>\$ 53.1</b>

b) The Company's effective income tax rate was derived as follows:

	2025	2024
Applicable combined Canadian statutory rate	25.7%	25.7%
Rate difference of U.S. companies	(0.8%)	(1.2%)
Share-based compensation and non-deductible items	0.3%	1.0%
Other	(1.0%)	(0.7%)
Average effective tax rate	<b>24.1%</b>	<b>24.8%</b>

The combined Canadian statutory rate is the aggregate of the federal income tax rate of 15.0% for both 2025 and 2024 and the average provincial rate of 10.7% for both 2025 and 2024. The 2025 and 2024 average effective tax rate differed from the average Canadian corporate tax rate principally due to differing tax rules applicable to certain of the Company's subsidiaries outside Canada. The Company effective tax rate has remained consistent year over year.

c) Deferred income tax assets and liabilities were as follows:

<b><i>Deferred Income Tax Assets</i></b> <i>(\$ millions)</i>	Property Plant and Equipment	Pension And Benefits	Goodwill And Intangibles	Other Timing	Total
Balance December 31, 2023	\$ 0.4	\$ 0.1	\$ (0.1)	\$ 0.8	\$ 1.2
Benefit (expense) to consolidated statement of earnings	(0.6)	(0.3)	0.1	0.4	(0.4)
Balance December 31, 2024	\$ (0.2)	\$ (0.2)	\$ -	\$ 1.2	\$ 0.8
Benefit (expense) to consolidated statement of earnings	(0.5)	-	-	-	(0.5)
Reclass assets/liabilities and other	-	-	-	0.1	0.1
<b>Balance December 31, 2025</b>	<b>\$ (0.7)</b>	<b>\$ (0.2)</b>	<b>\$ -</b>	<b>\$ 1.3</b>	<b>\$ 0.4</b>

<b><i>Deferred Income Tax Liabilities</i></b> <i>(\$ millions)</i>	Losses	Property Plant and Equipment	Pension And Benefits	Goodwill And Intangibles	Other Timing	Total
Balance December 31, 2023	\$ (1.2)	\$ 22.7	\$ 10.9	\$ 0.7	\$ (15.6)	\$ 17.5
(Benefit) expense to consolidated statement of earnings	(0.2)	9.9	(0.6)	(0.2)	4.4	13.3
Benefits to other comprehensive income	-	-	1.4	-	-	1.4
Reclass assets/liabilities and other	1.1	1.4	-	(0.2)	(8.7)	(6.4)
Balance December 31, 2024	\$ (0.3)	\$ 34.0	\$ 11.7	\$ 0.3	\$ (19.9)	\$ 25.8
Expense (benefit) to consolidated statement of earnings	0.3	0.3	(0.7)	-	1.8	1.7
Benefits to other comprehensive income	-	-	(1.3)	-	-	(1.3)
Reclass assets/liabilities and other	-	(0.9)	-	0.1	0.4	(0.4)
<b>Balance December 31, 2025</b>	<b>\$ -</b>	<b>\$ 33.4</b>	<b>\$ 9.7</b>	<b>\$ 0.4</b>	<b>\$ (17.7)</b>	<b>\$ 25.8</b>

Net deferred income tax liability at December 31, 2024	\$ 25.0
<b>Net deferred income tax liability at December 31, 2025</b>	<b>\$ 25.4</b>

d) At December 31, 2025, the Company had U.S. state tax losses of \$22.1 million (2024: \$25.9 million) for which no deferred tax asset has been recognized. The Company has capital losses of \$4.9 million for the year ended December 31, 2025, and 2024, for which no deferred tax asset has been recognized. These capital losses can be carried forward indefinitely. The majority of the state tax losses carried forward will expire between 2031 and 2036, if not utilized. Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the probability of generating taxable income from operations in the future in the jurisdictions in which the tax losses arose.

e) At December 31, 2025, the aggregate amount of temporary differences associated with undistributed earnings of non-Canadian subsidiaries was \$932 million. No liability has been recognized in respect of these differences because the Company is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

## NOTE 23 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

### ACCOUNTING POLICIES

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to the passage of time is recognized in other finance expense.

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of the estimated future decommissioning and rehabilitation costs are capitalized to the related asset along with a corresponding increase in the provision in the period incurred. Pre-tax discount rates that reflect the time value of money are used to calculate the net present value.

The estimates of decommissioning costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset or net earnings with a corresponding adjustment to the provision. The estimates are reviewed annually for changes in regulatory requirements and changes in estimates. Changes in the net present value are recognized in net earnings.

### ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company has recorded a provision for decommissioning liabilities. The determination of these liabilities involved analysis to estimate expected cash outflows over a long period of time which is inherently uncertain.

### SUPPORTING INFORMATION

<i>(\$ millions)</i>	2025	2024
Provision for decommissioning liabilities	\$ 3.3	\$ 3.4
Deferred compensation and employee incentives (Note 18)	38.9	33.2
	42.2	36.6
Less: current portion	(16.0)	(15.2)
	<b>\$ 26.2</b>	<b>\$ 21.4</b>

Deferred compensation includes the RSU, DSU, PSU and SAR liabilities. RSU, DSU and SAR liabilities that will be paid within the current year amounting to \$16.0 million (2024: \$15.2 million) have been reclassified to current liabilities.

## NOTE 24      SEGMENTED INFORMATION

### ACCOUNTING POLICIES

The Company's operating segments are organized around the markets it serves and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker which is the Chief Executive Officer.

### SUPPORTING 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, 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 stores 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. The inter-segment sales from steel distributors to metals service centers were \$75.5 million (2024: \$81.3 million). These sales, which are at market rates, are eliminated in the following table.

a) *Results by business segment:*

<i>(\$ millions)</i>	2025	2024
<b>Segment Revenues</b>		
Metals service centers	\$ 3,297.2	\$ 2,866.5
Energy field stores	943.0	983.9
Steel distributors	386.1	389.4
	4,626.3	4,239.8
Other	15.2	21.4
	\$ 4,641.5	\$ 4,261.2
<b>Segment Operating Profits</b>		
Metals service centers	\$ 161.6	\$ 119.6
Energy field stores	72.4	89.5
Steel distributors	36.4	32.6
	270.4	241.7
Corporate expenses	(31.7)	(30.1)
Other	4.9	11.0
Asset impairment	-	(0.8)
Earnings before interest and provision for income taxes	243.6	221.8
Interest expense, net	(21.1)	(7.7)
Provision for income taxes	(53.7)	(53.1)
Net earnings	\$ 168.8	\$ 161.0
<b>Capital Expenditures</b>		
Metals service centers	\$ 64.6	\$ 78.7
Energy field stores	5.9	7.5
Steel distributors	1.3	2.0
Other	2.6	2.0
	\$ 74.4	\$ 90.2
<b>Depreciation and Amortization Expense</b>		
Metals service centers	\$ 70.5	\$ 54.0
Energy field stores	20.0	19.9
Steel distributors	1.5	1.3
Other	1.5	1.5
	\$ 93.5	\$ 76.7

(\$ millions)	2025	2024
<b>Current Identifiable Assets</b>		
Metals service centers	\$ 1,125.9	\$ 926.4
Energy field stores	363.9	370.0
Steel distributors	179.1	130.5
	1,668.9	1,426.9
<b>Non-Current Identifiable Assets</b>		
Metals service centers	727.1	658.4
Energy field stores	104.8	118.1
Steel distributors	12.0	12.8
Total identifiable assets included in segments	2,512.8	2,216.2
<b>Assets Not Included in Segments</b>		
Cash and cash equivalents	114.6	45.6
Income taxes receivable and deferred income tax assets	6.6	15.3
Financial and other assets	5.1	17.3
Pension and benefits	37.0	45.5
Corporate and other operating assets	8.5	6.8
Total assets	\$ 2,684.6	\$ 2,346.7
<b>Liabilities</b>		
Metals service centers	\$ 537.2	\$ 417.8
Energy field stores	127.3	139.1
Steel distributors	26.2	23.0
Total liabilities included in segment	690.7	579.9
<b>Liabilities Not Included in Segments</b>		
Bank indebtedness	-	13.4
Income taxes payable and deferred income tax liabilities	32.1	26.5
Long-term debt	298.3	-
Pension and benefits	1.5	1.5
Corporate and other liabilities	73.1	67.0
Total liabilities	\$ 1,095.7	\$ 688.3

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

(\$ millions)	2025	2024
<b>Revenues</b>		
Canada	\$ 2,609.3	\$ 2,565.4
United States	2,017.0	1,674.4
	\$ 4,626.3	\$ 4,239.8
<b>Operating Profits</b>		
Canada	\$ 147.9	\$ 155.0
United States	122.5	86.7
	\$ 270.4	\$ 241.7
<b>Identifiable Assets</b>		
Canada	\$ 1,334.1	\$ 1,328.3
United States	1,178.7	887.9
	\$ 2,512.8	\$ 2,216.2

c) *Enterprise-wide disclosure - revenues by product:*

(\$ millions)	2025	2024
<b>Carbon</b>		
Structurals (WF & I Beams, Angles, Channels, Hollow Tubes)	\$ 1,605.1	\$ 1,515.7
Plate (Discrete & Plate in Coil)	961.4	830.3
Flanges, Valves, Fittings and other related products	703.1	700.6
Flat Rolled (Sheet & Coil)	496.1	460.4
Bars (Hot Rolled and Cold Finished)	205.8	208.9
Grating/ Expanded/Rails	55.3	50.2
<b>Total Carbon (excluding Stainless)</b>	<b>4,026.8</b>	<b>3,766.1</b>
Stainless Steel	211.9	154.3
Aluminum	275.9	212.1
Other Non-Ferrous	5.6	29.3
<b>Total Non-Ferrous</b>	<b>493.4</b>	<b>395.7</b>
Other	121.3	99.4
	<b>\$ 4,641.5</b>	<b>\$ 4,261.2</b>

## NOTE 25 RELATED PARTY TRANSACTIONS

During the years ended December 31, 2025, and 2024, the Company did not have any transactions with subsidiaries outside the normal course of business. All subsidiaries are wholly owned and all transactions with subsidiaries are recorded at fair value and have been eliminated upon consolidation.

At December 31, 2025, there were no loans or credit transactions outstanding with key management personnel or directors. Key management personnel includes the Chief Executive Officer, Chief Financial Officer and certain Vice Presidents or Directors. Compensation costs of key management personnel and directors were as follows:

(\$ millions)	2025	2024
Salaries and other benefits	\$ 15.3	\$ 13.8
Share based compensation cost	9.3	9.1
Post-employment benefits	0.1	0.1
	<b>\$ 24.7</b>	<b>\$ 23.0</b>

## NOTE 26 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

### ACCOUNTING POLICIES

#### a) *Fair value measurement*

The Company measures certain financial and non-financial assets and liabilities at fair value at each statement of financial position date. In addition, fair value measurements are disclosed for certain financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Assets and liabilities, for which fair value is measured or disclosed in the consolidated financial statements, are classified using a three-level fair value hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements. Each level is based on the following:

#### Level 1

Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

#### Level 2

Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

#### Level 3

Values based on prices or valuation techniques that require inputs which are both unobservable and significant to the overall fair value measurement.

#### *b) Financial assets*

Purchases and sales of financial assets are recognized on the settlement date, which is the date on which the asset is delivered to or by the Company. Financial assets are derecognized when the rights to receive cash flows from the instruments have expired or have transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets are classified in the following categories at the time of initial recognition based on the purpose for which the financial assets were acquired:

##### *Financial Assets at Fair Value through Profit or Loss*

- ◆ Classification

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Assets in this category include forward exchange contracts and embedded derivatives in inventory purchases.

- ◆ Recognition and measurement

Financial assets carried at fair value are initially recognized, and subsequently carried, at fair value with changes recognized in net earnings. Transaction costs are expensed.

##### *Loans and Receivables*

- ◆ Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Assets in this category include cash and cash equivalents and accounts receivable and are classified as current assets in the consolidated statements of financial position.

- ◆ Recognition and measurement

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost, less impairment.

#### *c) Financial liabilities and equity instruments*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Other Financial Liabilities*

- ◆ Classification

Other financial liabilities include bank indebtedness, accounts payable and accrued liabilities and long-term debt.

- ◆ Recognition and measurement

Short-term borrowings are recorded at the fair value of the proceeds received. Long-term debt is measured at amortized cost using the effective interest method, with interest expense recognized in net earnings. Eligible costs related to long-term debt financing are carried at amortized cost and amortized using the effective interest method over the period of the related financing.

#### *d) Derivative financial instruments*

Derivatives are initially recognized at fair value on the date a contract is entered into and are subsequently re-measured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged.

##### *Embedded Derivatives*

An embedded derivative is a feature within a contract, where the cash flows associated with that feature behave in a similar fashion to a stand-alone derivative. The Company has embedded foreign currency derivatives in certain purchase contracts where the currency of the contract is different from the functional or local currencies of the parties involved. These derivatives are accounted for as separate instruments and are measured at fair value and included in accounts payable and accrued liabilities at the end of the reporting period. Changes in their fair values are recognized within "Other operating expense" in the consolidated statements of earnings.

**e) Impairment of financial assets**

At each financial position date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. When impairment has occurred, the asset's carrying value is reduced with the loss recognized in net earnings.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

In a subsequent period, if the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through net earnings. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

**SUPPORTING INFORMATION**

**a) Financial assets and liabilities**

Financial assets and liabilities were as follows:

<i>December 31, 2025 (\$ millions)</i>	Loans and Receivables	Other Financial Liabilities	Total
Cash and cash equivalents	\$ 114.6	\$ -	\$ 114.6
Accounts receivable	554.2	-	554.2
Other financial assets	3.8	-	3.8
Accounts payable and accrued liabilities	-	(552.2)	(552.2)
Lease obligations	-	(185.4)	(185.4)
Long-term debt	-	(298.3)	(298.3)
<b>Total</b>	<b>\$ 672.6</b>	<b>\$ (1,035.9)</b>	<b>\$ (363.3)</b>

<i>December 31, 2024 (\$ millions)</i>	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)
<b>Total</b>	<b>\$ 540.1</b>	<b>\$ (638.9)</b>	<b>\$ (98.8)</b>

For the year ended December 31, 2025, the fair value of derivative financial instruments on the consolidated statements of earnings was a gain of \$7.3 million (2024: gain of \$11.7 million) including embedded derivative and forward contracts. These financial instruments are valued based on Level 2 fair value hierarchy.

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

<i>December 31, 2025 (\$ millions)</i>	Carrying Amount	Fair Value Level 2
4.423% \$300 million Senior Unsecured Notes due March 28, 2030	\$ 298.3	\$ 302.7

*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 December 31, 2025, nearly all cash and cash equivalents were held in institutions that were rated R1 High by DBRS;
- ◆ Counterparties to derivative contracts are members of the syndicated banking facility (Note 13);
- ◆ Credit limits minimize exposure to any one customer; and
- ◆ The customer base is geographically diverse and in different industries.

No allowance for expected credit losses on financial assets was required as of December 31, 2025, and 2024, other than the allowance for expected credit losses in accounts receivable (Note 6). As at December 31, 2025, trade accounts receivable greater than 90 days represented less than 3% of trade accounts receivable (2024: 3%).

*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 a fixed rate. 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 December 31, 2025, the Company had outstanding forward foreign exchange contracts in the amount of US\$106.0 million, maturing in 2026 (2024: US\$235.7 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. 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 December 31, 2025, the Company was contractually obligated to make payments under its financial liabilities that come due during the following periods:

<i>(\$ millions)</i>	Accounts Payable	Long-Term Debt Maturities	Long-Term Debt Interest	Lease Obligations	Total
2026	\$ 552.2	\$ -	\$ 13.3	\$ 43.4	\$ 608.9
2027	-	-	13.3	40.6	53.9
2028	-	-	13.3	36.3	49.6
2029	-	-	13.3	29.8	43.1
2030	-	300.0	6.5	22.0	328.5
2031 and beyond	-	-	-	88.3	88.3
Total	\$ 552.2	\$ 300.0	\$ 59.7	\$ 260.4	\$ 1,172.3

At December 31, 2025, the Company was contractually obligated to repay its letters of credit under its bank facilities (Note 13).

*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 and extend or amend its banking facilities.

In 2025, the Company issued \$300 million 4.423% senior unsecured notes due March 28, 2030 (Note 14), amended and extended its credit facilities, repurchased 2.1 million shares for \$87.3 million under its normal course issuer bid and paid dividends of \$95.9 million to its shareholders.

## **NOTE 27 CLAIMS, 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 the 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.

The *Fighting Against Forced Labour and Child Labour in Supply Chains Act (2023)* ("the Act") requires certain businesses to publish a statement setting out the steps taken in the previous financial year to prevent and reduce the risk that forced labour or child labour are used in the production or importation of goods.

Russel Metals Inc. is publishing this statement on behalf of itself and its relevant subsidiaries to whom the Act applies (collectively, "Russel Metals" or "the Company").

### **Structure, Activities and Supply Chains**

Russel Metals is one of the largest metals distribution companies in North America. We conduct our business in three principal segments: metals service centers; energy field stores; and steel distributors. Our business is comprised of approximately 144 locations, 99 in Canada and 45 in the United States.

The Company's supply chain is predominantly North American based with approximately 75% of our aggregate purchases of metal products coming from Canada and the United States. The Company's primary metal products sold include carbon hot rolled and cold finished steel, pipe and tubular products, valves, flanges and fittings, stainless steel, aluminum, and other non-ferrous metals.

Our steel distributors segment comprises the vast majority of our import purchases as they act as master distributors selling steel in large volumes to other steel service centers and large equipment manufacturers mainly on an "as is" basis. The main products sourced by this segment are carbon steel plate, flat rolled products, beams, channel and pipe. Much of the material sourced by this segment is due to it not being produced in North America or not available in sufficient quantities.

### **Policies and Due Diligence**

#### *Policies and Compliance*

The Company has policies and standards in place to ensure that we conduct business in a legal and ethical manner globally. These policies include our Code of Business Conduct and Ethics Policy ("the Code") to ensure ethical business practice and compliance with applicable law. The Company monitors compliance with the Code and every employee is required to sign and agree to follow the Code.

The Company also has a Supplier Code of Conduct ("the Supplier Code"). The Supplier Code articulates the Company's expectations with respect to the goods it procures and asks each Supplier to follow and to certify its compliance with the Supplier Code. The Supplier Code expressly prohibits the use of forced labour or child labour in the production of the goods purchased by the Company. The Supplier Code also sets out the Company's expectations with respect to compliance with applicable laws, business ethics, environmental impact, conflict minerals, health and safety and human rights.

The Company maintains a confidential and anonymous reporting system that allows employees to raise concerns free of discrimination, retaliation or harassment. The Company encourages the reporting of any complaints or concerns, including those relating to: compliance with the Company's policies (including the Code), human rights issues and any unethical business conduct.

#### *Due Diligence - Own Operations*

Russel Metals' human resources team have strong processes in place for vetting new employees and ensuring they are legally entitled to work in Canada or the United States, as applicable. There are also robust processes in place for assessing compensation and verifying payments. All new employees are taken through a comprehensive onboarding process where they are made aware of the Company's standards and policies, including the Code. The vast majority of the Company's employees are permanent and full-time.

#### *Due Diligence - Supply Chain*

Russel Metals' prides itself in maintaining long-term, trusting relationships with suppliers who have strong reputations, ethics and reliable business practices. Many of the Company's top suppliers are publicly traded North American steel mills with comparable governance practices to those of Russel Metals.

The Company's procurement personnel manage the due diligence and onboarding process with suppliers including providing copies of the Company's terms and conditions of purchase and Supplier Code, each of which the Company requests the supplier to accept. The Company's procurement personnel, as a matter of practice, also regularly visit the mills of key suppliers for site visits and tours. With respect to overseas mills, our personnel customarily visit the mill prior to purchasing from it and those businesses which regularly purchase from overseas, regularly travel to visit with their counterparts and review the mill and its processes.

Procurement personnel take an active, risk based approach considering the country of origin of a supplier with respect to the Global Slavery Index when assessing and onboarding new suppliers.

Additionally, many of our sophisticated and experienced customers, particular in our energy field stores segment, maintain approved-manufacturers lists ("AMLs") based upon their own due diligence and assessment of suppliers which adds an additional layer of safeguard.

### **Risk of Forced or Child Labour**

Russel Metals has assessed both its operations and its supply chain and, taking into account our policies, procedures and diligence in place, we consider the risk of forced labour or child labour in our supply chain to be low.

Russel Metals acknowledges there is risk when contracting with third parties as part of a global supply chain and believes the activity that carries the most risk of forced labour or child labour is the purchase of materials from overseas mills. Russel Metals has implemented the policies, procedures and due diligence processes described above to manage and mitigate this risk.

### **Measures to Remediate Forced or Child Labour or the Loss of Income Resulting from Measures Taken to Eliminate Forced or Child Labour in the Supply Chain**

Russel Metals has not and would not knowingly engage with any supplier who is in violation of fundamental human rights. The Company has not taken any remediation measures at this time.

### **Training**

The Company provides annual training to management employees with respect to the Code. The Company's procurement personnel are provided with training on the Supplier Code.

### **Effectiveness Assessment**

Russel Metals recognizes that tackling the risk of forced and child labour in supply chains requires an ongoing commitment of time, resources, and awareness amongst all stakeholders. The Company will continue to assess the risk of forced and child labour in conjunction with its enterprise risk management program, and procurement personnel will take an active risk-based approach considering the country of origin with respect to the Global Slavery Index when assessing and onboarding new suppliers.

### **Approval**

This statement on behalf of Russel Metals was approved by its Board of Directors on February 11, 2026.

/s/ John G. Reid  
President, Chief Executive Officer and Director

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## CORPORATE HEAD OFFICE

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## ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Corporate Head office on Wednesday, May 6, 2026 at 10:00 am

## TRANSFER AGENT AND REGISTRAR

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The Toronto Stock Exchange- **RUS**

## GLOSSARY

(refer to page six for commentary on Non-GAAP Measures and Ratios)

**Book Value Per Share** - Shareholders' equity divided by common shares outstanding

**EBIT** - Earnings before deduction of interest and provision for income taxes

**EBITDA** - Earnings before deduction of interest, provision for income taxes, depreciation and amortization

**Free Cash Flow** - Cash from operating activities before change in non-cash working capital less capital expenditures

**Liquidity** - Represents cash on hand less bank indebtedness plus excess availability under our bank credit facility

**Selling Price per Ton** - Represents revenues divided by tons shipped

**Tons Shipped** - Represents revenue volumes in our standardized metal service center unit of measure, which is imperial tons

**Return on Invested Capital** - Represents EBIT divided by average invested capital (net debt plus shareholders' equity)



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2025 Photo Contest Winner



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