

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying condensed consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

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

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

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

August 6, 2026

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

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

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

	Three Months Ended June 30		Six Months Ended June 30	
<i>(in millions of Canadian dollars, except per share data)</i>	2026	2025	2026	2025
Revenues	\$ 1,655.0	\$ 1,207.3	\$ 3,073.3	\$ 2,380.9
Cost of materials (Note 5)	1,280.1	925.8	2,395.7	1,847.0
Employee expenses (Note 16)	163.7	122.0	307.1	235.0
Other operating expenses (Note 16)	99.2	74.9	196.4	152.1
Gain on disposal of assets held for sale (Note 7)	-	-	(35.6)	-
Earnings before interest and provision for income taxes	112.0	84.6	209.7	146.8
Interest expense, net (Note 17)	6.9	5.9	13.9	10.6
Earnings before provision for income taxes	105.1	78.7	195.8	136.2
Provision for income taxes (Note 18)	26.6	18.3	45.5	32.8
Net earnings for the period	\$ 78.5	\$ 60.4	\$ 150.3	\$ 103.4
Basic earnings per common share (Note 15)	\$ 1.43	\$ 1.07	\$ 2.73	\$ 1.82
Diluted earnings per common share (Note 15)	\$ 1.43	\$ 1.07	\$ 2.73	\$ 1.82

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended June 30		Six Months Ended June 30	
<i>(in millions of Canadian dollars)</i>	2026	2025	2026	2025
Net earnings for the period	\$ 78.5	\$ 60.4	\$ 150.3	\$ 103.4
Other comprehensive income (loss)				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains (losses) on translation of foreign operations	24.0	(55.2)	43.2	(56.1)
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations, net of taxes (Note 23)	2.5	(0.8)	1.7	(2.8)
Other comprehensive income (loss)	26.5	(56.0)	44.9	(58.9)
Total comprehensive income	\$ 105.0	\$ 4.4	\$ 195.2	\$ 44.5

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	June 30 2026	December 31 2025
ASSETS		
Current		
Cash and cash equivalents	\$ 154.0	\$ 114.6
Accounts receivable	828.6	554.2
Inventories (Note 5)	1,175.2	1,084.2
Prepays and other	31.2	33.1
Income taxes receivable	0.5	6.2
Assets held for sale (Note 6 and 7)	-	4.9
	2,189.5	1,797.2
Property, Plant and Equipment (Note 6)	574.0	558.6
Right-of-Use Assets (Note 8)	151.7	155.2
Deferred Income Tax Assets	0.4	0.4
Pension and Benefits (Note 12)	37.2	37.0
Financial and Other Assets	5.2	5.1
Goodwill and Intangible Assets (Note 9)	129.2	131.1
Total Assets	\$ 3,087.2	\$ 2,684.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 790.2	\$ 552.2
Short-term lease obligations (Note 8)	30.4	28.5
Income taxes payable	19.5	6.3
	840.1	587.0
Long-Term Debt (Note 11)	298.4	298.3
Pensions and Benefits (Note 12)	1.4	1.5
Deferred Income Tax Liabilities	21.2	25.8
Long-Term Lease Obligations (Note 8)	153.2	156.9
Provisions and Other Non-Current Liabilities (Note 19)	44.1	26.2
Total Liabilities	1,358.4	1,095.7
Shareholders' Equity (Note 13)		
Common shares	507.9	509.4
Retained earnings	1,017.9	919.7
Contributed surplus	9.9	9.9
Accumulated other comprehensive income	193.1	149.9
Total Shareholders' Equity	1,728.8	1,588.9
Total Liabilities and Shareholders' Equity	\$ 3,087.2	\$ 2,684.6

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

	Three Months Ended June 30		Six Months Ended June 30	
(in millions of Canadian dollars)	2026	2025	2026	2025
Operating Activities				
Net earnings for the period	\$ 78.5	\$ 60.4	\$ 150.3	\$ 103.4
Depreciation and amortization	26.4	23.2	52.4	46.7
Provision for income taxes	26.6	18.3	45.5	32.8
Interest expense, net	6.9	5.9	13.9	10.6
Gain on sale of property, plant and equipment	(1.1)	(0.3)	(1.2)	(0.5)
Gain on disposal of assets held for sale	-	-	(35.6)	-
Difference between pension expense and amount funded	1.1	0.7	1.8	1.4
Interest paid net, including interest on lease obligations	(3.5)	(2.8)	(13.8)	(7.1)
Cash from operating activities before non-cash working capital	134.9	105.4	213.3	187.3
Changes in Non-Cash Working Capital Items				
Accounts receivable	(111.1)	16.6	(265.3)	(83.3)
Inventories	(95.5)	(36.8)	(76.6)	(111.3)
Accounts payable and accrued liabilities	155.2	(27.7)	245.9	55.6
Other	3.0	4.5	1.9	(4.2)
Change in non-cash working capital	(48.4)	(43.4)	(94.1)	(143.2)
Income tax paid, net	(22.5)	(14.1)	(32.3)	(12.8)
Cash from operating activities	64.0	47.9	86.9	31.3
Financing Activities				
Issue of common shares	-	-	-	0.3
Repurchase of common shares	(0.3)	(22.8)	(7.5)	(48.6)
Dividends on common shares	(24.1)	(24.2)	(47.8)	(48.1)
Decrease in bank indebtedness	-	-	-	(13.4)
Issuance of long-term debt	-	-	-	300.0
Deferred financing costs	(0.4)	0.1	(0.4)	(1.9)
Lease obligations	(7.5)	(5.7)	(15.4)	(11.6)
Cash (used in) from financing activities	(32.3)	(52.6)	(71.1)	176.7
Investing Activities				
Purchase of property, plant and equipment	(17.7)	(16.1)	(35.8)	(45.0)
Proceeds on sale of property, plant and equipment	4.4	0.4	4.8	0.9
Proceeds on disposal of assets held for sale	-	-	38.5	-
Cash from (used in) investing activities	(13.3)	(15.7)	7.5	(44.1)
Effect of exchange rates on cash and cash equivalents	7.5	(15.3)	16.1	(15.0)
Increase (decrease) in cash and cash equivalents	25.9	(35.7)	39.4	148.9
Cash and cash equivalents, beginning of the period	128.1	230.2	114.6	45.6
Cash and cash equivalents, end of the period	\$ 154.0	\$ 194.5	\$ 154.0	\$ 194.5

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2026	\$ 509.4	\$ 919.7	\$ 9.9	\$ 149.9	\$ 1,588.9
Payment of dividends	-	(47.8)	-	-	(47.8)
Net earnings for the period	-	150.3	-	-	150.3
Other comprehensive income for the period	-	-	-	44.9	44.9
Shares repurchased	(1.5)	(6.0)	-	-	(7.5)
Transfer of net actuarial losses on defined benefit plans	-	1.7	-	(1.7)	-
Balance, June 30, 2026	\$ 507.9	\$ 1,017.9	\$ 9.9	\$ 193.1	\$ 1,728.8

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 GENERAL BUSINESS DESCRIPTION

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

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

These condensed consolidated financial statements were authorized for issue by the Board of Directors on August 6, 2026.

NOTE 2 BASIS OF PRESENTATION

These condensed consolidated financial statements, including comparatives, have been prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2025. These condensed consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements have been set out in the Company's consolidated financial statements for the year ended December 31, 2025. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2025.

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

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

NOTE 3 ACCOUNTING CHANGES - CURRENT AND FUTURE

IFRS 9 Financial Instrument and IFRS 7, Financial Instruments

The amendments to IFRS 9 and IFRS 7 provide clarification regarding the classification of financial assets linked to environmental, social and governance matters, as well as the timing of derecognition of a financial asset or financial liability. The adoption of these amendments effective January 1, 2026, did not have a significant impact on the Company's financial position or results of operations.

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

NOTE 4 BUSINESS ACQUISITION

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 final allocation of the consideration for this acquisition:

(\$ millions)

Inventories	\$ 96.0
Accounts receivable	47.0
Property, plant and equipment	70.7
Right-of-use assets	14.1
Accounts payable and accrued liabilities	(85.1)
Pension liability	(0.2)
Lease obligations	(14.1)
Net identifiable assets acquired	\$ 128.4
Consideration:	
Cash	\$ 128.4

The condensed consolidated statements of earnings for the three and six months ended June 30, 2025, do 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 for the year ended December 31, 2025.

On April 2, 2026, the Company received \$11.2 million from Kloeckner as a recovery of the purchase price due to final working capital adjustments, which included an immaterial adjustment from the December 31, 2025 estimate. The resulting final purchase price was \$128.4 million.

NOTE 5 INVENTORIES

(\$ millions)	June 30 2026	December 31 2025
Inventories		
Metals service centers	\$ 805.3	\$ 726.6
Energy field stores	225.4	224.9
Steel distributors	144.5	132.7
	\$ 1,175.2	\$ 1,084.2

Inventories expensed in cost of sales for the three months ended June 30, 2026, were \$1.3 billion (2025: \$0.9 billion) and for the six months ended June 30, 2026, were \$2.4 billion (2025: \$1.8 billion).

During the three months ended June 30, 2026, the Company recorded a net increase in inventory provisions of \$1.2 million (2025: net reduction of \$0.9 million) and a net increase of \$1.6 million for the six months ended June 30, 2026 (2025: net reduction of \$3.6 million).

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

Cost (\$ millions)	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2025	\$ 454.5	\$ 637.9	\$ 29.2	\$ 1,121.6
Additions	4.9	30.7	0.2	35.8
Disposals	(3.9)	(9.6)	-	(13.5)
Transfer from assets held for sale (Note 7)	3.7	-	-	3.7
Foreign exchange and other	8.0	10.1	0.4	18.5
Balance, June 30, 2026	\$ 467.2	\$ 669.1	\$ 29.8	\$ 1,166.1

Accumulated Depreciation and Amortization (\$ millions)	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2025	\$ 166.8	\$ 374.5	\$ 21.7	\$ 563.0
Additions	6.5	23.3	0.6	30.4
Disposals	(1.2)	(8.7)	-	(9.9)
Transfer from assets held for sale (Note 7)	1.7	-	-	1.7
Foreign exchange and other	1.9	4.9	0.1	6.9
Balance, June 30, 2026	\$ 175.7	\$ 394.0	\$ 22.4	\$ 592.1

Net Book Value (\$ millions)	
December 31, 2025	\$ 558.6
June 30, 2026	\$ 574.0

Land, included in land and buildings, was \$72.2 million (December 31, 2025: \$75.0 million).

Depreciation Expense (\$ millions)	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Depreciation - cost of materials	\$ 2.2	\$ 2.1	\$ 4.4	\$ 4.6
Depreciation - other operating expense	13.4	11.6	26.0	22.9
	\$ 15.6	\$ 13.7	\$ 30.4	\$ 27.5

NOTE 7 ASSETS HELD FOR SALE

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.

In March 2026, the Company completed the sale of the land and building associated with its Delta (British Columbia) metals service centers branch for cash proceeds of \$38.5 million, resulting in a pre-tax gain on sale of \$35.6 million. The gain on sale has been recognized in the consolidated statements of earnings within operating income.

During the first three months of 2026, the Company agreed to a revised sale agreement related to the land and building associated with its Saskatoon (Saskatchewan) metals service centers branch, whereby the closing date for the sale was extended and the Company entered into a lease agreement with the prospective acquiror. The Saskatoon assets were previously classified under current assets held for sale and have been reclassified to property, plant and equipment and are being depreciated over their remaining useful lives.

NOTE 8 RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

(\$ millions)	Right-of-use Assets	Lease Obligations
Balance, December 31, 2025	\$ 155.2	\$ 185.4
Additions	8.0	8.0
Disposals and modifications	3.2	3.2
Depreciation and amortization	(16.6)	-
Lease payments	-	(15.4)
Foreign exchange	1.9	2.4
Balance, June 30, 2026	\$ 151.7	\$ 183.6
Current portion		\$ 30.4
Long-term portion		\$ 153.2

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

Right-of-use Assets (\$ millions)	June 30 2026	December 31 2025
Land and buildings	\$ 107.6	\$ 112.1
Machinery and equipment	44.1	43.1
	\$ 151.7	\$ 155.2

Depreciation Expense (\$ millions)	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Land and buildings	\$ 4.5	\$ 4.6	\$ 9.2	\$ 9.1
Machinery and equipment	3.5	2.2	7.4	4.7
	\$ 8.0	\$ 6.8	\$ 16.6	\$ 13.8

NOTE 9 GOODWILL AND INTANGIBLE ASSETS

(\$ millions)	June 30 2026	December 31 2025
Goodwill	\$ 66.1	\$ 64.7
Intangible assets	63.1	66.4
	\$ 129.2	\$ 131.1

Goodwill (\$ millions)	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2025	\$ 63.5	\$ 1.2	\$ 64.7
Foreign exchange	1.4	-	1.4
Balance, June 30, 2026	\$ 64.9	\$ 1.2	\$ 66.1

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

Intangible Assets Cost (\$ millions)	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2025	\$ 65.9	\$ 107.6	\$ 173.5
Foreign exchange	1.2	0.6	1.8
Balance, June 30, 2026	\$ 67.1	\$ 108.2	\$ 175.3

Accumulated Amortization (\$ millions)	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2025	\$ (29.0)	\$ (78.1)	\$ (107.1)
Amortization	(1.7)	(3.4)	(5.1)
Balance, June 30, 2026	\$ (30.7)	\$ (81.5)	\$ (112.2)

Net Book Value (\$ millions)

December 31, 2025	\$	66.4
June 30, 2026	\$	63.1

The remaining amortization period for customer relationships is 1 to 18 years.

NOTE 10 REVOLVING CREDIT FACILITIES

The Company has a credit agreement which consists of: (i) \$400 million under Facility A to be utilized for borrowings and letters of credit; and (ii) \$50 million under Facility B to be utilized only for letters of credit. Letters of credit are issued under Facility B first and additional needs are issued under Facility A. These facilities are unsecured and are guaranteed by the Company and certain of its subsidiaries.

On May 29, 2026, the Company amended its credit agreement to extend the expiration date on Facility A and B to May 29, 2030.

The Company had no borrowings as at June 30, 2026, (December 31, 2025: \$nil) and letters of credit were \$12.3 million as at June 30, 2026, (December 31, 2025: \$23.8 million) under this facility. The Company was in compliance with its financial covenants at June 30, 2026.

NOTE 11 LONG-TERM DEBT

(\$ millions)	June 30 2026	December 31 2025
4.423% \$300 million Senior Unsecured Notes due March 28, 2030	\$ 298.4	\$ 298.3

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 12 PENSIONS AND BENEFITS

As at June 30, 2026, the Company determined its accrued benefit obligations related to the Canadian employee future benefit plans using a discount rate of 4.9% (December 31, 2025: 4.9%) and the U.S. employee future benefit plans using a discount rate of 5.6% (December 31, 2025: 5.4%). The Company determined the fair value of the defined benefit pension plan assets as at the statement of financial position date. The net change in the accrued benefit obligations less the fair value of the defined benefit plan assets resulted in an actuarial gain on employee future benefit plans of \$3.4 million for the three months ended June 30, 2026 (2025: loss of \$0.9 million) and an actuarial gain of \$2.3 million for the six months ended June 30, 2026 (2025: loss of \$3.8 million).

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

(\$ millions)	June 30 2026	December 31 2025
Present value of Canadian defined benefit pension obligations	\$ 63.9	\$ 64.0
Fair value of Canadian plan assets	100.6	100.6
	(36.7)	(36.6)
U.S. defined benefit pension plan	-	0.2
Canadian post-retirement benefit plans	0.9	0.9
Defined benefit (asset), net	\$ (35.8)	\$ (35.5)

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

Defined Benefit (Asset) Obligation (\$ millions)	Pension Plans		Other Benefit Plans	
	June 30 2026	December 31 2025	June 30 2026	December 31 2025
Plans with surplus	\$ (37.2)	\$ (37.0)	\$ -	\$ -
Plans with deficit	-	0.2	-	-
Partially funded plans	0.5	0.4	-	-
Unfunded plans	-	-	0.9	0.9
Defined benefit (asset) obligation	\$ (36.7)	\$ (36.4)	\$ 0.9	\$ 0.9

NOTE 13 SHAREHOLDERS' EQUITY

a) At June 30, 2026 and 2025, the authorized share capital of the Company consisted of:

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

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

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

	Number of Shares	Amount (millions)
Balance, December 31, 2025	55,061,755	\$ 509.4
Shares repurchased	(155,000)	(1.5)
Balance, June 30, 2026	54,906,755	\$ 507.9

During the six months ended June 30, 2026, the Company purchased 155,000 shares under the Company's normal course issuer bid at an average cost of \$47.44 per share for a total cost of \$7.3 million excluding the impact of 2.0% federal tax on share repurchase which amounted to \$0.2 million. The original cost of these shares of \$1.5 million was recorded as a reduction of share capital and the balance of \$6.0 million as a reduction of retained earnings. The common shares purchased through this bid have been cancelled.

Dividends paid and declared are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Dividends paid (\$ millions)	\$ 24.1	\$ 24.2	\$ 47.8	\$ 48.1
Dividends paid per share	\$ 0.44	\$ 0.43	\$ 0.87	\$ 0.85
Dividends declared per share on August 6, 2026 (August 7, 2025)	\$ 0.44	\$ 0.43		

NOTE 14 SHARE-BASED COMPENSATION

Restricted Share Units (RSU)

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

	June 30 2026	December 31 2025
(number of units)		
Balance, beginning of the period	426,998	475,532
Granted	181,256	214,979
Paid out	(19,013)	(263,513)
Balance, end of the period	589,241	426,998

The RSU liability at June 30, 2026, was \$26.6 million (December 31, 2025: \$14.7 million). The fair value of RSUs was \$35.4 million at June 30, 2026 (December 31, 2025: \$18.7 million). Dividends declared on common shares accrue to units in the RSU plan in the form of additional RSUs.

Deferred Share Units (DSU)

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

<i>(number of units)</i>	June 30 2026	December 31 2025
Balance, beginning of the period	403,181	360,130
Granted	16,658	43,051
Paid out	(15,000)	-
Balance, end of the period	404,839	403,181

The liability and fair value of DSUs was \$24.4 million at June 30, 2026 (December 31, 2025: \$17.7 million). Dividends declared on common shares accrue to units in the DSU plan in the form of additional DSUs.

Share Appreciation Rights (SAR)

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

	Number of SARs		Weighted Average Exercise Price	
	June 30 2026	December 31 2025	June 30 2026	December 31 2025
Balance, beginning of period	371,862	324,600	\$ 32.41	\$ 31.00
Granted	49,327	47,262	47.46	42.08
Paid out	(107,571)	-	30.29	-
Balance, end of period	313,618	371,862	\$ 35.50	\$ 32.41

The SARs liability and fair value at June 30, 2026, was \$5.9 million and \$7.4 million respectively (December 31, 2025: \$4.1 million and \$4.3 million respectively).

Performance Share Units (PSU)

The Company has a PSU Plan for certain employees as designated by the Board of Directors. Continuity of PSUs outstanding is as follows:

<i>(number of units)</i>	June 30 2026	December 31 2025
Balance, beginning of the period	71,628	-
Granted	61,331	71,628
Balance, end of the period	132,959	71,628

The PSU liability at June 30, 2026, was \$5.7 million (December 31, 2025: \$2.4 million). The fair value of PSUs was \$8.0 million at June 30, 2026 (December 31, 2025: \$3.1 million). Dividends declared on common shares accrue to units in the PSU plan in the form of additional PSUs.

NOTE 15 EARNINGS PER SHARE

The net income used in the calculation of basic and diluted earnings per share for the three months ended June 30, 2026 was \$78.5 million (2025: \$60.4 million) and for the six months ended June 30, 2026, was \$150.3 million (2025: \$103.4 million). The weighted average number of shares outstanding for the three months ended June 30, 2026, was 54,931,755 (2025: 56,343,386) and for the six months ended June 30, 2026, was 54,965,843 (2025: 56,662,151). As there were no dilutive instruments outstanding, diluted weighted average shares were the same.

NOTE 16 EXPENSES

	Three Months Ended June 30		Six Months Ended June 30	
(\$ millions)	2026	2025	2026	2025
Employee Expenses				
Wages and salaries	\$ 141.6	\$ 105.7	\$ 262.8	\$ 200.6
Other employee related costs	22.1	16.3	44.3	34.4
	\$ 163.7	\$ 122.0	\$ 307.1	\$ 235.0
Other Operating Expenses				
Plant and other expenses	\$ 51.5	\$ 40.4	\$ 105.0	\$ 83.4
Delivery expenses	30.8	22.3	56.5	43.9
Repairs and maintenance	7.6	7.0	16.4	14.5
Selling expenses	5.3	3.9	10.1	8.2
Professional fees	5.4	3.1	9.6	5.4
Gain on sale of property, plant and equipment	(1.1)	(0.3)	(1.2)	(0.5)
Foreign exchange gain	(0.3)	(1.5)	-	(2.8)
	\$ 99.2	\$ 74.9	\$ 196.4	\$ 152.1

NOTE 17 INTEREST EXPENSE

	Three Months Ended June 30		Six Months Ended June 30	
(\$ millions)	2026	2025	2026	2025
Interest on 4.423% \$300 million				
Senior Unsecured Notes	\$ 3.4	\$ 3.4	\$ 6.8	\$ 3.5
Interest on lease obligations	3.8	3.7	7.6	7.5
Other interest income, net	(0.3)	(1.2)	(0.5)	(0.4)
Interest expense, net	\$ 6.9	\$ 5.9	\$ 13.9	\$ 10.6

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

Interest expense on long-term debt is comprised of the interest calculated on the face value of long-term debt, issue costs and accretion of the carrying value of the long-term debt. Debt accretion and issue cost amortization for the three months ended June 30, 2026, was \$0.1 million (2025: \$0.1 million) and for the six months ended June 30, 2026, was \$0.1 million (2025: \$0.1 million).

NOTE 18 INCOME TAXES

The consolidated effective tax rates for the three months ended June 30, 2026 and June 30, 2025, were 25.3% and 23.2% respectively and for the six months ended June 30, 2026 and 2025, were 23.3% and 24.1% respectively.

NOTE 19 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

	June 30 2026	December 31 2025
(\$ millions)		
Provision for decommissioning liabilities	\$ 3.4	\$ 3.3
Deferred compensation and employee incentives	62.6	38.9
	66.0	42.2
Less: current portion	(21.9)	(16.0)
	\$ 44.1	\$ 26.2

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

NOTE 20 SEGMENTED INFORMATION

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

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

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

Metals Service Centers

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

Energy Field Stores

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

Steel Distributors

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

The Company has segmented its operations on the basis of management reporting. For the three months ended June 30, 2026, the inter-segment sales from steel distributors to metals service centers were \$14.4 million (2025: \$14.5 million) and for the six months ended June 30, 2026, were \$27.3 million (2025: \$29.0 million). These sales, which are at market rates, are eliminated in the following table.

a) *Results by business segment:*

(\$ millions)	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Segment Revenues				
Metals service centers	\$ 1,215.6	\$ 855.8	\$ 2,270.9	\$ 1,695.8
Energy field stores	296.2	250.8	550.3	495.0
Steel distributors	137.3	93.4	246.0	182.3
	1,649.1	1,200.0	3,067.2	2,373.1
Other	5.9	7.3	6.1	7.8
	\$ 1,655.0	\$ 1,207.3	\$ 3,073.3	\$ 2,380.9
Segment Operating Profits				
Metals service centers	\$ 86.4	\$ 63.1	\$ 135.0	\$ 106.8
Energy field stores	25.9	21.1	46.3	38.2
Steel distributors	18.3	9.2	26.6	19.1
	130.6	93.4	207.9	164.1
Corporate expenses	(21.9)	(6.4)	(34.7)	(19.7)
Other	3.3	(2.4)	0.9	2.4
Gain on disposal of assets held for sale	-	-	35.6	-
Earnings before interest expense and provision for income taxes	112.0	84.6	209.7	146.8
Interest expense, net	(6.9)	(5.9)	(13.9)	(10.6)
Provision for income taxes	(26.6)	(18.3)	(45.5)	(32.8)
Net earnings	\$ 78.5	\$ 60.4	\$ 150.3	\$ 103.4
Capital Expenditures				
Metals service centers	\$ 16.2	\$ 13.8	\$ 32.7	\$ 39.2
Energy field stores	1.1	0.7	2.1	2.5
Steel distributors	-	1.0	0.2	1.2
Other	0.4	0.6	0.8	2.1
	\$ 17.7	\$ 16.1	\$ 35.8	\$ 45.0
Depreciation and Amortization Expense				
Metals service centers	\$ 20.5	\$ 17.7	\$ 40.7	\$ 35.2
Energy field stores	4.9	5.0	9.9	10.1
Steel distributors	0.4	0.3	0.8	0.7
Other	0.6	0.2	1.0	0.7
	\$ 26.4	\$ 23.2	\$ 52.4	\$ 46.7

(\$ millions)	June 30 2026	December 31 2025
Current Identifiable Assets		
Metals service centers	\$ 1,393.9	\$ 1,125.9
Energy field stores	424.7	363.9
Steel distributors	210.3	179.1
	2,028.9	1,668.9
Non-Current Identifiable Assets		
Metals service centers	736.1	727.1
Energy field stores	100.3	104.8
Steel distributors	11.9	12.0
Total identifiable assets included in segments	2,877.2	2,512.8
Assets Not Included in Segments		
Cash and cash equivalents	154.0	114.6
Income taxes receivable and deferred income tax assets	0.9	6.6
Financial and other assets	7.5	5.1
Pension and benefits	37.2	37.0
Corporate and other operating assets	10.4	8.5
Total assets	\$ 3,087.2	\$ 2,684.6
Liabilities		
Metals service centers	\$ 707.3	\$ 537.2
Energy field stores	161.0	127.3
Steel distributors	44.5	26.2
Total liabilities included in segment	912.8	690.7
Liabilities Not Included in Segments		
Income taxes payable and deferred income tax liabilities	40.7	32.1
Long-term debt	298.4	298.3
Pension and benefits	1.4	1.5
Corporate and other liabilities	105.1	73.1
Total liabilities	\$ 1,358.4	\$ 1,095.7

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

(\$ millions)	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Segment Revenues				
Canada	\$ 757.7	\$ 672.2	\$ 1,422.9	\$ 1,333.4
United States	891.4	527.8	1,644.3	1,039.7
	\$ 1,649.1	\$ 1,200.0	\$ 3,067.2	\$ 2,373.1
Segment Operating Profits				
Canada	\$ 51.3	\$ 48.7	\$ 84.0	\$ 86.0
United States	79.3	44.7	123.9	78.1
	\$ 130.6	\$ 93.4	\$ 207.9	\$ 164.1

(\$ millions)	June 30 2026	December 31 2025
Identifiable Assets		
Canada	\$ 1,452.0	\$ 1,334.1
United States	1,425.2	1,178.7
	\$ 2,877.2	\$ 2,512.8

c) *Revenues by Product:*

	Three Months Ended June 30		Six Months Ended June 30	
(\$ millions)	2026	2025	2026	2025
Carbon				
Structurals and Pipe (WF & I Beams, Angles, Channels, Hollow Tubes)	\$ 681.9	\$ 395.3	\$ 1,253.6	\$ 797.2
Plate (Discrete & Plate in Coil)	325.6	250.1	620.2	484.7
Flanges, Valves, Fittings and other related products	220.8	191.4	401.6	363.3
Flat Rolled (Sheet & Coil)	166.5	139.5	296.2	280.9
Bars (Hot Rolled and Cold Finished)	67.0	50.8	129.8	103.8
Grating/ Expanded/ Rails	16.3	13.2	29.7	27.3
Total Carbon (excluding Stainless)	1,478.1	1,040.3	2,731.1	2,057.2
Stainless Steel	53.1	54.5	108.9	112.7
Aluminum	83.6	76.2	161.7	146.3
Other Non-Ferrous	1.2	1.9	2.4	3.9
Total Non-Ferrous	137.9	132.6	273.0	262.9
Other	39.0	34.4	69.2	60.8
	\$ 1,655.0	\$ 1,207.3	\$ 3,073.3	\$ 2,380.9

NOTE 21 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

a) *Financial assets and liabilities*

Financial assets and liabilities are as follows:

	Loans and Receivables	Other Financial Liabilities	Total
<i>June 30, 2026 (\$ millions)</i>			
Cash and cash equivalents	\$ 154.0	\$ -	\$ 154.0
Accounts receivable	826.3	-	826.3
Other financial assets	6.1	-	6.1
Accounts payable and accrued liabilities	-	(790.2)	(790.2)
Lease obligations	-	(183.6)	(183.6)
Long-term debt	-	(298.4)	(298.4)
Total	\$ 986.4	\$ (1,272.2)	\$ (285.8)

	Loans and Receivables	Other Financial Liabilities	Total
<i>December 31, 2025 (\$ millions)</i>			
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)
Total	\$ 672.6	\$ (1,035.9)	\$ (363.3)

For the three and six months ended June 30, 2026, the fair value loss from derivative financial instruments on the consolidated statements of earnings was \$1.2 million and a gain of \$1.8 million, respectively (2025: loss of \$3.5 million and \$5.2 million, respectively) including embedded derivatives and forward contracts.

b) *Fair Value*

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

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

Carrying Amounts

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

Fair Value

The Company records its debt at amortized cost using the effective interest method. The fair value of long-term debt is estimated based on the last quoted trade price, where it exists, or based on current rates available to the Company for similar debt with the same period to maturity. The carrying amount and fair value of the Company's \$300 million senior unsecured notes at 4.423% as at June 30, 2026, were \$298.4 million and \$303.8 million respectively.

c) Credit Risk

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

The Company attempts to minimize credit exposure as follows:

- Cash investments are placed with high-quality financial institutions with limited exposure to any one institution. At June 30, 2026, nearly all cash and cash equivalents were held in institutions that were rated as R1 High by DBRS;
- Counterparties to derivative contracts are members of the syndicated banking facility (Note 10);
- Credit limits minimize exposure to any one customer; and
- The customer base is geographically diverse and in different industries.

No allowance for credit losses on financial assets was required as of June 30, 2026 and December 31, 2025, other than the allowance for expected credit losses in accounts receivable. As at June 30, 2026, trade accounts receivable greater than 90 days represented less than 2% (December 31, 2025: less than 3%) of total trade accounts receivable.

d) Interest Rate Risk

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

e) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company uses foreign exchange contracts with maturities of less than a year to manage foreign exchange risk on certain future committed cash outflows. As at June 30, 2026, the Company had outstanding forward foreign exchange contracts in the amount of US\$125.7 million maturing in 2026 (2025: US\$123.0 million). A 1% change in foreign exchange rates would not result in a significant increase or decrease in accounts receivable, accounts payable or net earnings.

f) Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations when due. Liquidity adequacy is assessed in view of seasonal needs, growth requirements, capital expenditures, and the maturity profile of indebtedness. As at June 30, 2026, the Company has access to \$554.0 million from cash on hand and the undrawn portion of its committed credit facility. Cash is managed by the centralized treasury function and is invested in money market instruments or bank deposits, with durations ranging up to sixty days. A centralized treasury function ensures that the Company maintains funding flexibility by assessing future cash flow expectations and by maintaining its committed borrowing facilities.

As at June 30, 2026, the Company was contractually obligated to make payments under its financial liabilities that come due during the following periods:

(\$ millions)	Accounts Payable	Long-Term Debt Maturities	Long-Term Debt Interest	Lease Obligations	Total
2026	\$ 790.2	\$ -	\$ 6.7	\$ 22.7	\$ 819.6
2027	-	-	13.3	43.2	56.5
2028	-	-	13.3	38.8	52.1
2029	-	-	13.3	32.0	45.3
2030	-	300.0	6.5	24.1	330.6
2031 and beyond	-	-	-	94.5	94.5
Total	\$ 790.2	\$ 300.0	\$ 53.1	\$ 255.3	\$ 1,398.6

At June 30, 2026, the Company was contractually obligated to repay its letters of credit under its bank facilities (Note 10).

g) Capital Management

The Company manages capital in order to safeguard its ability to continue as a going concern, provide returns to shareholders through its dividend policy and provide the ability to finance future growth. Capital includes shareholders' equity, bank indebtedness and long-term debt, net of cash. The Company manages its capital structure and may make adjustments to the amount of dividends paid to shareholders, purchase shares for cancellation pursuant to issuer bids, issue new shares, issue new debt, repurchase existing debt or shares and extend or amend its banking facilities.

In the six months ended June 30, 2026, the Company extended the term of its \$450 million credit facility to May 29, 2030, repurchased 0.2 million shares for \$7.5 million under its normal course issuer bid and paid dividends of \$47.8 million.

NOTE 22 CONTINGENCIES, COMMITMENTS AND GUARANTEES

a) Lawsuits and Legal Claims

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

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

b) Decommissioning Liability

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

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

NOTE 23 OTHER COMPREHENSIVE INCOME

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

(\$ millions)	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Tax on items that may not be reclassified to earnings				
Income taxes on actuarial gains on pension and similar obligations	\$ (0.9)	\$ 0.1	\$ (0.6)	\$ 1.0

NOTE 24 SUBSEQUENT EVENT

In July 2026, the Company entered into an agreement to sell Color Steels Inc. ("Color"), a wholly-owned subsidiary of the Company. Color generated \$70 million of sales in 2025 and had a book value of approximately \$35 million at June 30, 2026. Upon completion of the transaction, the Company is expected to recognize a small gain on the sale. Color is included in the metal service centers operating segment. The transaction is expected to close in the second half of 2026.