MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

November 9, 2022

(signed) J. G. Reid
President and
Chief Executive Officer

(signed) M. L. Juravsky
Executive Vice President and
Chief Financial Officer

Condensed Consolidated Statements of Earnings (unaudited)

(in millions of Canadian dollars, except per share data)	Three Months Ended September 30 2022	Three Months Ended September 30 2021	Nine Months Ended September 30 2022	Nine Months Ended September 30 2021
Revenues	$ 1,269.9	$ 1,108.1	$ 3,970.8	$ 3,061.7
Cost of materials (Note 4)	996.3	777.9	3.062.4	2,148.5
Employee expenses (Note 15)	104.1	97.7	313.7	293.2
Other operating expenses (Note 15)	61.0	54.3	181.9	163.8
Earnings from joint venture (Note 7)	(14.9)	(2.8)	(20.6)	(2.8)
Earnings before interest and provision for income taxes	123.4	181.0	433.4	459.0
Interest expense (Note 16)	6.6	6.5	19.9	19.4
Earnings before provision for income taxes	116.8	174.5	413.5	439.6
Provision for income taxes (Note 17)	25.5	42.9	99.5	109.6
Net earnings for the period	$ 91.3	$ 131.6	$ 314.0	$ 330.0
Basic earnings per common share (Note 14)	$ 1.45	$ 2.10	$ 4.98	$ 5.28
Diluted earnings per common share (Note 14)	$ 1.45	$ 2.10	$ 4.97	$ 5.27

Condensed Consolidated Statements of Comprehensive Income (unaudited)

(in millions of Canadian dollars)	Three Months Ended September 30 2022	Three Months Ended September 30 2021	Nine Months Ended September 30 2022	Nine Months Ended September 30 2021
Net earnings for the period	$ 91.3	$ 131.6	$ 314.0	$ 330.0
Other comprehensive income				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains on translation of foreign operations	48.9	16.5	60.8	2.7
Items that may not be reclassified to earnings				
Actuarial gains on pension and similar obligations net of taxes (Note 22)	0.1	3.8	9.2	21.9
Other comprehensive income	49.0	20.3	70.0	24.6
Total comprehensive income	$ 140.3	$ 151.9	$ 384.0	$ 354.6

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in millions of Canadian dollars)	September 30 2022	December 31 2021
ASSETS		
Current		
Cash and cash equivalents	$ 204.1	$ 133.1
Accounts receivable	669.6	554.1
Inventories (Note 4)	1,050.1	986.0
Prepaid and other	35.9	30.3
Income taxes receivable	10.1	16.1
	1,969.8	1,719.6
Property, Plant and Equipment (Note 5)	311.2	302.4
Right-of-Use Assets (Note 6)	97.5	86.7
Investment in Joint Venture (Note 7)	43.8	37.6
Deferred Income Tax Assets	1.2	1.5
Pension and Benefits (Note 11 and Note 23)	40.3	29.5
Financial and Other Assets	4.9	5.0
Goodwill and Intangibles (Note 8)	130.2	132.2
	$ 2,598.9	$ 2,314.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 595.3	$ 557.7
Short-term lease obligations (Note 6)	15.2	15.8
Income taxes payable	3.3	66.7
	613.8	640.2
Long-Term Debt (Note 10)	295.7	294.8
Pensions and Benefits (Note 11)	2.0	3.4
Deferred Income Tax Liabilities	19.5	19.6
Long-term Lease Obligations (Note 6)	106.9	93.7
Provisions and Other Non-Current Liabilities (Note 18)	16.5	14.5
	1,054.4	1,066.2
Shareholders' Equity (Note 12)		
Common shares	566.2	571.0
Retained earnings	815.4	575.2
Contributed surplus	12.1	12.1
Accumulated other comprehensive income	150.8	90.0
Total Shareholders' Equity	1,544.5	1,248.3
Total Liabilities and Shareholders' Equity	$ 2,598.9	$ 2,314.5

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

ON BEHALF OF THE BOARD,

(signed) A. Laberge
Director

(signed) J. Clark
Director

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

(in millions of Canadian dollars)	Three Months Ended September 30 2022	Three Months Ended September 30 2021	Nine Months Ended September 30 2022	Nine Months Ended September 30 2021
Operating activities				
Net earnings for the period	$ 91.3	$ 131.6	$ 314.0	$ 330.0
Depreciation and amortization	16.2	14.5	48.1	43.3
Provision for income taxes	25.5	42.9	99.5	109.6
Interest expense	6.6	6.5	19.9	19.4
(Gain) loss on sale of property, plant and equipment	(0.2)	0.6	(2.7)	0.3
Earnings from joint venture	(14.9)	(2.8)	(20.6)	(2.8)
Share-based compensation	-	0.1	0.1	0.2
Difference between pension expense and amount funded	0.2	-	0.2	0.6
Debt accretion, amortization and other	0.3	0.3	0.9	0.8
Interest paid, including interest on lease obligations	(6.2)	(6.1)	(19.0)	(18.7)
Cash from operating activities before non-cash working capital	118.8	187.6	440.4	482.7
Changes in non-cash working capital items				
Accounts receivable	(0.3)	(16.9)	(104.6)	(206.1)
Inventories	(4.0)	(126.3)	(43.2)	(193.6)
Accounts payable and accrued liabilities	(42.2)	79.2	25.7	281.3
Other	5.7	1.3	(5.6)	(3.0)
Change in non-cash working capital	(40.8)	(62.7)	(127.7)	(121.4)
Income tax paid, net	(36.4)	(19.1)	(159.6)	(49.8)
Cash from operating activities	41.6	105.8	153.1	311.5
Financing activities				
Issue of common shares	-	7.9	0.3	17.3
Repurchase of common shares	(16.3)	-	(16.3)	-
Dividends on common shares	(23.9)	(23.9)	(71.9)	(71.4)
Deferred financing	(0.1)	-	(0.2)	-
Lease obligations	(1.8)	(3.8)	(11.1)	(11.7)
Cash used in financing activities	(42.1)	(19.8)	(99.2)	(65.8)
Investing activities				
Purchase of property, plant and equipment	(10.2)	(7.6)	(26.2)	(20.3)
Proceeds on sale of property, plant and equipment	-	0.4	3.1	0.9
Dividends received from joint venture	14.4	-	14.4	-
Sale of business	-	77.1	9.7	77.1
Cash from investing activities	4.2	69.9	1.0	57.7
Effect of exchange rates on cash and cash equivalents	13.5	5.7	16.1	7.1
Increase in cash and cash equivalents	17.2	161.6	71.0	310.5
Cash and cash equivalents, beginning of the period	186.9	175.2	133.1	26.3
Cash and cash equivalents, end of the period	$ 204.1	$ 336.8	$ 204.1	$ 336.8

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2022	$ 571.0	$ 575.2	$ 12.1	$ 90.0	$ 1,248.3
Payment of dividends	-	(71.9)	-	-	(71.9)
Net earnings for the period	-	314.0	-	-	314.0
Other comprehensive income for the period	-	-	-	70.0	70.0
Recognition of share-based compensation	-	-	0.1	-	0.1
Share options exercised	0.4	-	(0.1)	-	0.3
Shares repurchased	(5.2)	(11.1)	-	-	(16.3)
Transfer of net actuarial gains on defined benefit plans	-	9.2	-	(9.2)	-
Balance, September 30, 2022	$ 566.2	$ 815.4	$ 12.1	$ 150.8	$ 1,544.5

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2021	$ 546.2	$ 212.5	$ 15.7	$ 90.3	$ 864.7
Payment of dividends	-	(71.4)	-	-	(71.4)
Net earnings for the period	-	330.0	-	-	330.0
Other comprehensive income for the period	-	-	-	24.6	24.6
Recognition of share-based compensation	-	-	0.2	-	0.2
Share options exercised	20.3	-	(3.0)	-	17.3
Transfer of net actuarial gains on defined benefit plans	-	21.9	-	(21.9)	-
Balance, September 30, 2021	$ 566.5	$ 493.0	$ 12.9	$ 93.0	$ 1,165.4

The accompanying notes are an integral part of these condensed 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, 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 November 9, 2022.

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, 2021. 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 International Financial Reporting 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, 2021. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2021.

These condensed consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of 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 CHANGE IN ACCOUNTING POLICIES

IAS 16 Property, Plant and Equipment

The amendments to IAS 16 prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments were applied retrospectively on January 1, 2022 and did not have an impact on the Company's financial position or results of operations.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments to IAS 37 provide guidance regarding the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments were effective on January 1, 2022 with comparative figures not restated. The implementation of this standard did not have an impact on the Company's financial position or results of operations.

NOTE 4 INVENTORIES

(millions)	September 30 2022	December 31 2021
Inventories		
Metals service centers	$ 672.7	$ 638.9
Energy field stores	166.1	119.2
Steel distributors	211.3	227.9
	$ 1,050.1	$ 986.0

Inventories expensed in cost of sales for the three months ended September 30, 2022 were $996.3 million (2021: $777.9 million) and for the nine months ended September 30 2022 were $3.1 billion (2021: $2.1 billion).

During the three months ended September 30, 2022, the Company recorded a net increase in inventory provisions of $6.2 million (2021: net reduction of $5.8 million) and a net reduction of $0.8 million for the nine months ended September 30, 2022 (2021: net reduction of $15.1 million).

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Cost *(millions)*	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2021	$ 297.5	$ 427.3	$ 23.2	$ 748.0
Additions	2.6	22.7	0.9	26.2
Disposals	(0.8)	(5.8)	(0.1)	(6.7)
Foreign exchange	5.7	12.5	0.3	18.5
Balance, September 30, 2022	$ 305.0	$ 456.7	$ 24.3	$ 786.0

Accumulated Depreciation and Amortization *(millions)*	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2021	$ 138.8	$ 289.2	$ 17.6	$ 445.6
Additions	6.9	19.5	0.7	27.1
Disposals	(0.7)	(5.5)	(0.1)	(6.3)
Foreign exchange	1.8	6.4	0.2	8.4
Balance, September 30, 2022	$ 146.8	$ 309.6	$ 18.4	$ 474.8

Net Book Value *(millions)*	
December 31, 2021	$ 302.4
September 30, 2022	$ 311.2

Land, included in land and buildings, was $44.0 million (December 31, 2021: $43.8 million).

Depreciation Expense *(millions)*	Three Months Ended September 30 2022	Three Months Ended September 30 2021	Nine Months Ended September 30 2022	Nine Months Ended September 30 2021
Depreciation - cost of materials	$ 1.6	$ 1.8	$ 4.9	$ 5.6
Depreciation - other operating expense	7.5	6.6	22.2	18.9
	$ 9.1	$ 8.4	$ 27.1	$ 24.5

NOTE 6 RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

Leased land and buildings represented approximately 81% (2021: 84%) of the right-of-use assets with the remainder comprised of leases of vehicles and equipment.

(millions)	Right-of-use Assets	Lease Obligations
Balance, December 31, 2021	$ 86.7	$ 109.5
Additions	14.3	14.3
Disposals and modification	6.3	6.4
Depreciation and amortization	(12.3)	-
Lease payments	-	(11.1)
Foreign exchange	2.5	3.0
Balance, September 30, 2022	$ 97.5	$ 122.1
Current portion		$ 15.2
Long-term portion		$ 106.9

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

Right-of-use Assets *(millions)*	September 30 2022	December 31 2021
Land and buildings	$ 78.9	$ 68.1
Machinery and equipment	18.6	18.6
	$ 97.5	$ 86.7

Depreciation Expense *(millions)*	Three Months Ended September 30 2022	2021	Nine Months Ended September 30 2022	2021
Land and buildings	$ 2.5	$ 2.5	$ 7.4	$ 7.6
Machinery and equipment	1.7	1.3	4.9	4.3
	$ 4.2	$ 3.8	$ 12.3	$ 11.9

NOTE 7 INVESTMENT IN JOINT VENTURE

The Company's investment in joint venture includes its investment in common shares that represents a 50% share of ownership and voting rights of TriMark Tubulars Ltd. and $31.5 million at face value of preferred shares of TriMark which have no voting rights and have an annual cumulative dividend rate of 7%. The common shares are accounted for using the equity method and the preferred shares are carried at fair value, which is subject to change based on market interest rates.

(millions)	Three Months Ended September 30 2022	2021	Nine Months Ended September 30 2022	2021
Earnings from joint venture	$ 12.7	$ 2.8	$ 26.6	$ 2.8
Dividends - preferred shares	2.2	-	2.2	-
Change in fair value of preferred shares	-	-	(8.2)	-
Earnings from joint venture	$ 14.9	$ 2.8	$ 20.6	$ 2.8

The following is the continuity of the investment in the joint venture:

(millions)	
Balance, July 7, 2021	$ 31.5
Earnings from joint venture	6.1
Balance, December 31, 2021	37.6
Earnings from joint venture	26.6
Dividends - common shares	(12.2)
Change in fair value of preferred shares	(8.2)
September 30, 2022	$ 43.8

The following is a summary of the joint venture's financial information:

September 30, 2022 (millions)	
Current assets	$ 407.3
Non-current assets	12.0
Current liabilities (including bank indebtedness of $140.0 million)	(259.8)
Non-current liabilities	(49.8)
Net assets	$ 109.7

September 30, 2022 (millions)	Nine Month Period Ended
Revenue	$ 632.3
Net income	$ 58.9

On October 13, 2022, TriMark declared dividends on its common and preferred shares. The Company received common share dividends of $6.6 million and preferred share dividends of $0.6 million on October 25, 2022.

NOTE 8 GOODWILL AND INTANGIBLES

(millions)	September 30 2022	December 31 2021
Goodwill	$ 51.1	$ 49.0
Intangibles	79.1	83.2
	$ 130.2	$ 132.2

The entire goodwill balance relates to the metals service centers segment.

The continuity of intangibles, which includes customer relationships and non-competition agreements acquired through business combinations, is as follows:

Cost *(millions)*	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2021	$ 48.9	$ 101.7	$ 150.6
Foreign exchange	2.1	2.0	4.1
Balance, September 30, 2022	$ 51.0	$ 103.7	$ 154.7

Accumulated Amortization *(millions)*	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2021	$ (16.4)	$ (51.0)	$ (67.4)
Amortization	(3.3)	(4.9)	(8.2)
Balance, September 30, 2022	$ (19.7)	$ (55.9)	$ (75.6)

Net Book Value *(millions)*	
December 31, 2021	$ 83.2
September 30, 2022	$ 79.1

The remaining amortization period for customer relationships is 4 to 14 years.

NOTE 9 REVOLVING CREDIT FACILITIES

The Company has a credit agreement which consists of availability of $400 million under Tranche I to be utilized for borrowings and letters of credit and $50 million under Tranche II to be utilized only for letters of credit. Letters of credit are issued under Tranche II first and additional needs are issued under Tranche I. This facility expires on September 21, 2025.

The borrowings and letters of credit are available on a revolving basis, up to an amount equal to the sum of specified percentages of the Company's eligible accounts receivable and inventories, to a maximum of $450 million. The obligations of the Company under this agreement are secured by a pledge of trade accounts receivable and inventories.

The Company was in compliance with its financial covenants at September 30, 2022. The Company had no borrowings as at September 30, 2022 and December 31, 2021 and letters of credit of $97.4 million as at September 30, 2022, (December 31, 2021: $77.7 million) under this facility.

NOTE 10 LONG-TERM DEBT

(millions)	September 30 2022	December 31 2021
5 ¾% $150 million Senior Notes due October 27, 2025	$ 147.7	$ 147.1
6% $150 million Senior Notes due March 16, 2026	148.0	147.7
	$ 295.7	$ 294.8

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

a) On March 16, 2018, the Company issued through a private placement $150 million 6% Unsecured Senior Notes due March 16, 2026 for net proceeds of $146 million. Interest is due semi-annually on March 16 and September 16 of each year.

The Company may redeem the notes in whole or in part at any time after March 16, 2022 at 103.0% of the principal amount declining rateably to 100% of the principal amount on or after March 16, 2024.

These notes contain certain restrictions on the payment of common share dividends in excess of $0.38 per share per quarter. The Company was in compliance with these financial covenants at September 30, 2022.

b) On October 27, 2020, the Company issued $150 million 5 ¾% Unsecured Senior Notes due October 27, 2025, for total net proceeds of $147 million. Interest is due semi-annually on April 27 and October 27 of each year.

The Company may redeem the notes in whole or in part at any time after October 27, 2022 at 102.9% of the principal amount declining rateably to 100% of the principal amount on or after October 27, 2024.

These notes contain certain restrictions on the payment of common share dividends in excess of $1.60 per share in any fiscal year. These notes also contain certain covenants that limit the Company's ability to incur additional debt. The Company was in compliance with these covenants at September 30, 2022.

NOTE 11 PENSIONS AND BENEFITS

As at September 30, 2022, the Company determined its accrued benefit obligations related to the employee future benefit plans using a discount rate of 5.00% (December 31, 2021: 3.00%) and also determined the fair value of the defined benefit pension plan assets as at the statement of financial position date. The net change in the accrued benefit obligations less the fair value of the defined benefit plan assets resulted in an actuarial gain on employee future benefit plans of $0.1 million for the three months ended September 30, 2022 (2021: gain of $5.2 million) and an actuarial gain of $12.4 million for the nine months ended September 30, 2022 (2021: gain of $29.7 million).

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

(millions)	September 30 2022	December 31 2021
Present value of defined benefit pension obligations	$ 114.4	$ 151.2
Fair value of plan assets	154.2	179.1
	(39.8)	(27.9)
Other post-retirement benefit obligations	1.5	1.8
Defined benefit (asset) obligations, net	$ (38.3)	$ (26.1)

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

	Pension Plans		Other Benefit Plans	
Defined Benefit Asset (Obligation) *(millions)*	September 30 2022	December 31 2021	September 30 2022	December 31 2021
Plans with surplus	$ (40.3)	$ (29.5)	$ -	$ -
Partially funded plans	0.5	1.6	-	-
Unfunded plans	-	-	1.5	1.8
Defined benefit (asset) obligations	$ (39.8)	$ (27.9)	$ 1.5	$ 1.8

NOTE 12 SHAREHOLDERS' EQUITY

a) At September 30, 2022 and 2021, 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, 2021	63,100,220	$ 571.0
Share options exercised	12,000	0.4
Shares repurchased	(582,908)	(5.2)
Balance, September 30, 2022	62,529,312	$ 566.2

On August 11, 2022, the Company announced a Normal Course Issuer Bid ("NCIB") to purchase up to 3,155,611 common shares which represents 5% of the issued and outstanding common shares as of August 11, 2022, during the period commencing on August 16, 2022, and ending on the earlier of August 15, 2023, and completion of purchases under the NCIB. During the three months ended September 30, 2022, the Company purchased 582,908 shares under this bid at an average cost of $27.95 for a total cost of $16.3 million. The original cost of these shares of $5.2 million was recorded as a reduction of share capital and the balance of $11.1 million as a reduction of retained earnings. The common shares purchased through this bid have been cancelled.

The continuity of contributed surplus is as follows:

(millions)	
Balance, December 31, 2021	$ 12.1
Share-based compensation expense	0.1
Options exercised	(0.1)
Balance, September 30, 2022	$ 12.1

Dividends paid and declared are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Dividends paid *(millions)*	$ 23.9	$ 23.9	$ 71.9	$ 71.4
Dividends per share	$ 0.38	$ 0.38	$ 1.14	$ 1.14
Quarterly dividend per share declared on November 9, 2022 (November 4, 2021)	$ 0.38	$ 0.38		

NOTE 13 SHARE-BASED COMPENSATION

Share Options

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

	Number of Options		Weighted Average Exercise Price	
(millions)	September 30 2022	December 31 2021	September 30 2022	December 31 2021
Balance, beginning of period	632,647	1,583,793	$ 26.36	$ 26.20
Granted	-	49,065	-	25.08
Exercised	(12,000)	(804,779)	27.53	26.07
Expired or forfeited	(44,862)	(195,432)	27.32	25.96
Balance, end of period	575,785	632,647	$ 26.27	$ 26.36
Exercisable	470,752	458,313	$ 27.29	$ 27.81

The outstanding options had exercise price ranges as follows:

(number of options)	September 30 2022	December 31 2021
$ 29.00 - $ 31.46	126,382	132,169
$ 25.37 - $ 28.99	154,582	205,657
$ 14.61 - $ 25.36	294,821	294,821
Options outstanding	575,785	632,647

The Black-Scholes option-pricing model assumptions used to compute compensation expense are as follows:

	September 30 2022	December 31 2021
Dividend yield	5%	5%
Expected volatility	31%	33%
Expected life	5 yrs	5 yrs
Risk free rate of return	1.91%	1.21%
Weighted average fair value of options granted	$ 5.26	$ 4.28

Expected volatility is based on historical volatility over the last five years.

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	
(millions)	September 30 2022	December 30 2021	September 30 2022	December 31 2021
Balance, beginning of period	260,282	352,871	$ 24.40	$ 25.48
Granted	72,548	88,766	32.99	25.08
Paid out	-	(181,355)	-	26.84
Balance, end of period	332,830	260,282	$ 26.27	$ 24.40

The SARs liability and fair value at September 30, 2022, was $0.3 million and $0.5 million respectively (December 31, 2021: $1.0 million and $2.4 million).

Deferred Share Units (DSU)

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

(number of units)	September 30 2022	December 31 2021
Balance, beginning of the period	327,380	353,058
Granted	38,351	46,930
Paid out	(35,199)	(72,608)
Balance, end of the period	330,532	327,380

The liability and fair value of DSUs was $8.5 million at September 30, 2022 (December 31, 2021: $11.0 million). Dividends declared on common shares accrue to units in the DSU plan in the form of additional DSUs.

Restricted Share Units (RSU)

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

(number of units)	September 30 2022	December 31 2021
Balance, beginning of the period	161,381	409,779
Granted	263,382	57,541
Paid out	(13,692)	(305,939)
Balance, end of the period	411,071	161,381

The RSU liability at September 30, 2022 was $6.8 million (December 31, 2021: $4.1 million). The fair value of RSUs was $10.6 million at September 30, 2022 (December 31, 2021: $5.4 million). Dividends declared on common shares accrue to units in the RSU plan in the form of additional RSUs.

NOTE 14 EARNINGS PER SHARE

The net income used in the calculation of basic and diluted earnings per share for the three months ended September 30, 2022 was $91.3 million (2021: $131.6 million) and for the nine months ended September 30, 2022 was $314.0 million (2021: $330.0 million).

	Three Months Ended September 30		Nine Months Ended September 30	
(number of shares)	2022	2021	2022	2021
Weighted average shares outstanding	62,997,539	62,636,186	63,071,197	62,542,388
Dilution impact of share options	43,142	152,504	67,289	75,817
Diluted weighted average shares outstanding	63,040,681	62,788,690	63,138,486	62,618,205

NOTE 15 EXPENSES

	Three Months Ended September 30		Nine Months Ended September 30	
(millions)	2022	2021	2022	2021
Employee Expenses				
Wages and salaries	$ 91.7	$ 85.7	$ 274.9	$ 256.2
Other employee related costs	12.4	12.0	38.8	37.0
	$ 104.1	$ 97.7	$ 313.7	$ 293.2
Other Operating Expenses				
Plant and other expenses	$ 27.2	$ 33.1	$ 90.4	$ 99.0
Delivery expenses	21.8	13.2	66.2	41.2
Repairs and maintenance	4.9	3.9	14.3	10.7
Selling expenses	3.2	1.6	7.3	6.1
Professional fees	1.9	1.5	4.3	6.5
(Gain) loss on sale of property, plant and equipment	(0.2)	0.6	(2.7)	0.3
Foreign exchange loss	2.2	0.4	2.1	-
	$ 61.0	$ 54.3	$ 181.9	$ 163.8

NOTE 16 INTEREST EXPENSE

	Three Months Ended September 30		Nine Months Ended September 30	
(millions)	2022	2021	2022	2021
Interest on 6% $150 million Senior Notes	$ 2.4	$ 2.5	$ 7.1	$ 7.1
Interest on 5 ¾% $150 million Senior Notes	2.4	2.2	7.0	6.9
Interest on lease obligations	1.8	1.8	5.8	5.4
Interest expense	$ 6.6	$ 6.5	$ 19.9	$ 19.4

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 September 30, 2022 was $0.3 million (2021: $0.3 million) and for the nine months ended September 30, 2022 was $0.9 million (2021: $0.8 million).

NOTE 17 INCOME TAXES

The consolidated effective tax rates for the three months ended September 30, 2022 and September 30, 2021, were 21.9% and 24.6% respectively and for the nine months ended September 30, 2022 and 2021, were 24.1% and 24.9% respectively. The Company's share of earnings from the joint venture is recorded on an after-tax basis and resulted in a lower effective tax rate in 2022.

NOTE 18 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

(millions)	September 30 2022	December 31 2021
Provision for decommissioning liabilities	$ 3.4	$ 1.5
Deferred compensation and employee incentives	15.6	16.1
	19.0	17.6
Less: current portion	(2.5)	(3.1)
	$ 16.5	$ 14.5

Deferred compensation includes the RSU, DSU and SAR liabilities. The RSU liabilities that will be paid within the current year amounting to $2.5 million have been reclassified to current accrued liabilities.

NOTE 19 SEGMENTED INFORMATION

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

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

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

Metals service centers

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

Energy field stores

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

Steel distributors

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

The Company has segmented its operations on the basis of management reporting and geographic segments in which it operates. For the three months ended September 30, 2022, the inter-segment revenues from steel distributors to metals service centers were $48.2 million (2021: $26.9 million) and for the nine months ended September 30, 2022 were $127.2 million (2021: $53.0 million). These sales, which are at market rates, are eliminated in the following table.

a) Results by business segment:

	Three Months Ended September 30		Nine Months Ended September 30	
(millions)	2022	2021	2022	2021
Segment Revenues				
Metals service centers	$ 865.5	$ 749.6	$ 2,772.4	$ 2,051.1
Energy field stores	250.7	189.3	691.4	620.7
Steel distributors	147.6	165.4	496.4	382.7
	1,263.8	1,104.3	3,960.2	3,054.5
Other	6.1	3.8	10.6	7.2
	$ 1,269.9	$ 1,108.1	$ 3,970.8	$ 3,061.7
Segment Operating Profits				
Metals service centers	$ 67.0	$ 132.0	$ 282.6	$ 373.6
Energy field stores	29.7	11.8	80.6	29.4
Steel distributors	13.3	37.9	65.8	85.3
	110.0	181.7	429.0	488.3
Corporate expenses and other	(1.5)	(3.5)	(16.2)	(32.1)
Earnings from joint venture	14.9	2.8	20.6	2.8
Earnings before interest expense and provision for income taxes	123.4	181.0	433.4	459.0
Interest expense, net	(6.6)	(6.5)	(19.9)	(19.4)
Provision for income taxes	(25.5)	(42.9)	(99.5)	(109.6)
Net earnings	$ 91.3	$ 131.6	$ 314.0	$ 330.0
Capital Expenditures				
Metals service centers	$ 7.8	$ 7.0	$ 20.0	$ 18.9
Energy field stores	2.3	0.6	4.6	1.2
Steel distributors	0.1	-	1.5	0.2
Other	-	-	0.1	-
	$ 10.2	$ 7.6	$ 26.2	$ 20.3
Depreciation and Amortization Expense				
Metals service centers	$ 11.1	$ 9.0	$ 33.4	$ 27.4
Energy field stores	4.5	4.6	13.0	13.8
Steel distributors	0.3	0.7	0.9	1.5
Other	0.3	0.2	0.8	0.6
	$ 16.2	$ 14.5	$ 48.1	$ 43.3

(millions)	September 30 2022	December 31 2021
Current Identifiable Assets		
Metals service centers	$ 1,108.6	$ 1,007.2
Energy field stores	363.4	256.1
Steel distributors	279.5	307.2
	1,751.5	1,570.5
Non-Current Identifiable Assets		
Metals service centers	402.0	393.8
Energy field stores	124.0	117.6
Steel distributors	11.3	8.1
Total identifiable assets included in segments	2,288.8	2,090.0
Assets not included in segments		
Cash and cash equivalents	204.1	133.1
Investment in joint venture	43.8	37.6
Income tax assets	11.3	17.6
Financial and other assets	4.9	5.0
Pension and benefits	40.3	29.5
Corporate and other operating assets	5.7	1.7
Total assets	$ 2,598.9	$ 2,314.5
Liabilities		
Metals service centers	$ 448.2	$ 450.5
Energy field stores	53.9	115.4
Steel distributors	175.7	63.2
Liabilities by segment	677.8	629.1
Liabilities not included in segments		
Income taxes payable and deferred income tax liabilities	22.8	86.3
Long-term debt	295.7	294.8
Pension and benefits	2.0	3.4
Corporate and other liabilities	56.1	52.6
Total liabilities	$ 1,054.4	$ 1,066.2

b) Results by geographic segment:

	Three Months Ended September 30		Nine Months Ended September 30	
(millions)	2022	2021	2022	2021
Segment Revenues				
Canada	$ 749.8	$ 690.8	$ 2,385.6	$ 1,977.2
United States	514.0	413.5	1,574.6	1,077.3
	$ 1,263.8	$ 1,104.3	$ 3,960.2	$ 3,054.5
Segment Operating Profits				
Canada	$ 74.9	$ 116.2	$ 285.1	$ 312.0
United States	35.1	65.5	143.9	176.3
	$ 110.0	$ 181.7	$ 429.0	$ 488.3

(millions)	September 30 2022	December 31 2021
Identifiable Assets		
Canada	$ 1,449.0	$ 1,345.6
United States	839.8	744.4
	$ 2,288.8	$ 2,090.0

c) Revenues by product:

(millions)	Three Months Ended September 30 2022	Three Months Ended September 30 2021	Nine Months Ended September 30 2022	Nine Months Ended September 30 2021
Carbon				
Structurals and Pipe (WF & I Beams, Angles, Channels, Hollow Tubes)	$ 522.8	$ 439.3	$ 1,584.9	$ 1,274.5
Plate (Discrete & Plate in Coil)	260.0	261.1	902.2	677.2
Flanges, Valves, Fittings and other Energy Products	165.7	108.6	452.9	300.4
Flat Rolled (Sheet & Coil)	121.5	147.6	402.5	378.9
Bars (Hot Rolled and Cold Finished)	63.4	59.0	199.2	166.5
Grating/ Expanded/Rails	13.1	9.9	39.4	27.0
Total Carbon	1,146.5	1,025.5	3,581.1	2,824.5
Total Non-Ferrous (Sheet, Extrusion, Tubes, etc.)	56.4	42.6	176.6	120.8
Other	67.0	40.0	213.1	116.4
	$ 1,269.9	$ 1,108.1	$ 3,970.8	$ 3,061.7

NOTE 20 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

a) Financial assets and liabilities

Financial assets and liabilities are as follows:

September 30, 2022 (millions)	Fair Value Through Profit and Loss	Loans and Receivables	Other Financial Liabilities	Total
Cash and cash equivalents	$ -	$ 204.1	$ -	$ 204.1
Accounts receivable	-	669.6	-	669.6
Financial assets	-	3.6	-	3.6
Preferred shares	23.3	-	-	23.3
Accounts payables and accrued liabilities	-	-	(595.3)	(595.3)
Lease obligations	-	-	(122.1)	(122.1)
Long-term debt	-	-	(295.7)	(295.7)
Total	$ 23.3	$ 877.3	$ (1,013.1)	$ (112.5)

December 31, 2021 (millions)	Fair Value Through Profit and Loss	Loans and Receivables	Other Financial Liabilities	Total
Cash and cash equivalents	$ -	$ 133.1	$ -	$ 133.1
Accounts receivable	-	554.1	-	554.1
Financial assets	-	3.4	-	3.4
Preferred shares	31.5	-	-	31.5
Accounts payables and accrued liabilities	-	-	(557.7)	(557.7)
Lease obligations	-	-	(109.5)	(109.5)
Long-term debt	-	-	(294.8)	(294.8)
Total	$ 31.5	$ 690.6	$ (962.0)	$ (239.9)

For the three months ended September 30, 2022, the fair value gain from derivative financial instruments on the condensed consolidated statement of earnings was $2.1 million and a loss of $0.1 million for the nine months ended September 30, 2022 (2021: gain of $3.9 million and $3.8 million respectively).

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

Fair Value

The Company records its debt at amortized cost using the effective interest method. The fair value of long-term debt as at September 30, 2022 and December 31, 2021 was estimated based on the last quoted trade price, where it exists, or based on current rates available to the Company for similar debt with the same period to maturity.

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

	Primary Debt Instrument	
September 30, 2022 (millions)	Carrying Amount	Fair Value Level 2
5 ¾% $150 million Senior Notes due October 27, 2025	$ 147.7	$ 146.9
6% $150 million Senior Notes due March 16, 2026	148.0	146.9
Total	$ 295.7	$ 293.8
Current portion	$ -	
Long-term portion	$ 295.7	

	Primary Debt Instrument	
December 31, 2021 (millions)	Carrying Amount	Fair Value Level 2
5 ¾% $150 million Senior Notes due October 27, 2025	$ 147.1	$ 157.7
6% $150 million Senior Notes due March 16, 2026	147.7	156.2
Total	$ 294.8	$ 313.9
Current portion	$ -	
Long-term portion	$ 294.8	

Fair Value of Preferred Shares

Preferred shares which are not held for trading are carried at fair value with changes recognized in net income.

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 September 30, 2022, nearly all cash and cash equivalents were held in institutions that were R1 High by DBRS;
- Counterparties to derivative contracts are members of the syndicated banking facility (Note 9);
- Credit limits minimize exposure to any one customer; and
- The customer base is geographically diverse and in different industries.

No allowance for credit losses on financial assets was required as of September 30, 2022 and December 31, 2021, other than the allowance for doubtful accounts. As at September 30, 2022, trade accounts receivable greater than 90 days represented less than 2% of trade accounts receivable (December 31, 2021: less than 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 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. The Company currently has no bank borrowings.

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 September 30, 2022, the Company had outstanding forward foreign exchange contracts in the amount of US$117.3 million maturing in 2022 and 2023 (2021: US$193.9 million). A 1% change in foreign exchange rates would not result in a significant increase or decrease in accounts payable or net earnings.

f) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations when due. Liquidity adequacy is assessed in view of seasonal needs, growth requirements, capital expenditures, and the maturity profile of indebtedness. As at September 30, 2022, the Company has access to $541 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 September 30, 2022, 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
2022	$ 595.3	$ -	$ 4.3	$ 7.1	$ 606.7
2023	-	-	17.6	27.0	44.6
2024	-	-	17.6	24.5	42.1
2025	-	150.0	17.5	21.0	188.5
2026	-	150.0	4.9	19.4	174.3
2027 and beyond	-	-	-	87.7	87.7
Total	$ 595.3	$ 300.0	$ 61.9	$ 186.7	$ 1,143.9

At September 30, 2022, the Company was contractually obligated to repay its letters of credit under its bank facilities at maturity (Note 9). Lease obligations in the above table include on balance sheet leases in addition to short-term and low value leases.

g) Capital management

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

NOTE 21 CONTINGENCIES, COMMITMENTS AND GUARANTEES

a) Lawsuits and legal claims

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

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

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

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

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 22 OTHER COMPREHENSIVE INCOME

Income taxes on other comprehensive income are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(millions)	2022	2021	2022	2021
Tax on items that may not be reclassified to earnings				
Income tax on actuarial gains on pension and similar obligations	$ -	$ (1.4)	$ (3.2)	$ (7.8)

NOTE 23 SUBSEQUENT EVENT

On October 4, 2022, the Company paid a premium of $35.1 million from the plan assets of the Canadian Employees Retirement Plan to annuitize $34.3 million of its defined benefit pension plan obligations, as measured on an accounting basis, through a buy-out transaction with an insurance company. On February 1, 2023, the insurance company will commence payments of retiree pensions for those retirees included in the annuitization at which time the Company will not retain any further obligations for the affected retirees.