

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

July 31, 2024

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

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

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

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

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 GENERAL BUSINESS DESCRIPTION

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

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

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

NOTE 2 BASIS OF PRESENTATION

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

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

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

NOTE 3 ACCOUNTING CHANGES

IAS 1 Presentation of Financial Statements

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

IFRS 16 Leases

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

NOTE 4 INVENTORIES

<i>(\$ millions)</i>	June 30 2024	December 31 2023
Inventories		
Metals service centers	\$ 500.4	\$ 499.5
Energy field stores	218.4	237.5
Steel distributors	142.7	103.3
	\$ 861.5	\$ 840.3

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

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

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

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

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

Net Book Value (\$ millions)

December 31, 2023	\$ 339.9
June 30, 2024	\$ 372.6

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

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

NOTE 6 RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

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

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

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

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

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

NOTE 7 INVESTMENT IN JOINT VENTURE

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

NOTE 8 GOODWILL AND INTANGIBLES

<i>(\$ millions)</i>	June 30 2024	December 31 2023
Goodwill	\$ 52.2	\$ 51.3
Intangibles	65.9	68.9
	\$ 118.1	\$ 120.2

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

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

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

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

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

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

NOTE 9 REVOLVING CREDIT FACILITIES

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

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

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

NOTE 10 LONG-TERM DEBT

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

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

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

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

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

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

NOTE 11 PENSIONS AND BENEFITS

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

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

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

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

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

NOTE 12 SHAREHOLDERS' EQUITY

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

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

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

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

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

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

The continuity of contributed surplus is as follows:

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

Dividends paid and declared are as follows:

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

NOTE 13 SHARE-BASED COMPENSATION

Share Options

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

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

The outstanding options had exercise price ranges as follows:

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

Share Appreciation Rights (SAR)

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

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

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

Deferred Share Units (DSU)

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

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

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

Restricted Share Units (RSU)

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

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

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

NOTE 14 EARNINGS PER SHARE

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

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

NOTE 15 EXPENSES

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

NOTE 16 INTEREST EXPENSE

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

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

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

NOTE 17 INCOME TAXES

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

NOTE 18 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

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

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

NOTE 19 SEGMENTED INFORMATION

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

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

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

Metals Service Centers

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

Energy Field Stores

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

Steel Distributors

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

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

a) *Results by Business Segment:*

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

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

b) *Results by Geographic Segment:*

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

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

c) *Revenues by Product:*

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

NOTE 20 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

a) *Financial Assets and Liabilities*

Financial assets and liabilities are as follows:

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

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

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

b) *Fair Value*

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

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

Carrying Amounts

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

Fair Value

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

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

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

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

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

c) Credit Risk

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

The Company attempts to minimize credit exposure as follows:

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

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

d) Interest Rate Risk

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

e) Foreign Exchange Risk

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

f) Liquidity Risk

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

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

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

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

g) Capital Management

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

NOTE 21 CONTINGENCIES, COMMITMENTS AND GUARANTEES

a) Commitment

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

b) Lawsuits and Legal Claims

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

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

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

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

c) Decommissioning Liability

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

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

NOTE 22 OTHER COMPREHENSIVE INCOME

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

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