

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Russel Metals Inc. and its subsidiaries provides information to assist readers of, and should be read in conjunction with, the condensed consolidated financial statements for the nine months ended September 30, 2025, including the notes thereto, and the MD&A and the audited consolidated financial statements for the year ended December 31, 2024, including the notes thereto. In the opinion of management, such condensed consolidated financial statements contain all adjustments necessary for a fair presentation of the results for such periods. The results of operations for the periods shown are not necessarily indicative of what our results will be for the full year. All dollar references in our financial statements and in this report are in Canadian dollars unless otherwise stated.

Additional information related to Russel Metals Inc., including our Annual Information Form, may be obtained from SEDAR+ at www.sedarplus.ca or on our website at www.russelmetals.com.

Unless otherwise stated, the discussion and analysis contained in this MD&A are as of November 5, 2025.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements or information within the meaning of applicable securities laws, including statements as to our future capital expenditures, our outlook, the availability of future financing and our ability to pay dividends. Forward-looking statements relate to future events or our future performance. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by us, inherently involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including the factors described below.

We are subject to a number of risks and uncertainties which could have a material adverse effect on our future profitability and financial position, including the risks and uncertainties listed below, which are important factors in our business and the metals distribution industry. Such risks and uncertainties include, but are not limited to: volatility in product prices; cyclical nature of the industry; future acquisitions; product claims; significant competition; sources of supply and supply chain disruptions; manufacturers selling directly; material substitution; failure of our key computer-based systems; cybersecurity; credit risk; currency exchange risk; restrictive debt covenants; goodwill or long-term asset impairments; the unexpected loss of key individuals; decentralized operating structure; labour interruptions; laws and governmental regulations; litigious environment; environmental liabilities; climate change; carbon emissions; health and safety laws and regulations; geopolitical risk and common share risk.

While we believe that the expectations reflected in our forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct, and our forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A and, except as required by law, we do not assume any obligation to update our forward-looking statements. Our actual results could differ materially from those anticipated in our forward-looking statements including as a result of the risk factors described above and under the heading "Risk" later in this MD&A, and under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form and as otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR+ at www.sedarplus.ca.

NON-GAAP MEASURES AND RATIOS

This MD&A includes a number of measures that are not prescribed by IFRS Accounting Standards ("IFRS" or "GAAP") and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and other interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. Investors may find these non-GAAP measures, which include non-GAAP financial measures and non-GAAP ratios as defined in *National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure*, useful in understanding how management views underlying business performance.

These measures and ratios are defined below and include EBIT, EBITDA, free cash flow, liquidity and inventory turns. We believe that these may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital. The items excluded in determining EBIT and EBITDA are significant in assessing operating results and liquidity. EBIT, EBITDA and free cash flow should not be considered in isolation or as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP. A reconciliation of EBITDA to net income in accordance with GAAP is found below.

Basic Earnings per Share before Stock-Based Compensation - represents net earnings less stock-based compensation divided by average shares outstanding.

Cash from Working Capital - represents cash generated from changes in non-cash working capital.

EBIT or Operating Profits - represents net earnings before interest and income taxes.

EBITDA - represents net earnings before interest, income taxes, depreciation and amortization.

Free Cash Flow - represents cash from operating activities before changes in non-cash working capital less capital expenditures.

Gross Margin - represents revenues less cost of sales.

Gross Margin Percentage - represents gross margin divided by revenues.

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

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

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

Selling Price per Ton - represents revenues divided by tons shipped.

Stock-based Compensation - represents the mark-to-market of stock-based compensation.

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

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

RECONCILIATION OF THE NET EARNINGS TO EBITDA

The following table provides a reconciliation of net earnings to EBITDA.

(\$ millions except per share data)	Three Months Ended			Nine Months Ended	
	Sep 30 2025	Jun 30 2025	Sep 30 2024	Sep 30 2025	Sep 30 2024
Net earnings	\$ 35.0	\$ 60.4	\$ 34.5	\$ 138.4	\$ 134.1
Provision for income taxes	11.2	18.3	10.7	44.0	44.3
Interest (income) expense, net	5.4	5.9	2.4	16.0	3.7
EBIT ¹	51.6	84.6	47.6	198.4	182.1
Depreciation and amortization	23.4	23.2	19.8	70.1	55.1
EBITDA ¹	\$ 75.0	\$ 107.8	\$ 67.4	\$ 268.5	\$ 237.2
Basic earnings per share	\$ 0.63	\$ 1.07	\$ 0.59	\$ 2.45	\$ 2.26

¹ Refer to Non-GAAP Measures and Ratios and Adjusted Non-GAAP Measures on page 2

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

(\$ millions except per share data)	Three Months Ended			Nine Months Ended	
	Sep 30 2025	Jun 30 2025	Sep 30 2024	Sep 30 2025	Sep 30 2024
Net earnings	\$ 35.0	\$ 60.4	\$ 34.5	\$ 138.4	\$ 134.1
Stock-based compensation, net of tax	(1.6)	3.8	3.3	0.4	(2.1)
Net earnings before stock-based compensation ¹	\$ 33.4	\$ 64.2	\$ 37.8	\$ 138.8	\$ 132.0
Basic earnings per share before stock-based compensation ¹	\$ 0.60	\$ 1.14	\$ 0.65	\$ 2.46	\$ 2.22
Basic earnings per share after stock-based compensation	\$ 0.63	\$ 1.07	\$ 0.59	\$ 2.45	\$ 2.26

QUARTERLY FINANCIAL HIGHLIGHTS

(for the quarters ended)	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023
Revenues (\$ millions)	\$ 1,167	\$ 1,207	\$ 1,174	\$ 1,039	\$ 1,089	\$ 1,072	\$ 1,061	\$ 1,019
EBITDA ¹ (\$ millions)	75	108	86	61	67	86	84	82
Net earnings (\$ millions)	35	60	43	27	35	50	50	47
Basic earnings per share (\$)	0.63	1.07	0.75	0.47	0.59	0.84	0.82	0.78

OVERVIEW OF THE 2025 THIRD QUARTER

Our third quarter 2025 results reflected a continuing improvement of trend line metrics and we also recently announced two important strategic initiatives.

- Revenues were \$1.2 billion in each of the first, second and third quarters of 2025, which represented a 10% increase over the comparable nine-month period in 2024.
- Our average gross margin for the first nine months of 2025 grew to 22.0% as compared to 21.0% in the first nine months of 2024.
- For the last twelve months ended September 30, 2025, our EBITDA was \$330 million, which was the third consecutive quarter where we had an increase in the last twelve months results.
- The metal service centers generated solid shipments for the third quarter of 2025, even though it is typically a seasonally slower period. Our 2024 acquisitions resulted in a 21% increase in our shipments for the nine months ended September 30, 2025 as compared to the comparable period of 2024.
- In September, we announced a series of business improvement initiatives related to our Western Canadian operations, including the rationalization of locations in British Columbia and the related property sale. Once completed, we will have exceeded the upper end of our target capital reduction initiative from the 2024 acquisition of the Samuel branches.
- In early October, we announced an agreement to acquire seven service center locations from Kloeckner Metals Corporation ("Kloeckner") for approximately US\$118.6 million, subject to closing working capital and other normal course adjustments. This acquisition is a complimentary fit with our existing U.S. locations, as they will tie into our footprint in key regions of Florida/Georgia, Texas, the Carolinas and Iowa/Wisconsin. Upon completion of this transaction, our average annual revenues will grow by approximately US\$500 million and will expand the revenue contribution from our U.S. based businesses to over 50%.

In the third quarter of 2025, we generated \$75 million in EBITDA, which was an increase from the \$67 million generated in the third quarter of 2024 and a decrease from the \$108 million generated in the second quarter of 2025. Our earnings per share of \$0.63 for the three months ended September 30, 2025, was higher than the \$0.59 per share recorded in the third quarter of 2024 but lower than the \$1.07 per share reported in the second quarter of 2025. Our earnings per share for the nine months ended September 30, 2025, was \$2.45 compared to \$2.26 in the nine months ended September 30, 2024.

¹ Refer to Non-GAAP Measures and Ratios and Adjusted Non-GAAP Measures on page 2

Our third quarter 2025 results were negatively impacted by a \$4 million restructuring charge for the closure of our Delta (British Columbia) service center operation and a \$2 million non-recurring expense by our Canadian steel distributor segment for tariffs applied against in-transit product from an overseas supplier. The tariff related to the Canadian government's introduction of new tariffs rules, which have since been modified. We have filed an appeal for a refund of these tariffs. Our results were positively impacted by an expense recovery of \$2 million from the mark-to-market of stock-based compensation compared to an expense of \$5 million in the 2025 second quarter and an expense of \$5 million in the third quarter of 2024.

Revenues of \$1.2 billion in the third and second quarter of 2025 were higher than the \$1.1 billion generated in the third quarter of 2024. This improvement reflected full quarter contributions from our Samuel and Tampa Bay Steel acquisitions compared to the same period in 2024.

For the first nine months of 2025, we generated an annualized return on invested capital of 16%, which aligns with our target average cycle return of greater than 15%, and was similar to the 17% generated in the comparable period of 2024.

During our 2025 third quarter, we generated \$70 million of cash from operating activities before non-cash working capital and generated \$5 million from non-cash working capital. We invested \$15 million for capital expenditures to further our internal growth initiatives and returned \$38 million of capital to our shareholders through share repurchases and dividends.

Market Conditions

Market prices for our steel and aluminum products were positively impacted by the imposition of tariffs during the early part of 2025. Following a period of steel price moderation in the later part of the second quarter and early part of the third quarter, prices have since stabilized.

Capital Investment Growth Initiatives

On September 28, 2025, we announced that we had entered into an agreement with Kloeckner to purchase seven U.S. metals service centers for US\$51.5 million plus the net book value of working capital on close. These metals service centers are located in Dubuque (Iowa), Charlotte (North Carolina), Suwanee (Georgia), Houston (Texas), Austin (Texas), Jacksonville (Florida) and Pompano Beach (Florida). The transaction is expected to close in either the 2025 fourth quarter or the 2026 first quarter.

During the three months ended September 30, 2025, we invested \$15 million in capital expenditures and for the nine months ended September 30, 2025, we invested \$60 million in capital expenditures. We have an active pipeline of both facility modernization and value-added processing projects. Most of the previously announced facility modernization projects were completed in the 2025 first quarter and additional projects are being further explored.

Business Improvement Initiatives in Western Canada

On September 17, 2025, we announced a series of initiatives relating to our Western Canadian metals service center operations that will rationalize excess capacity/redundant locations, reduce invested capital and gain operational efficiencies. These initiatives include the sale of two properties, Delta (British Columbia) and Saskatoon (Saskatchewan), for total cash proceeds of greater than \$40 million and will result in gains on sale for each transaction upon their completions. These properties have been recorded as assets held for sale as we have entered into binding sale agreements for both properties. The Saskatoon location was redundant real estate because of the completion of our new Saskatoon location. The Delta location will be permanently closed, and we have recorded a restructuring provision of \$4 million in the 2025 third quarter relating to this closure.

Returning Capital to Shareholders

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

In the 2025 third quarter, we paid dividends of \$24 million or \$0.43 per share. We have declared our quarterly dividend of \$0.43 per share payable on December 15, 2025, to shareholders of record at the close of business on November 27, 2025.

In the third quarter of 2025, we repurchased 0.3 million shares at an average price per share of \$41.43 for total consideration of \$14 million (excluding the impact of the federal tax on share repurchases). For the nine months ended September 30, 2025, we repurchased 1.5 million shares at an average price per share of \$41.26 for a total consideration of \$61.4 million. In the period since the August 2022 normal course issuer bid was established, we have purchased approximately 8.0 million shares, which represents approximately 13% of our then outstanding shares, at an average price per share of \$37.77 for total consideration of \$302 million.

Liquidity and Capital Structure

At September 30, 2025, our total available liquidity was \$600 million and after accounting for the pro forma impact of the Kloeckner acquisition, would be \$435 million. On October 27, 2025, S&P Global upgraded our credit rating from BB+ to BBB-. As a result, we are now rated as an investment grade credit by both S&P Global and DBRS Morningstar.

RESULTS OF OPERATIONS

We are one of the largest metals distribution companies in North America. We conduct business primarily in three segments: metals service centers, energy field stores and steel distributors.

The following table provides segment information including revenues, gross margins and earnings before interest and income taxes. The corporate expenses included are not allocated to specific operating segments. Gross margins as a percentage of revenues for the operating segments are also shown below. The table shows the segments as they are reported to management and are consistent with the segment reporting in our condensed consolidated financial statements.

(\$ millions, except percentages)	Three Months Ended			Nine Months Ended	
	Sep 30 2025	Jun 30 2025	Sep 30 2024	Sep 30 2025	Sep 30 2024
Segment Revenues					
Metals service centers	\$ 823.2	\$ 855.8	\$ 706.9	\$ 2,519.0	\$ 2,143.5
Energy field stores	226.7	250.8	265.7	721.7	763.6
Steel distributors	112.2	93.4	109.7	294.5	300.2
Other	4.8	7.3	7.1	12.6	14.7
	\$ 1,166.9	\$ 1,207.3	\$ 1,089.4	\$ 3,547.8	\$ 3,222.0
Segment Gross Margins ¹					
Metals service centers	\$ 166.3	\$ 195.0	\$ 125.9	\$ 536.9	\$ 419.6
Energy field stores	58.2	61.2	66.1	177.5	191.6
Steel distributors	17.0	17.9	15.7	53.1	52.2
Other	4.8	7.3	7.1	12.6	14.7
Total operations	\$ 246.3	\$ 281.4	\$ 214.8	\$ 780.1	\$ 678.1
Segment Operating Profits and EBIT ¹					
Metals service centers	\$ 27.5	\$ 63.1	\$ 21.5	\$ 134.3	\$ 98.7
Energy field stores	19.1	21.1	24.7	57.3	69.3
Steel distributors	8.1	9.2	9.0	27.2	28.2
Corporate expenses	(5.1)	(13.3)	(11.9)	(24.8)	(21.1)
Other	2.0	4.5	4.3	4.4	7.0
Earnings before interest and income taxes	\$ 51.6	\$ 84.6	\$ 47.6	\$ 198.4	\$ 182.1
Segment Gross Margin as a % of Revenues ¹					
Metals service centers	20.2%	22.8%	17.8%	21.3%	19.6%
Energy field stores	25.7%	24.4%	24.9%	24.6%	25.1%
Steel distributors	15.1%	19.2%	14.3%	18.0%	17.4%
Total operations	21.1%	23.3%	19.7%	22.0%	21.0%
Segment Operating Profit and EBIT as a % of Revenues ¹					
Metals service centers	3.3%	7.4%	3.1%	5.3%	4.6%
Energy field stores	8.4%	8.4%	9.3%	7.9%	9.1%
Steel distributors	7.2%	9.9%	8.1%	9.2%	9.4%
Total operations	4.4%	7.0%	4.4%	5.6%	5.7%

¹ Refer to Non-GAAP Measures and Ratios and Adjusted Non-GAAP Measures on page 2

Results of our U.S. operations reported for the nine months ended September 30, 2025, were converted at \$1.3989 per US\$1 compared to \$1.3603 per US\$1 for the nine months ended September 30, 2024. For the nine months ended September 30, 2025, our U.S. operations represented approximately 43% of our total revenues. The exchange rate on September 30, 2025, used to translate the balance sheet was \$1.3921 per US\$1 versus \$1.4389 per US\$1 on December 31, 2024.

METALS SERVICE CENTERS

a) Description of operations

We provide processing and distribution services to a broad base of approximately 45,000 end users through a network of 51 Canadian locations and 24 U.S. locations. Our metals service centers carry a broad line of products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. We purchase these products primarily from steel producers in North America and process and package them in accordance with end user specifications. We service all major geographic regions of Canada as well as the South, Northeast and Midwestern regions in the United States.

b) Metals service centers segment results

	Three Months Ended			Nine Months Ended	
	Sep 30 2025	Jun 30 2025	Sep 30 2024	Sep 30 2025	Sep 30 2024
Financial Highlights					
Revenue (\$ millions)	\$ 823	\$ 856	\$ 707	\$ 2,519	\$ 2,143
Tons shipped (thousands of imperial tons)	386	400	340	1,203	991
Gross margin (\$ millions) ¹	166	195	126	537	420
Gross margin per ton (\$)	430	487	371	446	424
Gross margin (%) ¹	20.2%	22.8%	17.8%	21.3%	19.6%
Operating profits (\$ millions) ¹	28	63	22	134	99

Revenues decreased 4% from the 2025 second quarter and increased 17% from the 2024 third quarter. Tons shipped in the third quarter of 2025 were 3% lower than the second quarter of 2025 and 13% higher than the third quarter of 2024. Our average selling price was consistent with the second quarter of 2025 but 4% higher than the third quarter of 2024 due to higher steel prices in 2025.

Gross margin as a percentage of revenues of 20.2% in the 2025 third quarter, was lower than the 22.8% in the 2025 second quarter and higher than the 17.8% in the same quarter last year. The increase in steel prices during the late part of the first quarter and early part of the second quarter of 2025 resulted in a \$49 per ton increase in the cost of goods sold in the third quarter as compared to the second quarter. As a result, the gross margin per ton was \$430 in the 2025 third quarter, which was a decrease of \$57 as compared to the 2025 second quarter.

Operating expenses were \$139 million in the third quarter of 2025 compared to \$132 million in the second quarter of 2025 and \$104 million in the 2024 third quarter. The variation in operating expenses from the second quarter of 2025 was mostly related to the \$4 million restructuring provision for our Delta branch closure as well as other operating costs incurred in conjunction with our Western Canadian business improvement initiatives. The increase compared to the third quarter of 2024 reflects the inclusion of the Samuel and Tampa Bay acquisitions. For the nine months ended September 30, 2025, operating expenses were \$403 million compared to \$321 million for the nine months ended September 30, 2024.

Operating profits for the three months ended September 30, 2025, were \$28 million versus \$63 million in the 2025 second quarter and \$22 million for the same period in 2024. The increase in steel prices late in the 2025 first quarter resulted in higher gross margins in the 2025 second quarter which subsequently moderated in the third quarter of 2025 due to the lag effect on inventory and the seasonal reduction in tonnage. Operating profits for the nine months ended September 30, 2025, of \$134 million were higher than the \$99 million for the same period of 2024.

¹ Refer to Non-GAAP Measures and Ratios and Adjusted Non-GAAP Measures on page 2

ENERGY FIELD STORES

a) Description of operations

We distribute flanges, valves, fittings and tubular goods, primarily to the energy industry in Western Canada and the United States. We operate from 46 Canadian and 14 U.S. facilities in our operations. We purchase our products from North American mills, independent manufacturers of flanges, valves and fittings and other products, international steel mills and other distributors.

b) Energy field stores segment results

	Three Months Ended			Nine Months Ended	
	Sep 30 2025	Jun 30 2025	Sep 30 2024	Sep 30 2025	Sep 30 2024
Financial Highlights					
Revenue (\$ millions)	\$ 227	\$ 251	\$ 266	\$ 722	\$ 764
Gross margin (\$ millions) ¹	58	61	66	178	192
Gross margin (%) ¹	25.7%	24.4%	24.9%	24.6%	25.1%
Operating profits (\$ millions) ¹	19	21	25	57	69

Revenues in the 2025 third quarter were 15% lower than the 2024 third quarter and 10% lower than the 2025 second quarter due to strong project-related activity in 2024 and in the second quarter of 2025.

Gross margin as a percentage of revenues for the three months ended September 30, 2025, was 25.7% compared to 24.4% in the 2025 second quarter and 24.9% in the same period in 2024. For the nine months ended September 30, 2025, gross margin as a percentage of revenues was 24.6% compared to 25.1% in the same period in 2024.

Operating expenses of \$39 million were lower compared to \$40 million in the 2025 second quarter and \$41 million in the 2024 third quarter. Operating expenses as a percentage of revenues for the three months ended September 30, 2025, were 17% compared to 15% in the 2024 third quarter and 16% in the 2025 second quarter. For the nine months ended September 30, 2025, operating expenses were \$120 million compared to \$122 million for 2024.

Operating profits of \$19 million for the three months ended September 30, 2025, decreased compared to an operating profit of \$21 million in the three months ended June 30, 2025, and the \$25 million for the three months ended September 30, 2024. Operating profits were \$57 million for the nine months ended September 30, 2025, compared to operating profits of \$69 million for the same period in 2024.

STEEL DISTRIBUTORS

a) Description of operations

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

The primary steel products sourced by this segment are structural beam, plate, coils, pipe and tubing; however, product volumes vary based on the economy and trade actions in North America.

b) Steel distributors segment results

	Three Months Ended			Nine Months Ended	
	Sep 30 2025	Jun 30 2025	Sep 30 2024	Sep 30 2025	Sep 30 2024
Financial Highlights					
Revenue (\$ millions)	\$ 112	\$ 93	\$ 110	\$ 295	\$ 300
Gross margin (\$ millions) ¹	17	18	16	53	52
Gross margin (%) ¹	15.1%	19.2%	14.3%	18.0%	17.4%
Operating profits (\$ millions) ¹	8	9	9	27	28

¹ Refer to Non-GAAP Measures and Ratios and Adjusted Non-GAAP Measures on page 2

Revenues increased 20% compared to the 2025 second quarter and 2% compared to the 2024 third quarter. The uncertain tariff dynamic resulted in cautious business conditions in the 2025 second quarter, particularly in our Canadian steel distributor operation that focusses on imports from international markets, but rebounded in the 2025 third quarter.

Gross margin as a percentage of revenues was 15.1% for the three months ended September 30, 2025, which was lower than the 19.2% in the second quarter of 2025 but higher than the 14.3% for the three months ended September 30, 2024. In the third quarter of 2025, our Canadian steel distributor operation incurred a non-recurring tariff expense of \$2 million on in-transit imported product, which negatively impacted the third quarter 2025 gross margin by approximately 200 basis points.

Operating expenses were \$9 million for the second and third quarter of 2025 compared to \$7 million in 2024.

Operating profits of \$8 million for the three months ended September 30, 2025, compared to \$9 million in the 2025 second quarter and the 2024 third quarter. The operating profits for the nine months ended September 30, 2025 and 2024, were \$27 million and \$28 million, respectively.

CORPORATE EXPENSES AND OTHER

(\$ millions)	Three Months Ended			Nine Months Ended	
	Sep 30 2025	Jun 30 2025	Sep 30 2024	Sep 30 2025	Sep 30 2024
Corporate expenses	\$ 7	\$ 8	\$ 7	\$ 24	\$ 24
Stock-based compensation	(2)	5	5	-	(3)
Other expenses (income)	(2)	(4)	(4)	(4)	(7)
	\$ 3	\$ 9	\$ 8	\$ 20	\$ 14

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

Corporate expenses were \$7 million for the quarter ended September 30, 2025 and 2024, which was lower than the \$8 million in the second quarter of 2025. For the nine months ended September 30, 2025, corporate expenses were relatively consistent with the same period in 2024. The mark-to-market impact on stock-based compensation was an expense recovery of \$2 million in the 2025 third quarter compared to an expense of \$5 million in the 2025 second quarter and a \$5 million expense in the 2024 third quarter. The other expenses (income) relates to our Thunder Bay terminal operation.

INTEREST EXPENSE

(\$ millions)	Three Months Ended			Nine Months Ended	
	Sep 30 2025	Jun 30 2025	Sep 30 2024	Sep 30 2025	Sep 30 2024
Interest on Senior Unsecured Notes	\$ 3	\$ 3	\$ 2	\$ 7	\$ 11
Interest on lease obligations	4	4	3	11	8
Other interest (income) expense, net	(2)	(1)	(3)	(2)	(15)
	\$ 5	\$ 6	\$ 2	\$ 16	\$ 4

On March 28, 2025, we issued \$300 million of 4.423% senior unsecured notes due March 28, 2030, which resulted in \$3 million of long-term interest expense in the third quarter of 2025 and \$7 million for the nine months ended September 30, 2025. Interest expense in the three and nine months ended September 30, 2024, relates to our 6% and 5 ¾% senior unsecured notes which were redeemed in 2024.

INCOME TAXES

We recorded a provision for income taxes of \$11 million for the third quarter of 2025 and 2024. Our effective income tax rate was 24.2% for the third quarter of 2025 and 23.7% for the third quarter of 2024. Our effective income tax rate was 24.1% for the nine months ended September 30, 2025 and 24.8% for the nine months ended September 30, 2024.

NET EARNINGS

Net earnings for the third quarter of 2025 were \$35 million compared to \$34 million for the third quarter of 2024. Basic earnings per share for the third quarter of 2025 was \$0.63 per share compared to \$0.59 per share for the third quarter of 2024. Basic earnings per share for the nine months ended September 30, 2025, of \$2.45 compared to \$2.26 for the same period last year. As of March 31, 2025, our previously issued share options were exercised or expired, and as a result our basic and fully diluted earnings per share are the same.

SHARES OUTSTANDING AND DIVIDENDS

The weighted average number of common shares outstanding for the third quarter of 2025 was 55.9 million compared to 58.2 million for the third quarter of 2024. The weighted average number of common shares outstanding for the nine months ended September 30, 2025, was 56.4 million compared to 59.4 million for the nine months ended September 30, 2024. Common shares outstanding on September 30, 2025, and November 5, 2025, were 55.7 million.

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

CAPITAL EXPENDITURES

(\$ millions)	Three Months Ended			Nine Months Ended	
	Sep 30 2025	Jun 30 2025	Sep 30 2024	Sep 30 2025	Sep 30 2024
Capital expenditures -					
property, plant and equipment	\$ 15	\$ 16	\$ 21	\$ 60	\$ 69
Additions - right-of-use assets	1	2	6	9	16
Depreciation -					
property, plant and equipment	14	14	11	42	32
Depreciation - right-of-use assets	7	7	6	21	16

LIQUIDITY AND CAPITAL RESOURCES

On September 30, 2025, we had net cash, defined as cash less bank indebtedness, of \$212 million compared to \$32 million on December 31, 2024. In addition, we had \$300 million of senior unsecured notes due March 28, 2030.

Cash Flows

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

(\$ millions)	Three Months Ended			Nine Months Ended	
	Sep 30 2025	Jun 30 2025	Sep 30 2024	Sep 30 2025	Sep 30 2024
Cash flow from operating activities	\$ 63	\$ 48	\$ 163	\$ 94	\$ 234
Cash flow from (used) in					
financing activities	(44)	(53)	(79)	133	(357)
Cash flow used in investing activities	(15)	(16)	(243)	(59)	(291)
Effect of exchange rates on cash					
and cash equivalents	13	(15)	(5)	(2)	7
Increase (decrease) in cash					
and cash equivalents	17	(36)	(164)	166	(407)

Cash Flow from Operating Activities

For the three months ended September 30, 2025, we generated \$70 million in cash from operating activities before non-cash working capital and generated \$5 million of cash from working capital and utilized \$13 million for tax payments. For the nine months ended September 30, 2025, we generated \$258 million in cash from operating activities before non-cash working capital and utilized \$138 million for working capital and \$26 million for tax payments.

The balances disclosed in our consolidated cash flow statements are adjusted to remove the non-cash component related to foreign exchange rate fluctuations impacting inventory, accounts receivable, accounts payable and income tax balances of our U.S. operations.

Cash Flow from Financing Activities

For the three months ended September 30, 2025, we utilized \$44 million of cash for financing activities, including \$24 million for dividends and \$14 million for share buybacks. For the nine months ended September 30, 2025, we generated \$133 million from financing activities including \$300 million from the issuance of our 4.423% senior unsecured notes and utilized \$63 million for share buybacks and \$72 million for dividends.

Cash Flow Used in Investing Activities

During the three and nine months ended September 30, 2025, we utilized \$15 million and \$60 million, respectively, in cash for capital expenditures as part of our facility modernization and value-added processing initiatives.

Effect of Exchange Rates on Cash and Cash Equivalents

During the third quarter of 2025, the Canadian dollar exchange rate weakened from US\$0.73 to US\$0.72 which resulted in a \$13 million unrealized foreign exchange gain on translation of U.S. cash and cash equivalents.

Working Capital

Inventory and accounts receivable represent a large percentage of our total assets employed and comprise our largest liquidity risks. However, our cash flows are counter cyclical, and we typically generate cash from working capital during market downturns.

Total assets were \$2.6 billion on September 30, 2025 and June 30, 2025, and \$2.3 billion on December 31, 2024. On September 30, 2025 and December 31, 2024, current assets excluding cash represented 66% and 63% of our total assets respectively.

Inventories represented 40% of our total assets, excluding cash, on September 30, 2025, and December 31, 2024.

<i>Inventory by Segment</i> (\$ millions)	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024
Metals service centers	\$ 626	\$ 662	\$ 652	\$ 595	\$ 585
Energy field stores	221	217	220	229	235
Steel distributors	126	133	122	96	104
Total	\$ 973	\$ 1,012	\$ 994	\$ 920	\$ 924

<i>Cost of Sales by Segment</i> (\$ millions)	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024
Metals service centers	\$ 657	\$ 661	\$ 664	\$ 591	\$ 581
Energy field stores	169	190	186	161	200
Steel distributors	95	75	71	75	94
Total	\$ 921	\$ 926	\$ 921	\$ 827	\$ 875

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

Our inventory turns for the quarter ended September 30, 2025, were higher than the second quarter of 2025. On September 30, 2025, our inventory tonnage at our metals service centers was 4% lower, and the average cost was 1% lower than the levels on June 30, 2025. Inventory at our energy field stores remained consistent with previous periods. In steel distributors, inventory levels at September 30, 2025, were 5% lower than at June 30, 2025 with inventory tons 13% lower and price per ton 8% higher due to product mix.

Accounts receivable utilized cash of \$101 million due to higher revenues in the nine months ended September 30, 2025. Accounts receivable represented 24% of our total assets, excluding cash, on September 30, 2025, compared to 21% on December 31, 2024.

During the nine months ended September 30, 2025, we made income tax payments of \$26 million compared to \$50 million for the nine months ended September 30, 2024.

The balances disclosed in our consolidated cash flow statements are adjusted to remove the non-cash component related to foreign exchange rate fluctuations impacting inventory, accounts receivable, accounts payable and income tax balances of our U.S. operations.

DEBT

<i>(\$ millions)</i>	September 30 2025	December 31 2024
4.423% \$300 million Senior Unsecured Notes due March 28, 2030	\$ 298	\$ -
	\$ 298	\$ -

Cash and Bank Credit Facilities

<i>(\$ millions)</i>	September 30 2025	December 31 2024
Bank borrowings	\$ -	\$ (13)
Cash net of outstanding cheques	212	45
Net cash	212	32
Letters of credit	(54)	(26)
	\$ 158	\$ 6
Facilities		
Borrowings and letters of credit	\$ 400	\$ 400
Borrowings	-	150
Letters of credit	50	50
Facilities availability	\$ 450	\$ 600

We have a \$450 million committed, unsecured credit facility with a syndicate of Canadian and U.S. banks that provides: (i) Facility A - \$400 million for borrowings or additional letters of credit and (ii) Facility B - \$50 million for letters of credit, which expire on April 30, 2029.

On September 30, 2025, we had no borrowings and \$54 million of letters of credit outstanding under the facilities. On December 31, 2024, we had \$13 million of borrowings and \$26 million of letters of credit.

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

With our cash, cash equivalents and our bank facilities we had access to approximately \$600 million of cash on September 30, 2025. The use of our bank facilities has been predominantly to fund working capital requirements, acquisitions and trade letters of credit for inventory purchases.

CONTRACTUAL OBLIGATIONS

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

<i>(\$ millions)</i>	Payments due in				Total
	2025	2026 and 2027	2028 and 2029	2030 and thereafter	
Accounts payable	\$ 464	\$ -	\$ -	\$ -	\$ 464
Long-term debt	-	-	-	300	300
Long-term debt interest	-	27	27	6	60
Operating leases	10	73	57	101	241
Total	\$ 474	\$ 100	\$ 84	\$ 407	\$ 1,065

We are obligated to pay \$54 million in letters of credit when they mature in 2025. We have outstanding US\$116 million in forward exchange contracts that mature in 2025. We are contractually obligated to complete the acquisition of the seven service center locations from Kloeckner for US\$51.5 million plus closing working capital.

We expect our average annual capital expenditure level to be approximately \$90-100 million over the next several years. These investments are being planned but not legally committed expenditures.

We provide defined contribution pension plans for a majority of our Canadian and U.S. employees; however, we have obligations related to multiple defined benefit pension plans in Canada, as disclosed in Note 16 of our annual 2024 consolidated financial statements. As provided in the plan text, we are using our defined benefit surplus to fund the employer portion of our defined contribution plan contributions. During the nine months ended September 30, 2025, we used \$3 million of our defined benefit surplus to fund our defined contribution plan, and we expect to use approximately \$1 million of our defined benefit surplus to fund the defined contribution plan during the remainder of 2025. The defined benefit obligations reported in the consolidated financial statements use different assumptions than the going concern actuarial valuations prepared for funding. In addition, the actuarial valuations provide a solvency valuation, which is a valuation assuming the plan is wound up at the valuation date. We do not have additional funding obligations on a solvency basis and no additional funding would be required based on solvency if the plans were wound up. We estimate the impact of a 0.25% change in the discount rate on the solvency obligation would be approximately \$3 million.

We have disclosed our obligations related to environmental litigation, regulatory actions and remediation in our Annual Information Form under the heading "Environmental Regulation". These obligations, which are not material, relate to previously divested or discontinued operations and do not relate to the current business.

OFF-BALANCE SHEET ARRANGEMENTS

Our off-balance sheet arrangements consist of the letters of credit disclosed in the bank credit facilities table and short-term and low value operating lease obligations disclosed in the contractual obligations table.

ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to make estimates and judgements that affect the reported amounts. On an ongoing basis, we evaluate our estimates, including those related to bad debts, inventory valuation, useful lives of fixed assets, asset impairment, fair values, income taxes, pensions and benefits obligations, guarantees, decommissioning liabilities, contingencies, litigation and assigned values on net assets acquired. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Our most significant assets are accounts receivable and inventories.

Accounts Receivable

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of our customers to make required payments. Assessments are based on aging of receivables, legal issues (bankruptcy status), past collection experience, current financial information, credit agency reports and the experience of our credit personnel. Accounts receivable which we determine to be uncollectible are reserved in the period in which the determination is made. If the financial condition of our customers was to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Our reserve for bad debts on September 30, 2025, was consistent with our reserve on December 31, 2024. Bad debt expense for the nine months ended September 30, 2025, as a percentage of revenue was less than 1%.

Inventories

We review our inventories to ensure that the cost of inventories is not in excess of its estimated net realizable value and for obsolete and slow-moving product. Inventory reserves or write-downs are recorded when cost exceeds the estimated selling price less cost to sell and when product is determined to be slow moving or obsolete. At September 30, 2025, our inventory reserves were \$1 million higher than those at June 30, 2025.

Other areas involving significant estimates and judgements include:

Long-lived Asset Impairment

The determination of whether long-lived assets, including goodwill and intangibles, are impaired requires the estimation of future cash flows and an appropriate discount rate to determine value in use. An impairment occurs when the book value of the assets associated with a particular cash generating unit is greater than the value in use or its fair value less costs to sell. The assessment of future cash flows and a discount rate requires significant judgment.

During the quarter ended September 30, 2025, no long-lived asset impairments were recorded. There is no certainty that there will not be a future impairment should the economic markets in which we operate deteriorate.

Income Taxes

We believe that we have adequately provided for income taxes based on the information that is currently available. The calculation of income taxes in many cases requires significant judgement in interpreting tax rules and regulations, which are constantly changing. Our tax filings are also subject to audits, which could materially change the amount of current and future income tax assets and liabilities. Any change would be recorded as a charge or reduction in income tax expense.

Business Combinations

For each acquisition we review the fair value of assets acquired. Where we deem it appropriate, we hire outside business valuers to assist in the assessment of the fair value of property, plant, equipment, intangibles and contingent consideration, if any, of acquired businesses.

Contingent Liabilities

Provisions for claims and potential claims are determined on a case-by-case basis. We recognize contingent loss provisions when it is determined that a loss is probable and when we are able to reasonably estimate the obligation. This determination takes significant judgement and actual cash outflows might be materially different from estimates. In addition, we may receive claims in the future that could have a material impact on our financial results.

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

Employee Benefit Plans

At least every three years, our actuaries perform a valuation for each defined benefit plan to determine the actuarial present value of the benefit. The valuation uses management's assumptions for the interest rate, rate of compensation increase, rate of increase in government benefits and expected average remaining years of service of employees. While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect employee benefit obligations and future net benefit plan cost. We account for differences between actual and assumed results by recognizing differences in benefit obligations and plan performance immediately in other comprehensive income.

We had approximately \$125 million in plan assets on September 30, 2025, which is a decrease of approximately \$6 million from December 31, 2024. The discount rate used on the employee benefit plan obligation for the quarter ended September 30, 2025, was 4.8% which is 10 basis points higher than the discount rate used on December 31, 2024.

Leases

We recognize right-of-use assets and lease obligations which includes our arrangements that contain a lease. The determination of the asset and obligation requires an assessment of whether we are reasonably certain that an extension option will be exercised, calculation of a discount rate inherent in the lease or an incremental borrowing rate and whether the right-of-use asset is impaired. These determinations require significant judgement.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The purpose of internal controls over financial reporting as defined by the Canadian Securities Administrators is to provide reasonable assurance that:

- (i) financial statements prepared for external purposes are in accordance with the Company's generally accepted accounting principles,
- (ii) transactions are recorded as necessary to permit the preparation of financial statements, and records are maintained in reasonable detail,
- (iii) receipts and expenditures of the Company are made only in accordance with authorizations of the Company's management and directors, and
- (iv) unauthorized acquisitions, uses or dispositions of the Company's assets that could have a material effect on the financial statements will be prevented or detected in order to prevent material error in financial statements.

The President & Chief Executive Officer and the Executive Vice President & Chief Financial Officer have caused management and other employees to design and document our disclosure controls and procedures and our internal controls over financial reporting. The design of internal controls was completed using the framework and criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. In accordance with National Instrument 52-109 we have limited our scope for reporting on disclosure controls and procedures and internal controls over financial reporting for a period after acquiring the Samuel locations.

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

No changes were made in our internal controls over financial reporting during the third quarter of 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

VISION AND STRATEGY

The metals distribution business is a mature and cyclical industry. We believe we enhance returns by managing costs and working capital throughout the cycle. In addition, our facilities modernization initiative and our value-added processing investments enable us to better service our customers and enhanced margins.

Capital allocation priorities and limits are managed centrally with day-to-day decision making delegated to the various operations. Furthermore, our variable compensation model is based on the return on net assets for each business unit, which provides our business leaders a basis to proactively adjust costs and working capital to local market conditions. Management believes that this strategy will result in higher average earnings over the cycle and in the top quartile of the industry. We continue our facility modernization initiative which, along with our multi-year expansion of our value-added processing equipment, will enhance our capabilities and provide improved service to our customer base.

Growth from selective acquisitions is also part of our strategy. We focus on investment opportunities in businesses that have strong market niches or provide scale to our existing operations. New acquisitions could be either major stand-alone operations or ones that complement our existing operations.

Returning capital to our shareholders through our ongoing dividends and opportunistic share buybacks is also part of our strategy.

RISK

A summary of the risks affecting our business is described under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form, which section is incorporated by reference in this "Risk" section of our MD&A.

The timing and extent of future price changes from steel producers and their impact on us cannot be predicted with any certainty due to the cyclical nature of the steel industry, capacity utilization rates for North American steel producers and changing import levels and tariffs. Future tariff changes to country or product exemptions, including possible modifications to the section 232 trade actions, may impact steel prices and product availability. In the case of significant increases in tariffs, we evaluate alternative sources of supply and when these are not available, tariff increases are passed onto our customers.

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

A portion of our revenues is dependent on the oil and gas industry, whose activity fluctuates with oil and gas prices. Our energy field store operations provide a more stable stream of earnings than other businesses in the sector as their products are used in maintenance and repair as well as new drilling activity and large energy projects.

The impact of inflation, interest rates changes, geopolitical uncertainty, prevailing oil price conditions and other macro-economic factors may lead to changes in estimates in our financial statements and the effect of such changes could be material and result in impairments of long-lived assets, including goodwill and intangible assets, provisions for inventory and credit losses.

OUTLOOK

During the early part of 2025, steel prices substantially increased as a result of the tariffs imposed by the U.S. government. Future steel price changes may be impacted by further changes in such tariffs.

Our metal service center gross margins moderated in the third quarter as the lag effect of higher steel prices increased inventory cost and resulted in lower margins in the third quarter as compared to the second quarter of 2025. Margins stabilized over the last two months of the third quarter. The fourth quarter of 2025 margins are expected to be relatively consistent with margins that we realized towards the end of the third quarter, which was lower than the third quarter average margin. Our shipment levels experienced a seasonal reduction in the third quarter of 2025 as compared to the second quarter of 2025, due to normal holiday schedules in both Canada and the U.S. We expect the fourth quarter of 2025 to exhibit typical seasonal patterns with fewer operating days in the fourth quarter as compared to the third quarter.

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

Our energy field stores are expected to continue to benefit from solid energy activity in the fourth quarter of 2025 and into 2026. Our energy field store segment is also expected to continue to gain market share while maintaining a solid margin profile.