

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 IFRS Accounting Standards. In addition, the Company has developed and maintained a system of disclosure controls in order to provide reasonable assurance that the financial information is relevant, reliable and accurate.

The Company's Audit Committee is appointed annually by the Board of Directors. The Audit Committee, which is composed entirely of outside directors, meets with management to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the condensed consolidated financial statements and the 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.

May 6, 2025

/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 March 31	
	2025	2024
Revenues	\$ 1,173.6	\$ 1,061.1
Cost of materials (Note 4)	921.2	823.2
Employee expenses (Note 14)	113.0	99.8
Other operating expenses (Note 14)	77.2	71.8
Earnings before interest and provision for income taxes	62.2	66.3
Interest expense (income), net (Note 15)	4.7	(0.1)
Earnings before provision for income taxes	57.5	66.4
Provision for income taxes (Note 16)	14.5	16.7
Net earnings for the period	\$ 43.0	\$ 49.7
Basic earnings per common share (Note 13)	\$ 0.75	\$ 0.82
Diluted earnings per common share (Note 13)	\$ 0.75	\$ 0.82

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended March 31	
	2025	2024
Net earnings for the period	\$ 43.0	\$ 49.7
Other comprehensive (loss) income		
Items that may be reclassified to earnings		
Unrealized foreign exchange (losses) gains on translation of foreign operations	(0.9)	22.2
Items that may not be reclassified to earnings		
Actuarial (losses) gains on pension and similar obligations, net of taxes of \$0.9 million (2024: \$1.3 million)	(2.0)	3.6
Other comprehensive (loss) income	(2.9)	25.8
Total comprehensive income	\$ 40.1	\$ 75.5

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>	March 31 2025	December 31 2024
ASSETS		
Current		
Cash and cash equivalents	\$ 230.2	\$ 45.6
Accounts receivable	590.3	490.4
Inventories (Note 4)	994.0	919.8
Prepays and other	37.7	29.0
Income taxes receivable	1.8	14.5
	1,854.0	1,499.3
Property, Plant and Equipment (Note 5)	506.6	492.4
Right-of-Use Assets (Note 6)	155.3	157.0
Deferred Income Tax Assets	1.0	0.8
Pension and Benefits (Note 10)	42.1	45.5
Financial and Other Assets	5.8	5.9
Goodwill and Intangible Assets (Note 7)	143.1	145.8
Total Assets	\$ 2,707.9	\$ 2,346.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (Note 8)	\$ -	\$ 13.4
Accounts payable and accrued liabilities	522.6	442.1
Short-term lease obligations (Note 6)	23.5	22.4
Income taxes payable	4.5	0.7
	550.6	478.6
Long-Term Debt (Note 9)	298.0	-
Pensions and Benefits (Note 10)	1.5	1.5
Deferred Income Tax Liabilities	24.6	25.8
Long-term Lease Obligations (Note 6)	159.5	161.0
Provisions and Other Non-Current Liabilities (Note 17)	24.6	21.4
Total Liabilities	1,058.8	688.3
Shareholders' Equity (Note 11)		
Common shares	522.7	528.1
Retained earnings	915.8	918.7
Contributed surplus	9.9	10.0
Accumulated other comprehensive income	200.7	201.6
Total Shareholders' Equity	1,649.1	1,658.4
Total Liabilities and Shareholders' Equity	\$ 2,707.9	\$ 2,346.7

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 March 31	
	2025	2024
Operating Activities		
Net earnings for the period	\$ 43.0	\$ 49.7
Depreciation and amortization	23.5	17.7
Provision for income taxes	14.5	16.7
Interest expense (income), net	4.7	(0.1)
Gain on sale of property, plant and equipment	(0.2)	(0.2)
Difference between pension expense and amount funded	0.7	0.7
Interest (paid) received net, including interest on lease obligations	(4.3)	0.4
Cash from operating activities before non-cash working capital	81.9	84.9
Changes in Non-Cash Working Capital Items		
Accounts receivable	(99.9)	(50.4)
Inventories	(74.5)	4.6
Accounts payable and accrued liabilities	83.3	(19.7)
Other	(8.7)	(0.3)
Change in non-cash working capital	(99.8)	(65.8)
Income tax paid, net	1.3	(16.9)
Cash (used in) from operating activities	(16.6)	2.2
Financing Activities		
Issue of common shares	0.3	0.8
Repurchase of common shares	(25.8)	(14.9)
Dividends on common shares	(23.9)	(24.1)
Decrease in bank indebtedness	(13.4)	-
Issuance of long-term debt	300.0	-
Deferred financing costs	(2.0)	-
Lease obligations	(5.9)	(4.7)
Cash from (used in) financing activities	229.3	(42.9)
Investing Activities		
Purchase of property, plant and equipment	(28.9)	(23.8)
Proceeds on sale of property, plant and equipment	0.5	0.2
Cash used in investing activities	(28.4)	(23.6)
Effect of exchange rates on cash and cash equivalents	0.3	9.6
Increase (decrease) in cash and cash equivalents	184.6	(54.7)
Cash and cash equivalents, beginning of the period	45.6	629.2
Cash and cash equivalents, end of the period	\$ 230.2	\$ 574.5

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2025	\$ 528.1	\$ 918.7	\$ 10.0	\$ 201.6	\$ 1,658.4
Payment of dividends	-	(23.9)	-	-	(23.9)
Net earnings for the period	-	43.0	-	-	43.0
Other comprehensive loss for the period	-	-	-	(2.9)	(2.9)
Share options exercised	0.4	-	(0.1)	-	0.3
Shares repurchased	(5.8)	(20.0)	-	-	(25.8)
Transfer of net actuarial losses on defined benefit plans	-	(2.0)	-	2.0	-
Balance, March 31, 2025	\$ 522.7	\$ 915.8	\$ 9.9	\$ 200.7	\$ 1,649.1

<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	-	(24.1)	-	-	(24.1)
Net earnings for the period	-	49.7	-	-	49.7
Other comprehensive income for the period	-	-	-	25.8	25.8
Share options exercised	0.8	-	(0.1)	-	0.7
Shares repurchased	(3.1)	(11.8)	-	-	(14.9)
Transfer of net actuarial gains on defined benefit plans	-	3.6	-	(3.6)	-
Balance, March 31, 2024	\$ 554.0	\$ 972.0	\$ 10.2	\$ 140.9	\$ 1,677.1

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 May 6, 2025.

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, 2024. 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, 2024. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024.

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 FUTURE ACCOUNTING CHANGES

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

NOTE 4 INVENTORIES

(\$ millions)	March 31 2025	December 31 2024
Inventories		
Metals service centers	\$ 652.0	\$ 594.4
Energy field stores	220.3	229.3
Steel distributors	121.7	96.1
	\$ 994.0	\$ 919.8

Inventories expensed in cost of sales for the three months ended March 31, 2025 were \$921.2 million (2024: \$823.2 million).

During the three months ended March 31, 2025, the Company recorded a net reduction of \$2.6 million in inventory provisions (2024: net reduction of \$2.9 million).

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Cost (\$ millions)	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2024	\$ 401.1	\$ 611.1	\$ 28.5	\$ 1,040.7
Additions	5.0	23.3	0.6	28.9
Disposals	-	(2.1)	-	(2.1)
Foreign exchange and other	1.4	(1.3)	-	0.1
Balance, March 31, 2025	\$ 407.5	\$ 631.0	\$ 29.1	\$ 1,067.6

Accumulated Depreciation and Amortization (\$ millions)	Land and Buildings	Machinery and Equipment	Leasehold Improvements	Total
Balance, December 31, 2024	\$ 168.7	\$ 358.8	\$ 20.8	\$ 548.3
Additions	2.8	10.6	0.4	13.8
Disposals	-	(1.8)	-	(1.8)
Foreign exchange and other	(0.4)	1.1	-	0.7
Balance, March 31, 2025	\$ 171.1	\$ 368.7	\$ 21.2	\$ 561.0

Net Book Value (\$ millions)	
December 31, 2024	\$ 492.4
March 31, 2025	\$ 506.6

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

Land, included in land and buildings, was \$49.0 million (December 31, 2024: \$49.9 million).

Depreciation Expense (\$ millions)	Three Months Ended March 31	
	2025	2024
Depreciation - cost of materials	\$ 2.5	\$ 1.8
Depreciation - other operating expense	11.3	8.5
	\$ 13.8	\$ 10.3

NOTE 6 RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

Leased land and buildings represented approximately 79% (2024: 75%) of the right-of-use assets with the remainder comprised of leases of vehicles and equipment.

(\$ millions)	Right-of-use Assets	Lease Obligations
Balance, December 31, 2024	\$ 157.0	\$ 183.4
Additions	5.6	5.6
Disposals and modifications	(0.2)	(0.2)
Depreciation and amortization	(7.0)	-
Lease payments	-	(5.9)
Foreign exchange	(0.1)	0.1
Balance, March 31, 2025	\$ 155.3	\$ 183.0
Current portion		\$ 23.5
Long-term portion		\$ 159.5

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

Right-of-use Assets (\$ millions)	March 31 2025	December 31 2024
Land and buildings	\$ 123.3	\$ 126.3
Machinery and equipment	32.0	30.7
	\$ 155.3	\$ 157.0

Depreciation Expense (\$ millions)	Three Months Ended March 31	
	2025	2024
Land and buildings	\$ 4.5	\$ 2.7
Machinery and equipment	2.5	2.4
	\$ 7.0	\$ 5.1

NOTE 7 GOODWILL AND INTANGIBLE ASSETS

(\$ millions)	March 31 2025	December 31 2024
Goodwill	\$ 66.5	\$ 66.6
Intangible assets	76.6	79.2
	\$ 143.1	\$ 145.8

Goodwill (\$ millions)	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2024	\$ 65.4	\$ 1.2	\$ 66.6
Foreign exchange	(0.1)	-	(0.1)
Balance, March 31, 2025	\$ 65.3	\$ 1.2	\$ 66.5

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:

Intangible Assets Cost (\$ millions)	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2024	\$ 67.5	\$ 108.6	\$ 176.1
Foreign exchange	(0.1)	-	(0.1)
Balance, March 31, 2025	\$ 67.4	\$ 108.6	\$ 176.0

Accumulated Amortization (\$ millions)	Metals Service Centers	Energy Field Stores	Total
Balance, December 31, 2024	\$ (25.7)	\$ (71.2)	\$ (96.9)
Amortization	(0.8)	(1.7)	(2.5)
Balance, March 31, 2025	\$ (26.5)	\$ (72.9)	\$ (99.4)

Net Book Value (\$ millions)	
December 31, 2024	\$ 79.2
March 31, 2025	\$ 76.6

The remaining amortization period for customer relationships is 1 to 20 years.

NOTE 8 REVOLVING CREDIT FACILITIES

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

On April 29, 2025, the Company amended its credit agreement to remove the springing lien feature and extend the expiration date on Facility A and B to April 30, 2029, and to cancel Facility C.

The Company had no borrowings as at March 31, 2025, (December 31, 2024: \$13.4 million) and letters of credit were \$55.4 million as at March 31, 2025, (December 31, 2024: \$26.2 million) under this facility. The Company was in compliance with its financial covenants at March 31, 2025.

NOTE 9 LONG-TERM DEBT

(\$ millions)	March 31 2025	December 31 2024
4.423% \$300 million Senior Unsecured Notes due March 28, 2030	\$ 298.0	\$ -

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

On March 28, 2025, the Company issued, through a private placement, \$300 million 4.423% senior unsecured notes due March 28, 2030, for net proceeds of \$298 million. Interest is due semi-annually on March 28 and September 28 of each year. These notes are senior unsecured unsubordinated obligations of the Company and rank *pari passu* with other existing and future unsecured unsubordinated debt.

Prior to February 28, 2030, the Company, at its option, may redeem, in whole or in part, at any time at a redemption price equal to the greater of: (a) 100% of the principal amount of the notes redeemed; and (b) the Canada Yield Price, in each case plus accrued and unpaid interest. The Canada Yield Price is equal to the sum of the present values of the remaining scheduled payments of interest and the principal on the notes to be redeemed from the redemption date to the par call date discounted at the Government of Canada yield plus 43.5 basis points. The Company may redeem the notes at par on or after February 28, 2030, which is the par call date.

NOTE 10 PENSIONS AND BENEFITS

As at March 31, 2025, the Company determined its accrued benefit obligations related to the employee future benefit plans using a discount rate of 4.6% (December 31, 2024: 4.7%) 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 loss on employee future benefit plans of \$2.9 million for the three months ended March 31, 2025 (2024: gain of \$4.9 million).

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

(\$ millions)	March 31 2025	December 31 2024
Present value of defined benefit pension obligations	\$ 87.7	\$ 86.4
Fair value of plan assets	129.3	131.4
	(41.6)	(45.0)
Other post-retirement benefit obligations	1.0	1.0
Defined benefit asset, net	\$ (40.6)	\$ (44.0)

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

Defined Benefit (Asset) Obligation (\$ millions)	Pension Plans		Other Benefit Plans	
	March 31 2025	December 31 2024	March 31 2025	December 31 2024
Plans with surplus	\$ (42.1)	\$ (45.5)	\$ -	\$ -
Partially funded plans	0.5	0.5	-	-
Unfunded plans	-	-	1.0	1.0
Defined benefit (asset) obligation	\$ (41.6)	\$ (45.0)	\$ 1.0	\$ 1.0

NOTE 11 SHAREHOLDERS' EQUITY

- a) At March 31, 2025 and 2024, the authorized share capital of the Company consisted of:
- (i) an unlimited number of common shares without nominal or par value;
 - (ii) an unlimited number of Class I preferred shares without nominal or par value, issuable in series; and
 - (iii) an unlimited number of Class II preferred shares without nominal or par value, issuable in series.

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

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

	Number of Shares	Amount (\$ millions)
Balance, December 31, 2024	57,133,088	\$ 528.1
Share options exercised	12,267	0.4
Shares repurchased	(623,300)	(5.8)
Balance, March 31, 2025	56,522,055	\$ 522.7

During the three months ended March 31, 2025, the Company purchased 623,300 shares under the Company's normal course issuer bid at an average cost of \$40.44 per share for a total cost of \$25.3 million excluding the impact of 2% federal tax on share repurchase amounting to \$0.5 million. The original cost of these shares of \$5.8 million was recorded as a reduction of share capital and the balance of \$19.5 million as a reduction of retained earnings. The common shares purchased through this bid have been cancelled.

Dividends paid and declared are as follows:

	Three Months Ended March 31	
	2025	2024
Dividends paid (\$ millions)	\$ 23.9	\$ 24.1
Dividends paid per share	\$ 0.42	\$ 0.40
Dividend declared per share on May 6, 2025 (May 1, 2024)	\$ 0.43	\$ 0.42

NOTE 12 SHARE-BASED COMPENSATION

Share Options

The Company had no share options outstanding as at March 31, 2025 (December 31, 2024: 12,267 at an exercise price of \$25.08).

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:

	March 31 2025	December 31 2024
(number of units)		
Balance, beginning of the period	475,532	513,586
Granted	194,458	243,097
Paid out	-	(281,151)
Balance, end of the period	669,990	475,532

The RSU liability at March 31, 2025 was \$16.9 million (December 31, 2024: \$14.6 million). The fair value of RSUs was \$26.3 million at March 31, 2025 (December 31, 2024: \$20.0 million). Dividends declared on common shares accrue to units in the RSU plan in the form of additional RSUs.

Deferred Share Units (DSU)

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

	March 31 2025	December 31 2024
<i>(number of units)</i>		
Balance, beginning of the period	360,130	386,183
Granted	11,407	45,409
Paid out	-	(71,462)
Balance, end of the period	371,537	360,130

The liability and fair value of DSUs was \$14.6 million at March 31, 2025 (December 31, 2024: \$15.2 million). Dividends declared on common shares accrue to units in the DSU plan in the form of additional DSUs.

Share Appreciation Rights (SAR)

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

	Number of SARs		Weighted Average Exercise Price	
	March 31 2025	December 31 2024	March 31 2025	December 31 2024
Balance, beginning of period	324,600	280,321	\$ 31.00	\$ 28.63
Granted	47,262	44,279	42.08	45.96
Balance, end of period	371,862	324,600	\$ 32.41	\$ 31.00

The SARs liability and fair value at March 31, 2025, was \$2.8 million and \$3.0 million respectively (December 31, 2024: \$3.4 million and \$3.8 million respectively).

Performance Share Units (PSU)

In 2024, the Company implemented a PSU Plan for certain employees as designated by the Board of Directors. PSUs vest one third on the first and second anniversary after the grant date and the remaining one third on the expiry date. PSUs expire on the earlier of: (i) December 5 of the third calendar year following the year in which the services were provided to which such grant of PSUs relates; and (ii) the third anniversary of the grant date. The Company is obligated to pay in cash an amount equal to the number of PSUs multiplied by the market price, which is defined as the volume weighted average price of a common share on the Toronto Stock Exchange for the last five trading days immediately prior to the expiry date and the Performance Modifier. The Performance Modifier ranges from 0% to 200% of the target award and is determined based on the achievement of specific performance criteria.

For the three months ended March 31, 2025, 69,492 PSUs were granted (2024: nil). At March 31, 2025, we had 69,492 PSUs outstanding. The PSU liability at March 31, 2025, was \$1.2 million (December 31, 2024: \$nil). The fair value of PSUs was \$2.7 million at March 31, 2025 (December 31, 2024: \$nil). Dividends declared on common shares accrue to units in the PSU plan in the form of additional PSUs.

NOTE 13 EARNINGS PER SHARE

The net income used in the calculation of basic and diluted earnings per share for the three months ended March 31, 2025 was \$43.0 million (2024: \$49.7 million).

<i>(number of shares)</i>	Three Months Ended March 31	
	2025	2024
Weighted average shares outstanding	56,984,456	60,313,886
Dilution impact of share options	-	33,009
Diluted weighted average shares outstanding	56,984,456	60,346,895

NOTE 14 EXPENSES

(\$ millions)	Three Months Ended March 31	
	2025	2024
Employee Expenses		
Wages and salaries	\$ 94.9	\$ 84.0
Other employee related costs	18.1	15.8
	\$ 113.0	\$ 99.8
Other Operating Expenses		
Plant and other expenses	\$ 43.0	\$ 37.8
Delivery expenses	21.6	20.9
Repairs and maintenance	7.5	5.9
Selling expenses	4.3	3.4
Professional fees	2.3	3.4
Gain on sale of property, plant and equipment	(0.2)	(0.2)
Foreign exchange (gain) loss	(1.3)	0.6
	\$ 77.2	\$ 71.8

NOTE 15 INTEREST EXPENSE

(\$ millions)	Three Months Ended March 31	
	2025	2024
Interest on 6% \$150 million Senior Unsecured Notes	\$ -	\$ 2.3
Interest on 5 ¾% \$150 million Senior Unsecured Notes	-	2.4
Interest on 4.423% \$300 million Senior Unsecured Notes	0.1	-
Interest on lease obligations	3.8	2.6
Other interest expense (income), net	0.8	(7.4)
Interest expense (income), net	\$ 4.7	\$ (0.1)

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 March 31, 2025 was \$nil (2024: \$0.4 million).

NOTE 16 INCOME TAXES

The consolidated effective tax rates for the three months ended March 31, 2025 and March 31, 2024, were 25.2%.

NOTE 17 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

(\$ millions)	March 31	December 31
	2025	2024
Provision for decommissioning liabilities	\$ 3.5	\$ 3.4
Deferred compensation and employee incentives	35.5	33.2
	39.0	36.6
Less: current portion	(14.4)	(15.2)
	\$ 24.6	\$ 21.4

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

NOTE 18 SEGMENTED INFORMATION

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

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

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

Metals Service Centers

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

Energy Field Stores

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

Steel Distributors

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

The Company has segmented its operations on the basis of management reporting. For the three months ended March 31, 2025, the inter-segment sales from steel distributors to metals service centers were \$14.5 million (2024: \$18.7 million). These sales, which are at market rates, are eliminated in the following table.

a) *Results by business segment:*

(\$ millions)	Three Months Ended March 31	
	2025	2024
Segment Revenues		
Metals service centers	\$ 840.0	\$ 723.6
Energy field stores	244.2	247.1
Steel distributors	88.9	90.1
	1,173.1	1,060.8
Other	0.5	0.3
	\$ 1,173.6	\$ 1,061.1
Segment Operating Profits		
Metals service centers	\$ 43.7	\$ 43.8
Energy field stores	17.1	22.7
Steel distributors	9.9	10.5
	70.7	77.0
Corporate expenses and other	(8.5)	(10.7)
Earnings before interest and provision for income taxes	62.2	66.3
Interest expense (income), net	4.7	(0.1)
Provision for income taxes	14.5	16.7
Net earnings	\$ 43.0	\$ 49.7
Capital Expenditures		
Metals service centers	\$ 25.4	\$ 19.9
Energy field stores	1.8	2.5
Steel distributors	0.2	0.3
Other	1.5	1.1
	\$ 28.9	\$ 23.8
Depreciation and Amortization Expense		
Metals service centers	\$ 17.5	\$ 12.1
Energy field stores	5.1	5.0
Steel distributors	0.4	0.3
Other	0.5	0.3
	\$ 23.5	\$ 17.7

<i>(\$ millions)</i>	March 31 2025	December 31 2024
Current Identifiable Assets		
Metals service centers	\$ 1,072.3	\$ 926.4
Energy field stores	386.7	370.0
Steel distributors	163.9	130.5
	1,622.9	1,426.9
Non-Current Identifiable Assets		
Metals service centers	670.6	658.4
Energy field stores	116.3	118.1
Steel distributors	12.6	12.8
Total identifiable assets included in segments	2,422.4	2,216.2
Assets not included in segments		
Cash and cash equivalents	230.2	45.6
Income taxes receivable and deferred income tax assets	2.8	15.3
Financial and other assets	5.8	17.3
Pension and benefits	42.1	45.5
Corporate and other operating assets	4.6	6.8
Total assets	\$ 2,707.9	\$ 2,346.7
Liabilities		
Metals service centers	\$ 505.1	\$ 417.8
Energy field stores	144.8	139.1
Steel distributors	22.6	23.0
Total liabilities included in segment	672.5	579.9
Liabilities not included in segments		
Bank indebtedness	-	13.4
Income taxes payable and deferred income tax liabilities	29.1	26.5
Long-term debt	298.0	-
Pension and benefits	1.5	1.5
Corporate and other liabilities	57.7	67.0
Total liabilities	\$ 1,058.8	\$ 688.3

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

<i>(\$ millions)</i>	Three Months Ended March 31	
	2025	2024
Segment Revenues		
Canada	\$ 661.2	\$ 625.9
United States	511.9	434.9
	\$ 1,173.1	\$ 1,060.8
Segment Operating Profits		
Canada	\$ 37.3	\$ 49.3
United States	33.4	27.7
	\$ 70.7	\$ 77.0
	March 31 2025	December 31 2024
Identifiable Assets		
Canada	\$ 1,410.8	\$ 1,328.3
United States	1,011.6	887.9
	\$ 2,422.4	\$ 2,216.2

c) *Revenues by product:*

(\$ millions)	Three Months Ended March 31	
	2025	2024
Carbon		
Structurals (WF & I Beams, Angles, Channels, Hollow Tubes)	\$ 401.9	\$ 402.9
Plate (Discrete & Plate in Coil)	234.6	218.6
Flanges, Valves, Fittings and other related products	171.9	179.8
Flat Rolled (Sheet & Coil)	141.4	92.4
Bars (Hot Rolled and Cold Finished)	53.0	57.3
Grating/ Expanded/ Rails	14.1	12.3
Total Carbon (excluding Stainless)	1,016.9	963.3
Stainless Steel	58.2	31.4
Aluminum	70.1	40.8
Other Non-Ferrous	2.0	1.9
Total Non-Ferrous	130.3	74.1
Other	26.4	23.7
	\$ 1,173.6	\$ 1,061.1

NOTE 19 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

a) *Financial assets and liabilities*

Financial assets and liabilities are as follows:

March 31, 2025 (\$ millions)	Loans and Receivables	Other Financial Liabilities	Total
Accounts receivable	590.3	-	590.3
Other financial assets	11.6	-	11.6
Accounts payable and accrued liabilities	-	(522.6)	(522.6)
Lease obligations	-	(183.0)	(183.0)
Long-term debt	-	(298.0)	(298.0)
Total	\$ 832.1	\$ (1,003.6)	\$ (171.5)

December 31, 2024 (\$ millions)	Loans and Receivables	Other Financial Liabilities	Total
Accounts receivable	479.0	-	479.0
Other financial assets	15.5	-	15.5
Bank indebtedness	-	(13.4)	(13.4)
Accounts payable and accrued liabilities	-	(442.1)	(442.1)
Lease obligations	-	(183.4)	(183.4)
Total	\$ 540.1	\$ (638.9)	\$ (98.8)

For the three months ended March 31, 2025, the fair value of derivative financial instruments on the consolidated statement of earnings was a loss \$1.6 million (2024: loss of \$1.8 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 statements of financial position are referred to as "carrying amounts". The carrying amounts of primary debt are reflected in "Long-term debt" and "Current portion long-term debt".

Fair Value

The Company records its debt at amortized cost using the effective interest method. The fair value of long-term debt is estimated based on the last quoted trade price, where it exists, or based on current rates available to the Company for similar debt with the same period to maturity. The carrying and fair value of the Company's \$300 million senior unsecured notes at 4.423% as at March 31, 2025, were \$298.0 million and \$300.6 million respectively.

c) Credit risk

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

The Company attempts to minimize credit exposure as follows:

- Cash investments are placed with high-quality financial institutions with limited exposure to any one institution. At March 31, 2025, nearly all cash and cash equivalents were held in institutions that were rated R1 High by DBRS;
- Counterparties to derivative contracts are members of the syndicated banking facility (Note 8);
- 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 March 31, 2025 and December 31, 2024, other than the allowance for expected credit losses in accounts receivable. As at March 31, 2025, trade accounts receivable greater than 90 days represented less than 2% of trade accounts receivable (December 31, 2024: less than 3%).

d) Interest rate risk

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

e) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company uses foreign exchange contracts with maturities of less than a year to manage foreign exchange risk on certain future committed cash outflows. As at March 31, 2025, the Company had outstanding forward foreign exchange contracts in the amount of US\$136.0 million maturing in 2025 (2024: US\$25.1 million). A 1% change in foreign exchange rates would not result in a significant increase or decrease in accounts receivable, accounts payable or net earnings.

f) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations when due. Liquidity adequacy is assessed in view of seasonal needs, growth requirements, capital expenditures, and the maturity profile of indebtedness. As at March 31, 2025, the Company has access to \$755 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 March 31, 2025, 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
2025	\$ 522.6	\$ -	\$ 6.8	\$ 31.5	\$ 560.9
2026	-	-	13.3	36.8	50.1
2027	-	-	13.3	35.1	48.4
2028	-	-	13.3	30.4	43.7
2029	-	-	13.3	24.6	37.9
2030 and beyond	-	300.0	6.5	101.6	408.1
Total	\$ 522.6	\$ 300.0	\$ 66.5	\$ 260.0	\$ 1,149.1

At March 31, 2025, the Company was contractually obligated to repay its letters of credit under its bank facilities (Note 8).

g) Capital management

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

In the three months ended March 31, 2025, the Company issued \$300 million 4.423% senior unsecured notes due March 28, 2030, repurchased 0.6 million shares for \$25.8 million under its normal course issuer bid and paid dividends of \$23.9 million.

NOTE 20 CONTINGENCIES, COMMITMENTS AND GUARANTEES

a) Lawsuits and legal claims

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

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

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

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

b) Decommissioning liability

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

The Company has asset retirement obligations relating to the land lease for 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.