

REFINITIV

# DELTA REPORT

## 10-Q

ZEUS - OLYMPIC STEEL INC

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	887
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 CHANGES	280
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 DELETIONS	267
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 ADDITIONS	340
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, June 30, 2024

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-23320

OLYMPIC STEEL, INC.  
(Exact name of registrant as specified in its charter)

<u>Ohio</u> (State or other jurisdiction of incorporation or organization)	<u>34-1245650</u> (I.R.S. Employer Identification Number)
<u>22901 Millcreek Boulevard, Suite 650, Highland Hills, OH</u> (Address of principal executive offices)	<u>44122</u> (Zip Code)

Registrant's telephone number, including area code (216) 292-3800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, without par value	ZEUS	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

- Large accelerated filer ☐
- Accelerated filer ☒
- Non-accelerated filer ☐
- Smaller reporting company ☐
- Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding as of May 3, 2024August 2, 2024
Common stock, without par value	11,132,542

Olympic Steel, Inc.  
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## Part I. FINANCIAL INFORMATION

### Item 1. Financial Statements

Olympic Steel, Inc.  
Consolidated Balance Sheets  
(in thousands)

Assets

As of		As of	
March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
(unaudited)		(unaudited)	

Cash and cash equivalents	\$ 10,340	\$ 13,224	\$ 9,443	\$ 13,224
Accounts receivable, net	214,753	191,149	216,682	191,149
Inventories, net (includes LIFO reserves of \$12,443 and \$12,043 as of March 31, 2024 and December 31, 2023, respectively)	397,567	386,535		
Inventories, net (includes LIFO reserves of \$11,443 and \$12,043 as of June 30, 2024 and December 31, 2023, respectively)			386,240	386,535
Prepaid expenses and other	9,304	12,261	10,725	12,261
Total current assets	631,964	603,169	623,090	603,169
Property and equipment, at cost	487,968	483,448	495,879	483,448
Accumulated depreciation	(303,462)	(297,340)	(308,685)	(297,340)
Net property and equipment	184,506	186,108	187,194	186,108
Goodwill	52,091	52,091	52,091	52,091
Intangible assets, net	91,559	92,621	90,474	92,621
Other long-term assets	18,864	16,466	19,150	16,466
Right of use assets, net	32,795	34,380	34,297	34,380
Total assets	\$ 1,011,779	\$ 984,835	\$ 1,006,296	\$ 984,835
Liabilities				
Accounts payable	\$ 149,429	\$ 119,718	\$ 119,104	\$ 119,718
Accrued payroll	16,475	30,113	20,545	30,113
Other accrued liabilities	19,273	22,593	19,084	22,593
Current portion of lease liabilities	7,786	7,813	6,582	7,813
Total current liabilities	192,963	180,237	165,315	180,237
Credit facility revolver	196,800	190,198	209,186	190,198
Other long-term liabilities	22,420	20,151	23,281	20,151
Deferred income taxes	10,897	11,510	10,613	11,510
Lease liabilities	25,714	27,261	28,448	27,261
Total liabilities	448,794	429,357	436,843	429,357
Shareholders' Equity				
Preferred stock	-	-	-	-
Common stock	137,063	136,541	137,541	136,541
Accumulated other comprehensive income	-	41	-	41
Retained earnings	425,922	418,896	431,912	418,896
Total shareholders' equity	562,985	555,478	569,453	555,478
Total liabilities and shareholders' equity	\$ 1,011,779	\$ 984,835	\$ 1,006,296	\$ 984,835

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

**Olympic Steel, Inc.**  
Consolidated Statements of Comprehensive Income  
For the Three and Six Months Ended March 31, June 30,

(in thousands, except per share data)

			Three months ended		Six months ended	
			June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
	(unaudited)		(unaudited)		(unaudited)	
Net sales	\$ 526,642	\$ 573,076	\$ 526,250	\$ 569,268	\$ 1,052,892	\$ 1,142,344
Costs and expenses						
Cost of materials sold (excludes items shown separately below)	407,538	452,636	406,547	441,872	814,085	894,508
Warehouse and processing	32,893	30,649	33,243	31,522	66,136	62,171
Administrative and general	30,152	33,185	29,167	31,681	59,319	64,866
Distribution	16,758	17,741	17,462	17,448	34,220	35,189
Selling	11,536	10,397	13,201	10,389	24,737	20,786
Occupancy	4,493	4,544	4,293	4,111	8,786	8,655
Depreciation	6,006	5,077	5,839	5,245	11,845	10,322
Amortization	1,328	1,124	1,388	1,228	2,716	2,352
Total costs and expenses	510,704	555,353	511,140	543,496	1,021,844	1,098,849
Operating income	15,938	17,723	15,110	25,772	31,048	43,495
Other loss, net	19	11	21	28	40	39
Income before interest and income taxes	15,919	17,712	15,089	25,744	31,008	43,456
Interest and other expense on debt	4,010	4,223	4,393	4,203	8,403	8,426
Income before income taxes	11,909	13,489	10,696	21,541	22,605	35,030
Income tax provision	3,212	3,617	3,036	6,522	6,248	10,139
Net income	\$ 8,697	\$ 9,872	\$ 7,660	\$ 15,019	\$ 16,357	\$ 24,891
Loss on cash flow hedge	(41)	(405)	-	(201)	(41)	(606)
Tax effect on cash flow hedge	-	101	-	50	-	151
Total comprehensive income	\$ 8,656	\$ 9,568	\$ 7,660	\$ 14,868	\$ 16,316	\$ 24,436
Earnings per share:						
Net income per share - basic	\$ 0.75	\$ 0.85	\$ 0.66	\$ 1.30	\$ 1.40	\$ 2.15
Weighted average shares outstanding - basic	11,663	11,570	11,662	11,569	11,663	11,570
Net income per share - diluted	\$ 0.75	\$ 0.85	\$ 0.66	\$ 1.30	\$ 1.40	\$ 2.15
Weighted average shares outstanding - diluted	11,663	11,571	11,662	11,572	11,663	11,572

Dividends declared per share of common stock	\$	0.150	\$	0.125	\$	0.150	\$	0.125	\$	0.300	\$	0.250
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*The accompanying notes are an integral part of these consolidated statements.*

**Olympic Steel, Inc.**

Consolidated Statements of Cash Flows

For the **Three** **Six** Months Ended **March 31,**

**June 30,**

(in thousands)

	2024	2023	2024	2023
	(unaudited)		(unaudited)	
Cash flows (used for) from operating activities:				
Cash flows provided by (used in) operating activities:				
Net income	\$ 8,697	\$ 9,872	\$ 16,357	\$ 24,891
Adjustments to reconcile net income to net cash (used for) from operating activities -				
Adjustments to reconcile net income to net cash provided by (used in) operating activities -				
Depreciation and amortization	7,334	6,201	14,611	12,674
Amortization of deferred financing fees	194	132	340	326
Loss (Gain) on disposition of property and equipment	197	(92)	178	(87)
Stock-based compensation	522	407	1,000	842
Other long-term assets	(982)	(1,587)	(2,934)	3,678
Other long-term liabilities	330	1,020	2,751	3,519
	16,292	15,953	32,303	45,843
Changes in working capital:				
Accounts receivable	(23,604)	(6,458)	(25,533)	2,394
Inventories	(11,032)	26,184	295	28,223
Prepaid expenses and other	3,032	2,412	1,586	(2,866)
Accounts payable	28,779	37,476	327	17,821
Change in outstanding checks	932	167	(941)	1,301
Accrued payroll and other accrued liabilities	(17,007)	(23,294)	(13,549)	(13,520)
	(18,900)	36,487	(37,815)	33,353
Net cash (used for) from operating activities	(2,608)	52,440		
Net cash provided by (used in) operating activities			(5,512)	79,196

Cash flows used for investing activities:

Acquisition, net of cash acquired	-	(129,476)	-	(129,476)
Capital expenditures	(4,818)	(7,415)	(13,241)	(15,117)
Proceeds from disposition of property and equipment	-	124	35	128
Net cash used for investing activities	(4,818)	(136,767)	(13,206)	(144,465)

Cash flows from financing activities:

Credit facility revolver borrowings	166,595	263,194	329,767	418,372
Credit facility revolver repayments	(159,993)	(170,087)	(310,779)	(345,789)
Principal payment under finance lease obligation	(289)	(220)	(603)	(472)
Credit facility fees and expenses	(100)	(944)	(107)	(1,078)
Dividends paid on common stock	(1,671)	(1,392)	(3,341)	(2,783)
Net cash from financing activities	4,542	90,551	14,937	68,250

Cash and cash equivalents:

Net change	(2,884)	6,224	(3,781)	2,981
Beginning balance	13,224	12,189	13,224	12,189
Ending balance	\$ 10,340	\$ 18,413	\$ 9,443	\$ 15,170

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

**Olympic Steel, Inc.**

Supplemental Disclosures of Cash Flow Information

For the **Three** **Six** Months Ended **March 31, June 30,**

(in thousands)

	2024	2023	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest paid	\$ 3,590	\$ 3,561	\$ 7,691	\$ 7,638
Income taxes paid (refunded)	\$ (69)	\$ 115		
Income taxes paid			\$ 6,734	\$ 3,816

The Company incurred a nominal amount of new financing lease obligations during the **three** **six** months ended **March 31, 2024** **June 30, 2024**. The Company incurred \$1.7 million of new financing lease obligations during the **three** **six** months ended **March 31, 2023** **June 30, 2023**. These non-cash transactions have been excluded from the Consolidated Statements of Cash Flows for the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023.



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

**Olympic Steel, Inc.**  
**Consolidated Statements of Shareholders' Equity**  
(in thousands)  
(unaudited)

	For the Three Months Ended March 31, 2024				For the Three Months Ended June 30, 2024			
	Accumulated Other				Accumulated Other			
	Common Stock	Comprehensive Income	Retained Earnings	Total Equity	Common Stock	Comprehensive Income	Retained Earnings	Total Equity
Balance at December 31, 2023	\$ 136,541	\$ 41	\$ 418,896	\$ 555,478				
Balance at March 31, 2024	\$ 137,063	\$ -	\$ 425,922	\$ 562,985				
Net income	-	-	8,697	8,697	-	-	7,660	7,660
Payment of dividends on common stock (\$0.150 per share)	-	-	(1,671)	(1,671)	-	-	(1,670)	(1,670)
Stock-based compensation	522	-	-	522	478	-	-	478
Changes in fair value of hedges, net of tax	-	(41)	-	(41)				
Balance at March 31, 2024	\$ 137,063	\$ -	\$ 425,922	\$ 562,985				
Balance at June 30, 2024	\$ 137,541	\$ -	\$ 431,912	\$ 569,453				

	For the Three Months Ended March 31, 2023				For the Six Months Ended June 30, 2024			
	Accumulated Other				Accumulated Other			
	Common Stock	Comprehensive Income	Retained Earnings	Total Equity	Common Stock	Comprehensive Income	Retained Earnings	Total Equity

Balance at December 31, 2022	\$ 134,724	\$ 1,311	\$ 379,933	\$ 515,968				
Balance at December 31, 2023					\$ 136,541	\$ 41	\$ 418,896	\$ 555,478
Net income	-	-	9,872	9,872	-	-	16,357	16,357
Payment of dividends on common stock (\$0.125 per share)	-	-	(1,392)	(1,392)				
Payment of dividends on common stock (\$0.300 per share)					-	-	(3,341)	(3,341)
Stock-based compensation	407	-	-	407	1,000	-	-	1,000
Changes in fair value of hedges, net of tax	-	(304)	-	(304)	-	(41)	-	(41)
Balance at March 31, 2023	<u>\$ 135,131</u>	<u>\$ 1,007</u>	<u>\$ 388,413</u>	<u>\$ 524,551</u>				
Balance at June 30, 2024					<u>\$ 137,541</u>	<u>\$ -</u>	<u>\$ 431,912</u>	<u>\$ 569,453</u>

	For the Three Months Ended June 30, 2023			
	Accumulated			
	Other			
	Common	Comprehensive	Retained	Total
	Stock	Income	Earnings	Equity
Balance at March 31, 2023	\$ 135,131	\$ 1,007	\$ 388,413	\$ 524,551
Net income	-	-	15,019	15,019
Payment of dividends on common stock (\$0.125 per share)	-	-	(1,392 )	(1,392 )
Stock-based compensation	435	-	-	435
Changes in fair value of hedges, net of tax	-	(151 )	-	(151 )
Other	-	-	1	1
Balance at June 30, 2023	<u>\$ 135,566</u>	<u>\$ 856</u>	<u>\$ 402,041</u>	<u>\$ 538,463</u>
	For the Six Months Ended June 30, 2023			
	Accumulated			
	Other			
	Common	Comprehensive	Retained	Total
	Stock	Income	Earnings	Equity
Balance at December 31, 2022	\$ 134,724	\$ 1,311	\$ 379,933	\$ 515,968

Net income	-	-	24,891	24,891
Payment of dividends on common stock (\$0.250 per share)	-	-	(2,783 )	(2,783 )
Stock-based compensation	842	-	-	842
Changes in fair value of hedges, net of tax	-	(455 )	-	(455 )
Balance at June 30, 2023	<u>\$ 135,566</u>	<u>\$ 856</u>	<u>\$ 402,041</u>	<u>\$ 538,463</u>

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

## Olympic Steel, Inc.

### Notes to Unaudited Consolidated Financial Statements

March 31, June 30, 2024

#### 1. Basis of Presentation:

The accompanying consolidated financial statements have been prepared from the financial records of Olympic Steel, Inc. and its wholly-owned subsidiaries (collectively, Olympic or the Company), without audit and reflect all normal and recurring adjustments which are, in the opinion of management, necessary to fairly state the results of the interim periods covered by this report. Year-to-date results are not necessarily indicative of 2024 annual results and these financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2023. All intercompany transactions and balances have been eliminated in consolidation.

The Company operates in three reportable segments: specialty metals flat products, carbon flat products, and tubular and pipe products. The specialty metals flat products segment and the carbon flat products segment are at times consolidated and referred to as the flat products segments. Some of the flat products segments' assets and resources are shared by the specialty metals and carbon flat products segments, and both segments' products are stored in the shared facilities and, in some locations, processed on shared equipment. As such, total assets and capital expenditures are reported in the aggregate for the flat products segments. Due to the shared assets and resources, certain of the flat products segment expenses are allocated between the specialty metals flat products segment and the carbon flat products segment based upon an established allocation methodology.

The primary focus of the specialty metals flat products segment is on the direct sale and distribution of processed aluminum and stainless flat-rolled sheet and coil products, flat bar products, prime tin mill products and fabricated parts. Through acquisitions, the specialty metals flat products segment has expanded its geographical footprint and enhanced its product offerings in stainless steel and aluminum plate, sheet, angles, flat bar, tube and pipe and the manufacturing and distribution of stainless steel bollards and water treatment systems.

The primary focus of the carbon flat products segment is on the direct sale and distribution of large volumes of processed carbon and coated flat-rolled sheet, coil and plate products and fabricated parts. Through acquisitions, the carbon flat products segment has expanded its product offerings to include self-dumping hoppers and steel and stainless-steel dump inserts for pickup truck and service truck beds. Through the acquisition of Metal-Fab, Inc. (Metal-Fab), on January 3, 2023, the carbon flat products segment further expanded its product offerings to include venting, micro air and clean air products for residential, commercial and industrial applications.

The flat products segment acts as an intermediary between metals producers and manufacturers that require processed metals for their operations. The flat products segment serves customers in most metals consuming industries, including food service and commercial appliances, manufacturers and fabrications of transportation and material handling equipment, construction and farm machinery, storage tanks, environmental and energy generation equipment, automobiles, military vehicles and equipment, as well as general and plate fabricators and metals service centers. These products are primarily distributed through a direct sales force.

Combined, the carbon and specialty metals flat products segments have 36 strategically located processing and distribution facilities in the United States and one in Monterrey, Mexico. Many of our facilities service both the carbon and the specialty metals flat products segments, and certain assets and resources are shared by the segments. Our geographic footprint allows us to focus on regional customers and larger national and multi-national accounts, primarily located throughout the midwestern, eastern and southern United States.

The primary focus of the tubular and pipe products segment is on the distribution of metal tubing, pipe, bar, valve and fittings and the fabrication of pressure parts supplied to various industrial markets. Through the acquisition of Central Tube and Bar (CTB), on October 2, 2023, the tubular and pipe products segment further expanded its geographical footprint and extended its value-added contract manufacturing capabilities. The tubular and pipe products segment operates from 10 locations in the midwestern and southern United States. The tubular and pipe products segment distributes its products primarily through a direct sales force.

Corporate expenses are reported as a separate line item for segment reporting purposes. Corporate expenses include the unallocated expenses related to managing the entire Company (i.e., all three segments), including compensation for certain personnel, expenses related to being a publicly traded entity such as board of directors' expenses, audit expenses, and various other professional fees.

#### Impact of Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure". The objective of this ASU is to enhance the disclosures a public entity provides about their reportable segments. The ASU does not amend any of the existing guidance or requirements in Topic 280, Segment Reporting. Under the ASU, public entities must disclose incremental segment information on both an annual and interim basis. The ASU is effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024, applied retroactively. The Company does not anticipate this having a material impact on the Consolidated Financial Statements.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The objective of this ASU is to improve the information a reporting entity provides to users of financial statements about the entity's operations and the effects of related tax risks and tax planning on the entity's tax rate and potential future cash flows. The ASU enhances disclosures regarding the rate reconciliation, income taxes paid and other items. The ASU is effective for annual periods beginning after December 15, 2024 for public business entities. The Company is not an early adopter of this guidance and its impacts are not included prospectively or retrospectively on the Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

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## 2. **Revenue Recognition:**

The Company provides metals processing, distribution and delivery of large volumes of processed carbon, coated flat-rolled sheet, coil and plate products, aluminum, and stainless flat-rolled products, prime tin mill products, flat bar products, metal tubing, pipe, bar, valves, fittings, fabricated parts, venting, micro air and clean air products. The Company's contracts with customers are comprised of purchase orders with standard terms and conditions. Occasionally the Company may also have longer-term agreements with customers. Substantially all of the contracts with customers require the delivery of metals, which represent single performance obligations that are satisfied at a point in time upon transfer of control of the product to the customer.

Transfer of control is assessed based on the use of the product distributed and rights to payment for performance under the contract terms. Transfer of control and revenue recognition for substantially all of the Company's sales occur upon shipment or delivery of the product, which is when title, ownership and risk of loss pass to the customer and is based on the applicable shipping terms. The shipping terms depend on the customer contract. An invoice for payment is issued at time of shipment and terms are generally net 30 days. The Company has certain fabrication contracts in one business unit for which revenue is recognized over time as performance obligations are achieved. This fabrication business is not material to the Company's consolidated results.

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Within the metals industry, revenue is frequently disaggregated by products sold. The table below disaggregates the Company's revenues by segment and products sold.

	Disaggregated Revenue by Products Sold				Disaggregated Revenue by Products Sold			
	For the Three Months Ended March 31, 2024				For the Three Months Ended June 30, 2024			
	Specialty				Specialty			
	metals flat products	Carbon flat products	Tubular and pipe products	Total	metals flat products	Carbon flat products	Tubular and pipe products	Total
Specialty	24.6 %	-	-	24.6 %	24.9 %	-	-	24.9 %
Hot Rolled	-	27.7 %	-	27.7 %	-	29.4 %	-	29.4 %
Tube	-	-	18.3 %	18.3 %	-	-	16.7 %	16.7 %
Plate	-	13.5 %	-	13.5 %	-	11.9 %	-	11.9 %
Coated	-	11.1 %	-	11.1 %	-	12.1 %	-	12.1 %
Cold Rolled	-	4.2 %	-	4.2 %	-	4.3 %	-	4.3 %
Other	-	0.6 %	-	0.6 %	-	0.7 %	-	0.7 %
Total	24.6 %	57.1 %	18.3 %	100.0 %	24.9 %	58.4 %	16.7 %	100.0 %

	Disaggregated Revenue by Products Sold				Disaggregated Revenue by Products Sold			
	For the Three Months Ended March 31, 2023				For the Six Months Ended June 30, 2024			
	Specialty				Specialty			
	metals flat products	Carbon flat products	Tubular and pipe products	Total	metals flat products	Carbon flat products	Tubular and pipe products	Total

Specialty	29.1 %	-	-	29.1 %	24.7 %	-	-	24.7 %
Hot Rolled	-	27.3 %	-	27.3 %	-	28.6 %	-	28.6 %
Tube	-	-	16.9 %	16.9 %	-	-	17.5 %	17.5 %
Plate	-	13.5 %	-	13.5 %	-	12.7 %	-	12.7 %
Coated	-	8.5 %	-	8.5 %	-	11.6 %	-	11.6 %
Cold Rolled	-	3.4 %	-	3.4 %	-	4.3 %	-	4.3 %
Other	-	1.3 %	-	1.3 %	-	0.6 %	-	0.6 %
Total	29.1 %	54.0 %	16.9 %	100.0 %	24.7 %	57.8 %	17.5 %	100.0 %

Disaggregated Revenue by Products Sold				
For the Three Months Ended June 30, 2023				
	Specialty			Total
	metals flat products	Carbon flat products	Tubular and pipe products	
Specialty	25.8 %	-	-	
Hot Rolled	-	30.6 %	-	
Tube	-	-	16.8 %	
Plate	-	12.6 %	-	
Coated	-	5.6 %	-	
Cold Rolled	-	4.1 %	-	
Other	-	4.5 %	-	
Total	25.8 %	57.4 %	16.8 %	
Disaggregated Revenue by Products Sold				
For the Six Months Ended June 30, 2023				
	Specialty			Total
	metals flat products	Carbon flat products	Tubular and pipe products	
Specialty	27.4 %	-	-	
Hot Rolled	-	28.9 %	-	
Tube	-	-	16.8 %	
Plate	-	13.1 %	-	
Coated	-	5.0 %	-	
Cold Rolled	-	3.8 %	-	
Other	-	5.0 %	-	
Total	27.4 %	55.8 %	16.8 %	

### 3. Accounts Receivable:

Accounts receivable are presented net of allowances for credit losses and unissued credits of \$3.6 million \$4.1 million and \$4.2 million as of March 31, June 30, 2024 and December 31, 2023, respectively. The allowance for credit losses is maintained at a level considered appropriate based on historical experience, specific customer collection issues that have been identified, current market conditions and estimates for supportable forecasts when appropriate. Estimations are based upon a calculated percentage of accounts receivable, which remains fairly level from year to year, and judgments about the probable effects of economic conditions on certain customers, which can fluctuate significantly from year to year. The Company cannot guarantee that the rate of future credit losses will be similar to past experience. The Company considers all available information when assessing the adequacy of its allowance for credit losses and unissued credits.

### 4. Inventories:

Inventories consisted of the following:

(in thousands)	Inventory as of		Inventory as of	
	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Unprocessed	\$ 290,058	\$ 282,565	\$ 274,185	\$ 282,565
Processed and finished	107,509	103,970	112,055	103,970
Totals	\$ 397,567	\$ 386,535	\$ 386,240	\$ 386,535

The Company values certain of its tubular and pipe products inventory at the last-in, first-out (LIFO) method. As of March 31, June 30, 2024 and December 31, 2023, approximately \$37.1 million \$32.3 million, or 9.3% 8.4% of consolidated inventory, and \$38.2 million, or 9.9% of consolidated inventory, respectively, was reported under the LIFO method of accounting. The cost of the remainder of the tubular and pipe products inventory is determined using a weighted average rolling first-in, first-out (FIFO) method.

During the three and six months ended March 31, June 30, 2024, the Company recorded \$0.4 million \$1.0 million and \$0.6 million of LIFO expense. The Company did not record LIFO expense or income, during respectively. During the three and six months ended March 31, June 30, 2023, the Company recorded \$1.0 million of LIFO income.

If the FIFO method had been in use, inventories would have been \$12.4 million \$11.4 million higher than reported as of March 31, June 30, 2024 and \$12.0 million higher than reported at December 31, 2023.

### 5. Goodwill and Intangible Assets:

The Company's intangible assets were recorded in connection with its acquisitions of Metal-Fab and CTB in 2023, Shaw Stainless & Alloy, Inc. (Shaw) in 2021, Action Stainless & Alloys, Inc. (Action Stainless) in 2020, EZ Dumper® hydraulic dump inserts (EZ Dumper) and McCullough Industries (McCullough) in 2019, Berlin Metals, LLC (Berlin Metals) in 2018 and Chicago Tube and Iron (CTI) in 2011. The intangible assets were evaluated on the premise of highest and best use to a market participant, primarily utilizing the income approach valuation methodology.

Goodwill, by reportable unit, was as follows as of March 31, June 30, 2024 and December 31, 2023, respectively. The goodwill is deductible for tax purposes.

(in thousands)	Carbon Flat	Specialty	Tubular and	Total	Carbon Flat	Specialty	Tubular and	Total
	Products	Flat Products	Pipe Products		Products	Flat Products	Pipe Products	
Balance as of December 31, 2023	\$ 34,259	\$ 9,431	\$ 8,401	\$ 52,091	\$ 34,259	\$ 9,431	\$ 8,401	\$ 52,091
Acquisitions	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-
Balance as of March 31, 2024	\$ 34,259	\$ 9,431	\$ 8,401	\$ 52,091				
Balance as of June 30, 2024					\$ 34,259	\$ 9,431	\$ 8,401	\$ 52,091

Intangible assets, net, consisted of the following as of March 31, June 30, 2024 and December 31, 2023, respectively:

(in thousands)	As of March 31, 2024			As of June 30, 2024		
	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Customer relationships - subject to amortization	\$ 62,559	\$ (15,911)	\$ 46,648	\$ 62,559	\$ (16,756)	\$ 45,803
Covenant not to compete - subject to amortization	2,339	(783)	1,556	2,339	(887)	1,452
Technology and know-how - subject to amortization	7,000	(513)	6,487	7,000	(649)	6,351
Trade name - not subject to amortization	36,868	-	36,868	36,868	-	36,868
	<u>\$ 108,766</u>	<u>\$ (17,207)</u>	<u>\$ 91,559</u>	<u>\$ 108,766</u>	<u>\$ (18,292)</u>	<u>\$ 90,474</u>

#### As of December 31, 2023

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Customer relationships - subject to amortization	\$ 62,559	\$ (15,084)	\$ 47
Covenant not to compete - subject to amortization	2,339	(679)	1



Technology and know-how - subject to amortization	7,000	(382)	6
Trade name - not subject to amortization	36,868	-	36
	<u>\$ 108,766</u>	<u>\$ (16,145)</u>	<u>\$ 92</u>

The Company estimates that amortization expense for its intangible assets subject to amortization will be approximately \$4.3 million per year for the next two years, \$3.8 million the following year and then \$3.3 million and \$3.0 million, respectively, over the next two years.

## 6. Leases:

The components of lease expense were as follows:

(in thousands)	For the Three Months		For the Three Months		For the Six Months	
	Ended March 31,		Ended June 30,		Ended June 30,	
	2024	2023	2024	2023	2024	2023
Operating lease cost	\$ 2,398	\$ 2,140	\$ 2,152	\$ 2,114	\$ 4,549	\$ 4,255
Finance lease cost:						
Amortization of right-of-use assets	\$ 283	\$ 229	\$ 308	\$ 260	\$ 592	\$ 492
Interest on lease liabilities	38	35	43	39	80	75
Total finance lease cost	<u>\$ 321</u>	<u>\$ 264</u>	<u>\$ 351</u>	<u>\$ 299</u>	<u>\$ 672</u>	<u>\$ 567</u>

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Supplemental cash flow information related to leases was as follows:

(in thousands)	For the Three Months		For the Three Months		For the Six Months	
	Ended March 31,		Ended June 30,		Ended June 30,	
	2024	2023	2024	2023	2024	2023
Cash paid for lease liabilities:						
Operating cash flows from operating leases	\$ 2,386	\$ 2,105	\$ 2,122	\$ 2,083	\$ 4,509	\$ 4,188
Operating cash flows from finance leases	38	35	43	39	80	75
Financing cash flows from finance leases	289	220	314	252	603	472
Total cash paid for lease liabilities	<u>\$ 2,713</u>	<u>\$ 2,360</u>	<u>\$ 2,479</u>	<u>\$ 2,374</u>	<u>\$ 5,192</u>	<u>\$ 4,735</u>

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Supplemental balance sheet information related to leases was as follows:

March 31,	December 31,	June 30,	December 31,
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(in thousands)	2024	2023	2024	2023
Operating Leases				
Operating lease	\$ 55,744	\$ 56,117	\$ 53,899	\$ 56,117
Operating lease accumulated amortization	(22,949)	(21,737)	(19,602)	(21,737)
Operating lease right-of-use asset, net	32,795	34,380	34,297	34,380
Operating lease current liabilities	7,786	7,813	6,582	7,813
Operating lease liabilities	25,714	27,261	28,448	27,261
Total operating lease liabilities	<u>\$ 33,500</u>	<u>\$ 35,074</u>	<u>\$ 35,030</u>	<u>\$ 35,074</u>
Finance Leases				
Finance lease	5,732	5,686	6,170	5,686
Finance lease accumulated depreciation	(2,878)	(2,615)	(3,196)	(2,615)
Finance lease, net	<u>2,854</u>	<u>3,071</u>	<u>2,974</u>	<u>3,071</u>
Finance lease current liabilities	1,034	1,087	1,059	1,087
Finance lease liabilities	1,934	2,106	2,028	2,106
Total finance lease liabilities	<u>\$ 2,968</u>	<u>\$ 3,193</u>	<u>\$ 3,087</u>	<u>\$ 3,193</u>
Weighted Average Remaining Lease Term				
Operating leases (in years)	6	6	6	6
Finance leases (in years)	4	4	4	4
Weighted Average Discount Rate				
Operating leases	4.10 %	4.07 %	3.51 %	4.07 %
Finance leases	5.15 %	5.06 %	5.45 %	5.06 %

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Maturities of lease liabilities were as follows:

(in thousands)	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Year Ending December 31,				
2024	\$ 6,898	\$ 904	\$ 4,247	\$ 644
2025	7,552	926	7,362	1,052
2026	6,377	633	6,418	752
2027	5,119	432	5,161	538
2028	3,850	316	3,970	360
Thereafter	8,140	41	18,856	45
Total future minimum lease payments	<u>\$ 37,936</u>	<u>\$ 3,252</u>	<u>\$ 46,014</u>	<u>\$ 3,391</u>
Less remaining imputed interest	<u>(4,436)</u>	<u>(284)</u>	<u>(10,984)</u>	<u>(304)</u>

Total	\$	33,500	\$	2,968	\$	35,030	\$	3,087
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## 7. Debt:

The Company's debt is comprised of the following components:

(in thousands)	As of		As of	
	March 31,	December 31,	June 30,	December 31,
	2024	2023	2024	2023
Asset-based revolving credit facility due June 16, 2026	\$ 196,800	\$ 190,198	\$ 209,186	\$ 190,198
Total debt	\$ 196,800	\$ 190,198	\$ 209,186	\$ 190,198

The Company's ABL Credit Facility is collateralized by the Company's accounts receivable, inventory and personal property. The \$625 million ABL Credit Facility consists of: (i) a revolving credit facility of up to \$595 million, including a \$20 million sub-limit for letters of credit, and (ii) a first in, last out revolving credit facility of up to \$30 million. Under the terms of the ABL Credit Facility, the Company may, subject to the satisfaction of certain conditions, request additional commitments under the revolving credit facility in the aggregate principal amount of up to \$200 million to the extent that existing or new lenders agree to provide such additional commitments, and add real estate as collateral at the Company's discretion. The ABL Credit Facility matures on June 16, 2026.

The ABL Credit Facility contains customary representations and warranties and certain covenants that limit the ability of the Company to, among other things: (i) incur or guarantee additional indebtedness; (ii) pay distributions on, redeem or repurchase capital stock or redeem or repurchase subordinated debt; (iii) make investments; (iv) sell assets; (v) enter into agreements that restrict distributions or other payments from restricted subsidiaries to the Company; (vi) incur liens securing indebtedness; (vii) consolidate, merge or transfer all or substantially all of the Company's assets; and (viii) engage in transactions with affiliates. In addition, the ABL Credit Facility contains a financial covenant which requires if any commitments or obligations are outstanding and the Company's availability is less than the greater of \$30 million or 10.0% of the aggregate amount of revolver commitments (\$62.5 million at March 31, June 30, 2024) or 10.0% of the aggregate borrowing base (\$56.8\$55.9 million at March 31, June 30, 2024), then the Company must maintain a ratio of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) minus certain capital expenditures and cash taxes paid to fixed charges of at least 1.00 to 1.00 for the most recent twelve fiscal month period.

As of March 31, June 30, 2024, the Company was in compliance with its covenants and had approximately \$366 million\$344 million of availability under the ABL Credit Facility.

The Company has the option to borrow under its revolver based on the agent's base rate plus a premium ranging from 0.00% to 0.25% or the Secured Overnight Financing Rate (SOFR) plus a premium ranging from 1.25% to 2.75%.

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As of March 31, June 30, 2024 and December 31, 2023, \$1.6 million\$1.4 million and \$1.7 million, respectively, of bank financing fees were included in "Prepaid expenses and other" and "Other long-term assets" on the accompanying Consolidated Balance Sheets. The financing

fees are being amortized over the five-year term of the ABL Credit Facility and are included in "Interest and other expense on debt" on the accompanying Consolidated Statements of Comprehensive Income.

## 8. Derivative Instruments:

### *Metals swaps and embedded customer derivatives*

During 2024 and 2023, the Company entered into nickel swaps indexed to the London Metal Exchange (LME) price of nickel with third-party brokers. The nickel swaps are accounted for as derivatives for accounting purposes. The Company entered into them to mitigate its customers' risk of volatility in the price of metals. The outstanding nickel swaps mature in the third and fourth quarters of 2024. The swaps are settled with the brokers at maturity. The economic benefit or loss arising from the changes in fair value of the swaps is contractually passed through to the customer. The primary risk associated with the metals swaps is the ability of customers or third-party brokers to honor their agreements with the Company related to derivative instruments. If the customer or third-party brokers are unable to honor their agreements, the Company's risk of loss is the fair value of the metals swaps.

These derivatives have not been designated as hedging instruments. The periodic changes in fair value of the metals and embedded customer derivative instruments are included in "Cost of materials sold" in the Consolidated Statements of Comprehensive Income. The Company recognizes derivative positions with both the customer and the third party for the derivatives and classifies cash settlement amounts associated with them as part of "Cost of materials sold" in the Consolidated Statements of Comprehensive Income. The cumulative change in fair value of the metals swaps that had not yet settled as of March 31, June 30, 2024, are included in "Other accrued liabilities" and the embedded customer derivatives are included in "Accounts receivable, net" on the Consolidated Balance Sheets as of March 31, June 30, 2024.

### *Fixed rate interest rate hedge*

On January 10, 2019, the Company entered into a five-year forward starting fixed rate interest rate hedge in order to eliminate the variability of cash interest payments on \$75 million of the outstanding LIBOR based borrowings under the ABL Credit Facility. On January 3, 2023, the Company amended the interest rate hedge agreement to use SOFR as the reference rate and updated the fixed rate to 2.42% from 2.57%. The interest rate hedge agreement ended on January 10, 2024.

The table below shows the total impact to the Company's Consolidated Statements of Comprehensive Income through net income of the derivatives for the three and six months ended March 31, June 30, 2024 and 2023, respectively.

	Net Gain (Loss) Recognized		Net Gain (Loss) Recognized			
	For the Three Months		For the Three Months		For the Six Months	
	Ended March 31,		Ended June 30,		Ended June 30,	
	2024	2023	2024	2023	2024	2023
(in thousands)						
Fixed interest rate hedge	\$ 55	\$ 319	\$ -	\$ 485	\$ 55	\$ 804
Metals swaps	1	(276)	223	(500)	224	(776)

Embedded customer derivatives	(1)	276	(223)	500	(224)	776
Total gain	\$ 55	\$ 319	\$ -	\$ 485	\$ 55	\$ 804

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## 9. Fair Value of Assets and Liabilities:

During the **three** **six** months ended **March 31**, **June 30**, 2024, there were no transfers of financial assets between Levels 1, 2 or 3 fair value measurements. There have been no changes in the methodologies used as of **March 31**, **June 30**, 2024 since December 31, 2023.

The following table presents information about the Company's assets and liabilities that were measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Company:

(in thousands)	Value of Items Recorded at Fair Value				Value of Items Recorded at Fair Value			
	As of March 31, 2024				As of June 30, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Metal swaps	\$ -	\$ 4,098	\$ -	\$ 4,098	\$ -	\$ 2,375	\$ -	\$ 2,375
Embedded customer derivative	-	407	-	407	-	98	-	98
Supplemental executive retirement plan	13,726	-	-	13,726	14,124	-	-	14,124
Total assets at fair value	<u>\$ 13,726</u>	<u>\$ 4,505</u>	<u>\$ -</u>	<u>\$ 18,231</u>	<u>\$ 14,124</u>	<u>\$ 2,473</u>	<u>\$ -</u>	<u>\$ 16,597</u>
Liabilities:								
Metal swaps	\$ -	\$ 4,505	\$ -	\$ 4,505	\$ -	\$ 2,473	\$ -	\$ 2,473
Total liabilities recorded at fair value	<u>\$ -</u>	<u>\$ 4,505</u>	<u>\$ -</u>	<u>\$ 4,505</u>	<u>\$ -</u>	<u>\$ 2,473</u>	<u>\$ -</u>	<u>\$ 2,473</u>

(in thousands)	Value of Items Recorded at Fair Value			
	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Metal swaps	\$ -	\$ 4,458	\$ -	\$ 4,458
Embedded customer derivative	-	766	-	766
Fixed interest rate hedge	-	55	-	55
Supplemental executive retirement plan	11,617	-	-	11,617
Total assets at fair value	<u>\$ 11,617</u>	<u>\$ 5,279</u>	<u>\$ -</u>	<u>\$ 16,896</u>
Liabilities:				
Metal swaps	\$ -	\$ 5,224	\$ -	\$ 5,224

Total liabilities at fair value	\$ -	\$ 5,224	\$ -	\$ 5,224
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The value of the items not recorded at fair value represent the carrying value of the liabilities.

The carrying value of the ABL Credit Facility was \$196.8 209.2 million and \$190.2 million at March 31, June 30, 2024 and December 31, 2023, respectively. Management believes that the ABL Credit Facility's carrying value approximates its fair value due to the variable interest rate on the ABL Credit Facility.

10. Accumulated Other Comprehensive Income:

On January 10, 2019, the Company entered into a five-year forward starting fixed rate interest rate hedge in order to eliminate the variability of cash interest payments on \$75 million of the outstanding LIBOR based borrowings under the ABL Credit Facility. On January 3, 2023, the Company amended the interest rate hedge agreement to use SOFR as the reference rate and updated the fixed rate to 2.42% from 2.57%. The interest rate hedge agreement ended on January 10, 2024.

11. Equity Plans:

Restricted Shares, Restricted Stock Units and Performance Share Units

Pursuant to the Amended and Restated Olympic Steel 2007 Omnibus Incentive Plan (the Incentive Plan), the Company may grant stock options, stock appreciation rights, restricted shares (RS), restricted share units (RSU), performance shares, and other stock- and cash-based awards to employees and directors of, and consultants to, the Company and its affiliates. Since adoption of the Incentive Plan, 1,400,000 shares of common stock have been authorized for equity grants. On an annual basis, the compensation committee of the Company's Board of Directors awards RSs or RSUs to each non-employee director as part of their annual compensation.

The annual award for 2024 per director was \$110,000 of RSs. Subject to the terms of the Incentive Plan and the RS agreement, one-third of the RSs vest on each December 31, 2024, December 31, 2025 and December 31, 2026. The grantee will not be entitled to vote on the RSs or receive dividends with respect to RSs until they vest.

The annual award for 2023 per director was \$80,000 of RSUs. Subject to the terms of the Incentive Plan and the RSU agreement, the 2023 RSUs vest after one year of service (from the date of grant). The RSUs are not converted into shares of common stock until the director either resigns or is terminated from the Company's Board of Directors.

In January 2022, the Company adopted a new C-Suite Long-Term Incentive Plan (the C-Suite Plan) that operates under the Senior Manager Stock Incentive Plan. Under the C-Suite Plan, the Chief Executive Officer, the Chief Financial Officer and the President and Chief Operating Officer are eligible for participation. In each calendar year, the Committee may award eligible participants a long-term incentive of both a RSU grant and a performance stock units (PSU) grant. Additionally, the Committee may offer a long-term cash incentive (split equally between service and performance-based portions) to supplement both the RSU and PSU grants in order to arrive at the total long-term award target. For 2024, the total long-term award target is \$1.1 million for the Chief Executive Officer, \$0.8 million for the President and Chief Operating

Officer and \$0.5 million for the Chief Financial Officer. For 2023, the total long-term award target ~~is~~ **was** \$1.1 million for the Chief Executive Officer, \$0.6 million for the President and Chief Operating Officer and \$0.3 million for the Chief Financial Officer. The PSUs will vest if the return on net assets, calculated as EBITDA divided by Average Accounts Receivable, Inventory and Property and Equipment, exceeds five percent. Each RSU and service-based cash incentive vests three years after the grant date. Each vested RSU will convert into the right to receive one share of common stock. During 2024, a total of 17,243 RSUs and 17,243 PSUs were granted to the participants under the C-Suite Plan, and \$37,400 and \$37,400, respectively, were granted in service-based and performance-based cash awards. During 2023, a total of 20,000 RSUs and 20,000 PSUs were granted to the participants under the C-Suite Plan, and \$0.3 million million and \$0.3 million million, respectively, were granted in service-based and performance-based cash awards. If the return on net assets falls below 5 percent, no performance-based incentive will be awarded. The maximum performance-based award is achieved if return on net assets exceeds ten percent, and is capped at 150% of the grant.

Stock-based compensation expense recognized on RSUs for the three ~~and six~~ months ended **March 31**, **June 30**, 2024 and 2023, respectively, is summarized in the following table:

(in thousands, except per share data)	For the Three Months Ended		For the Three Months Ended		For the Six Months Ended	
	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
RS and RSU expense before taxes	\$ 479	\$ 407	\$ 521	\$ 435	\$ 1,000	\$ 842
RS and RSU expense after taxes	\$ 350	\$ 298	\$ 373	\$ 303	\$ 724	\$ 598

All pre-tax charges related to RS and RSU were included in the caption “Administrative and general” on the accompanying Consolidated Statements of Comprehensive Income.

The following table summarizes the activity related to RS for the three months ended **March 31**, **June 30**, 2024 and 2023, respectively:

	As of March 31, 2024		As of March 31, 2023		As of June 30, 2024		As of June 30, 2023	
	Number of Shares	Weighted Average Granted Price	Number of Shares	Weighted Average Granted Price	Number of Shares	Weighted Average Granted Price	Number of Shares	Weighted Average Granted Price
Outstanding at December 31	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Granted	10,050	65.65	-	-	10,050	65.65	-	-
Outstanding at March 31	10,050	\$ 65.65	-	\$ -				
Vested at March 31	-	\$ -	-	\$ -				
Outstanding at June 30					10,050	\$ 65.65	-	\$ -
Vested at June 30					-	\$ -	-	\$ -

The following table summarizes the activity related to RSU for the ~~three~~ **six** months ended **March 31**, **June 30**, 2024 and 2023, respectively:

	As of March 31, 2024		As of March 31, 2023		As of June 30, 2024		As of June 30, 2023	
	Number of Shares	Weighted Average Granted Price	Number of Shares	Weighted Average Granted Price	Number of Shares	Weighted Average Granted Price	Number of Shares	Weighted Average Granted Price
Outstanding at December 31	662,103	\$ 20.28	617,518	\$ 18.95	662,103	\$ 20.28	617,518	\$ 18.95
Granted	34,486	66.70	49,768	36.63	34,486	66.70	49,768	36.63
Converted into shares	-	-	(2,610)	18.78	-	-	(2,610)	18.78
Forfeited	(2,570)	16.99	-	-	(2,570)	16.99	(2,573)	19.65
Outstanding at March 31	694,019	\$ 22.60	664,676	\$ 20.28				
Vested at March 31	529,725	\$ 20.10	438,914	\$ 24.95				
Outstanding at June 30					694,019	\$ 22.60	662,103	\$ 20.28
Vested at June 30					529,725	\$ 20.10	436,341	\$ 24.98

## 12. Income Taxes:

For the three months ended March 31, June 30, 2024, the Company recorded an income tax provision of \$3.2 million\$3.0 million, or 27.0%28.4%, compared to an income tax provision of \$3.6 million\$6.5 million, or 26.8%30.3%, for the three months ended March 31, June 30, 2023. For the six months ended June 30, 2024, the Company recorded an income tax provision of \$6.2 million, or 27.6%, compared to an income tax provision of \$10.1 million, or 28.9%, for the six months ended June 30, 2023.

The tax provision for the interim period is determined using an estimate of the Company's annual effective tax rate, adjusted for discrete items that are taken into account in the relevant period. Each quarter, the Company updates the estimate of the annual effective tax rate, and if the estimated tax rate changes, the Company makes a cumulative adjustment.

The quarterly tax provision and the quarterly estimate of the annual effective tax rate is subject to significant volatility due to several factors, including variability in accurately predicting the Company's pre-tax and taxable income and the mix of jurisdictions to which they relate, changes in law and relative changes of expenses or losses for which tax benefits are not recognized. Additionally, the effective tax rate can be more or less volatile based on the amount of pre-tax income. For example, the impact of discrete items and non-deductible expenses on the effective tax rate is greater when pre-tax income is lower.

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## 13. Shares Outstanding and Earnings Per Share:

Earnings per share have been calculated based on the weighted average number of shares outstanding as set forth below:

For the Three Months Ended	For the Three Months Ended	For the Six Months Ended
March 31,	June 30,	June 30,



(in thousands, except per share data)	2024	2023	2024	2023	2024	2023
Weighted average basic shares outstanding	11,663	11,570	11,662	11,569	11,663	11,570
Assumed exercise of stock options and issuance of stock awards	-	1	-	3	-	2
Weighted average diluted shares outstanding	11,663	11,571	11,662	11,572	11,663	11,572
Net income	\$ 8,697	\$ 9,872	\$ 7,660	\$ 15,019	\$ 16,357	\$ 24,891
Basic earnings per share	\$ 0.75	\$ 0.85	\$ 0.66	\$ 1.30	\$ 1.40	\$ 2.15
Diluted earnings per share	\$ 0.75	\$ 0.85	\$ 0.66	\$ 1.30	\$ 1.40	\$ 2.15
Unvested RSs and RSUs	174	226	164	226	164	226

#### 14. Stock Repurchase Program:

On October 2, 2015, the Company announced that its Board of Directors authorized a stock repurchase program of up to 550,000 shares of the Company's issued and outstanding common stock, which could include open market repurchases, negotiated block transactions, accelerated stock repurchases or open market solicitations for shares, all or some of which may be effected through Rule 10b5-1 plans. Any of the repurchased shares are held in the Company's treasury, or canceled and retired as the Board may determine from time to time. Any repurchases of common stock are subject to the covenants contained in the ABL Credit Facility. Under the ABL Credit Facility, the Company may repurchase common stock and pay dividends up to \$15 million in the aggregate during any trailing twelve months without restrictions. Purchases of common stock or dividend payments in excess of \$15 million in the aggregate require the Company to (i) maintain availability in excess of 20.0% of the aggregate revolver commitments (\$125.0 million at **March 31, June 30, 2024**) or (ii) to maintain availability equal to or greater than 15.0% of the aggregate revolver commitments (\$93.8 million at **March 31, June 30, 2024**) and the Company must maintain a pro-forma ratio of EBITDA minus certain capital expenditures and cash taxes paid to fixed charges of at least 1.00 to 1.00.

There were no shares repurchased during the three **and six months** ended **March 31, June 30, 2024** and 2023. As of **March 31, June 30, 2024**, 360,212 shares remain authorized for repurchase under the program.

#### At-the-Market Equity Program

On September 3, 2021, the Company commenced an at-the-market (ATM) equity program under its shelf registration statement, which allows it to sell and issue up to \$50 million in shares of its common stock from time to time. The Company entered into an Equity Distribution Agreement on September 3, 2021 with KeyBanc Capital Markets Inc. (KeyBanc) relating to the issuance and sale of shares of common stock pursuant to the program. KeyBanc is not required to sell any specific amount of securities but will act as the Company's sales agent using commercially reasonable efforts consistent with its normal trading and sales practices, on mutually agreed terms between KeyBanc and the Company. KeyBanc will be entitled to compensation for shares sold pursuant to the program of 2.0% of the gross proceeds of any shares of common stock sold under the Equity Distribution Agreement. No shares were sold under the ATM program during the three **and six months** ended **March 31, June 30, 2024** and 2023.

#### 15. Segment Information:

The Company follows the accounting guidance that requires the utilization of a "management approach" to define and report the financial results of operating segments. The management approach defines operating segments along the lines used by the Company's chief operating

decision maker (CODM) to assess performance and make operating and resource allocation decisions. The CODM evaluates performance and allocates resources based primarily on operating income. The operating segments are based primarily on internal management reporting.

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The Company operates in three reportable segments; specialty metals flat products, carbon flat products, and tubular and pipe products. The specialty metals flat products segment and the carbon flat products segment are at times consolidated and referred to as the flat products segments, as certain of the flat products segments' assets and resources are shared by the specialty metals and carbon flat products segments and both segments' products are stored in the shared facilities and, in some locations, processed on shared equipment. Since the October 2, 2023 acquisition, CTB's financial results are included in the tubular and pipe products segment.

Corporate expenses are reported as a separate line item for segment reporting purposes. Corporate expenses include the unallocated expenses related to managing the entire Company (i.e., all three segments), including compensation for certain personnel, expenses related to being a publicly traded entity such as board of directors' expenses, audit expenses, and various other professional fees.

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The following table provides financial information by segment and reconciles the Company's operating income by segment to the consolidated income before income taxes for the three and six months ended March 31, June 30, 2024 and 2023, respectively.

	For the Three Months Ended		For the Three Months Ended		For the Six Months Ended	
	March 31,		June 30,		June 30,	
(in thousands)	2024	2023	2024	2023	2024	2023
Net sales						
Specialty metals flat products	\$ 129,534	\$ 166,564	\$ 130,873	\$ 147,000	\$ 260,407	\$ 313,564
Carbon flat products	300,975	309,818	307,755	326,629	608,730	636,447
Tubular and pipe products	96,133	96,694	87,622	95,639	183,755	192,333
Total net sales	\$ 526,642	\$ 573,076	\$ 526,250	\$ 569,268	\$ 1,052,892	\$ 1,142,344
Depreciation and amortization						
Specialty metals flat products	\$ 988	\$ 984	\$ 929	\$ 1,023	\$ 1,917	\$ 2,007
Carbon flat products	4,081	3,607	4,112	3,716	8,193	7,323
Tubular and pipe products	2,248	1,593	2,168	1,716	4,416	3,309
Corporate	17	17	18	18	35	35
Total depreciation and amortization	\$ 7,334	\$ 6,201	\$ 7,227	\$ 6,473	\$ 14,561	\$ 12,674
Operating income						
Specialty metals flat products	\$ 3,931	\$ 9,259	\$ 7,849	\$ 6,679	\$ 11,780	\$ 15,938
Carbon flat products	8,657	5,946	5,361	14,695	14,018	20,641
Tubular and pipe products	7,627	9,741	6,497	9,371	14,124	19,112
Corporate expenses	(4,277)	(7,223)	(4,597)	(4,973)	(8,874)	(12,196)
Total operating income	\$ 15,938	\$ 17,723	\$ 15,110	\$ 25,772	\$ 31,048	\$ 43,495

Other loss, net	19	11	21	28	40	39
Income before interest and income taxes	15,919	17,712	15,089	25,744	31,008	43,456
Interest and other expense on debt	4,010	4,223	4,393	4,203	8,403	8,426
Income before income taxes	<u>\$ 11,909</u>	<u>\$ 13,489</u>	<u>\$ 10,696</u>	<u>\$ 21,541</u>	<u>\$ 22,605</u>	<u>\$ 35,030</u>

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(in thousands)	For the Three Months Ended	
	March 31,	
	2024	2023
Capital expenditures		
Flat products segments	\$ 3,410	\$ 4
Tubular and pipe products	1,408	2
Total capital expenditures	<u>\$ 4,818</u>	<u>\$ 7</u>

(in thousands)	For the Six Months Ended	
	June 30,	
	2024	2023
Capital expenditures		
Flat products segments	\$ 10,159	\$ 8
Tubular and pipe products	3,082	6
Corporate	-	-
Total capital expenditures	<u>\$ 13,241</u>	<u>\$ 15</u>

(in thousands)	As of		As of	
	March 31,	December 31,	June 30,	December 31,
	2024	2023	2024	2023
Assets				
Flat products segments	\$ 674,903	\$ 649,744	\$ 665,840	\$ 649,744
Tubular and pipe products	335,528	333,677	339,175	333,677
Corporate	1,348	1,414	1,281	1,414
Total assets	<u>\$ 1,011,779</u>	<u>\$ 984,835</u>	<u>\$ 1,006,296</u>	<u>\$ 984,835</u>

There were no material revenue transactions between the specialty metals products, carbon flat products and tubular and pipe products segments.

The Company sells certain products internationally, primarily in Canada and Mexico. International sales are immaterial to the consolidated financial results and to the individual segments' results.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our unaudited consolidated financial statements and accompanying notes contained herein and our consolidated financial statements, accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2023. The following Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause a difference include, but are not limited to, those discussed under Item 1A (Risk Factors) in our Annual Report on Form 10-K for the year ended December 31, 2023, and in Part II, Item 1A (Risk Factors) in this Quarterly Report on Form 10-Q. The following section is qualified in its entirety by the more detailed information, including our financial statements and the notes thereto, which appear elsewhere in this Quarterly Report on Form 10-Q.

### Forward-Looking Information

This Quarterly Report on Form 10-Q and other documents we file with the Securities and Exchange Commission, or SEC, contain various forward-looking statements that are based on current expectations, estimates, forecasts and projections about our future performance, business, our beliefs and management's assumptions. In addition, we, or others on our behalf, may make forward-looking statements in press releases or written statements, or in our communications and discussions with investors and analysts in the normal course of business through meetings, conferences, webcasts, phone calls and conference calls. Words such as "may," "will," "anticipate," "should," "intend," "expect," "believe," "estimate," "project," "plan," "potential," and "continue," as well as the negative of these terms or similar expressions are intended to identify forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those implied by such statements including, but not limited to:

- risks of falling metals prices and inventory devaluation;
- supply disruptions and inflationary pressures, including the availability and rising costs of transportation, energy, logistical services and labor;
- risks associated with shortages of skilled labor, increased labor costs and our ability to attract and retain qualified personnel;
- supplier consolidation or addition of new capacity;
- rising interest rates and their impacts on our variable interest rate debt;
- supplier consolidation or addition of new capacity;
- risks associated with the invasion of Ukraine, including economic sanctions, and the conflicts in the Middle East, or additional war, military conflict, or hostilities could adversely affect global metals supply and pricing;
- general and global business, economic, financial and political conditions, including, but not limited to, recessionary conditions, and legislation passed under the current administration; administration and the 2024 U.S. presidential election;
- reduced production schedules, layoffs or work stoppages by our own, our suppliers' or customers' personnel;
- risks associated with supply chain disruption resulting from the imbalance of metal supply and end-user demands, including additional shutdowns as a result of infectious disease outbreaks in large markets, such as China, and other factors;

- our ability to successfully integrate recent acquisitions into our business and risks inherent with the acquisitions in the achievement of expected results, including whether the acquisition will be accretive and within the expected timeframe;
- the adequacy of our existing information technology and business system software, including duplication and security processes;
- the levels of imported steel in the United States and the tariffs initiated by the U.S. government in 2018 under Section 232 of the Trade Expansion Act of 1962 and imposed tariffs and duties on exported steel or other products, U.S. trade policy and its impact on the U.S. manufacturing industry;
- the inflation or deflation existing within the metals industry, as well as product mix and inventory levels on hand, which can impact our cost of materials sold as a result of the fluctuations in the last-in, first-out, or LIFO, inventory valuation;
- risks associated with infectious disease outbreaks, including, but not limited to customer closures, reduced sales and profit levels, slower payment of accounts receivable and potential increases in uncollectible accounts receivable, falling metals prices that could lead to lower of cost or net realizable value inventory adjustments and the impairment of intangible and long-lived assets, negative impacts on our liquidity position, inability to access our traditional financing sources and increased costs associated with and less ability to access funds under our asset-based credit facility, or ABL Credit Facility, and the capital markets;
- increased customer demand without corresponding increase in metal supply could lead to an inability to meet customer demand and result in lower sales and profits;
- competitive factors such as the availability, and global pricing of metals and production levels, industry shipping and inventory levels and rapid fluctuations in customer demand and metals pricing;
- customer, supplier and competitor consolidation, bankruptcy or insolvency;
- the timing and outcomes of inventory lower of cost or net realizable value adjustments and LIFO income or expense;
- cyclical and volatility within the metals industry;

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- reduced availability and productivity of our employees, increased operational risks as a result of remote work arrangements, including the potential effects on internal controls, as well as cybersecurity risks and increased vulnerability to security breaches, information technology disruptions and other similar events;

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- cyclical and volatility within the metals industry;
- fluctuations in the value of the U.S. dollar and the related impact on foreign steel pricing, U.S. exports, and foreign imports to the United States;
- the successes of our efforts and initiatives to improve working capital turnover and cash flows, and achieve cost savings;
- risks and uncertainties associated with intangible assets, including impairment charges related to indefinite lived intangible assets;
- our ability to generate free cash flow through operations and repay debt;
- the amounts, successes and our ability to continue our capital investments and strategic growth initiatives, including acquisitions and our business information system implementations;
- events or circumstances that could adversely impact the successful operation of our processing equipment and operations;
- the impacts of union organizing activities and the success of union contract renewals;
- changes in laws or regulations or the manner of their interpretation or enforcement could impact our financial performance and restrict our ability to operate our business or execute our strategies;
- events or circumstances that could impair or adversely impact the carrying value of any of our assets;

- our ability to pay regular quarterly cash dividends and the amounts and timing of any future dividends;
- our ability to repurchase shares of our common stock and the amounts and timing of repurchases, if any;
- our ability to sell shares of our common stock under the at-the-market equity program; and
- unanticipated developments that could occur with respect to contingencies such as litigation, arbitration and environmental matters, including any developments that would require any increase in our costs for such contingencies.

Should one or more of these or other risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, intended, expected, believed, estimated, projected or planned. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to republish revised forward-looking statements to reflect the occurrence of unanticipated events or circumstances after the date hereof, except as otherwise required by law.

## Overview

We are a leading metals service center focused on the direct sale and value-added processing of carbon and coated sheet, plate and coil products; stainless steel sheet, plate, bar and coil; aluminum sheet, plate and coil; pipe, tube bar, valves and fittings, tin plate and metal-intensive end-use products. We provide metals processing and distribution services for a wide range of customers. We operate in three reportable segments: specialty metals flat products, carbon flat products, and tubular and pipe products. Our specialty metals flat products segment's focus is on the direct sale and distribution of processed aluminum and stainless flat-rolled sheet and coil products, flat bar products, prime tin mill products and fabricated parts. Through acquisitions, our specialty metals flat products segment has expanded its geographical footprint and enhanced its product offerings in stainless steel and aluminum plate, sheet, angles, rounds, flat bar, tube and pipe and the manufacturing and distribution of stainless steel bollards and water treatment systems. Our carbon flat products segment's focus is on the direct sale and distribution of large volumes of processed carbon and coated flat-rolled sheet, coil and plate products and fabricated parts. Through acquisitions, our carbon flat products segment has expanded its product offerings to include self-dumping metal hoppers and steel and stainless-steel dump inserts for pickup truck and service truck beds. Through the acquisition of Metal-Fab, Inc., or Metal-Fab, on January 3, 2023, the carbon flat products segment further expanded its product offerings to include venting, micro air and clean air products for residential, commercial and industrial applications. Our tubular and pipe products segment's focus is on the distribution of metal tubing, pipe, bar, valves and fittings and the fabrication of parts supplied to various industrial markets. Through the acquisition of Central Tube and Bar, or CTB, on October 2, 2023, the tubular and pipe products segment further expanded its geographic footprint and extended its value-added contract manufacturing capabilities. We also perform toll processing of customer-owned metals. We sell certain products internationally, primarily in Canada and Mexico. International sales are immaterial to our consolidated financial results and to the individual segments' results.

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Our results of operations are affected by numerous external factors including, but not limited to: metals pricing, demand and availability; the availability, and increased costs of labor; global supply, the level of metals imported into the United States, tariffs, and inventory held in the supply chain; general and global business, economic, financial, banking and political conditions; competition; layoffs or work stoppages by our own, our suppliers' or our customers' personnel; fluctuations in the value of the U.S. dollar to foreign currencies; transportation and energy costs; pricing and availability of raw materials used in the production of metals and customers' ability to manage their credit line availability. The metals industry also continues to be affected by the addition of new capacity and the global consolidation of our suppliers, competitors and end-use customers.

Like other metals service centers, we maintain substantial inventories of metals to accommodate the short lead times and just-in-time delivery requirements of our customers. Accordingly, we purchase metals in an effort to maintain our inventory at levels that we believe to be appropriate to satisfy the anticipated needs of our customers based upon customer forecasts, historic buying practices, supply agreements with customers and market conditions. Our commitments to purchase metals are generally at prevailing market prices in effect at the time we place our orders. From time to time, we have entered into pass-through nickel swaps at the request of our customers in order to mitigate our customers' risk of volatility in the price of metals. We have no long-term, fixed-price metals purchase contracts. When metals prices decline, customer demands for lower prices and our competitors' responses to those demands could result in lower sale prices and, consequently, lower gross profits and earnings as we use existing metals inventory. When metals prices increase, competitive conditions will influence how much of the price increase we can pass on to our customers. To the extent we are unable to pass on future price increases in our raw materials to our customers, the net sales and gross profits of our business could be adversely affected.

At **March 31, 2024** **June 30, 2024**, we employed approximately **2,163** **2,188** people. Approximately 245 of the hourly plant personnel at the facilities listed below are represented by seven separate collective bargaining units. The table below shows the expiration dates of the collective bargaining agreements.

Facility	Expiration date
Hammond, Indiana	November 30, 2024
Locust, North Carolina	March 4, 2025
St. Paul, Minnesota	May 25, 2025
Romeoville, Illinois	May 31, 2025
Minneapolis (coil), Minnesota	September 30, 2025
Indianapolis, Indiana	January 29, 2026
Minneapolis (plate), Minnesota	March 31, 2027

We have never experienced a work stoppage and we believe that our relationship with employees is good. However, any prolonged work stoppages by our personnel represented by collective bargaining units could have a material adverse impact on our business, financial condition, results of operations and cash flows.

#### Reportable Segments

We operate in three reportable segments: specialty metals flat products, carbon flat products and tubular and pipe products. The specialty metals flat products segment and the carbon flat products segment are at times consolidated and referred to as the flat products segment. Some of the flat products segments' assets and resources are shared by the specialty metals and carbon flat products segments and both segments' products are stored in the shared facilities and, in some locations, processed on shared equipment. As such, total assets and capital expenditures are reported in the aggregate for the flat products segments. Due to the shared assets and resources, certain of the flat products segment expenses are allocated between the specialty metals flat products segment and the carbon flat products segment based upon an established allocation methodology.

We follow the accounting guidance that requires the utilization of a "management approach" to define and report the financial results of operating segments. The management approach defines operating segments along the lines used by the chief operating decision maker, or CODM, to assess performance and make operating and resource allocation decisions. Our CODM evaluates performance and allocates resources based primarily on operating income. Our operating segments are based primarily on internal management reporting.

Due to the nature of the products sold in each segment, there are significant differences in the segments' average selling price and the cost of materials sold. The specialty metals flat products segment generally has the highest average selling price among the three segments followed by the tubular and pipe products segment and carbon flat products segment. Due to the nature of the tubular and pipe products, we do not report tons sold or per ton information. Gross profit per ton is generally higher in the specialty metals flat products segment than the carbon flat products segment. Gross profit as a percentage of net sales is generally higher in the tubular and pipe products and specialty metals flat products segments than the carbon flat products segment. Due to the differences in average selling prices, gross profit and gross profit percentage among the segments, a change in the mix of sales could impact total net sales, gross profit, and gross profit percentage. In addition, certain inventory in the tubular and pipe products segment is valued under the LIFO method. Adjustments to the LIFO inventory value are recorded to cost of materials sold and may impact the gross margin and gross margin percentage at the consolidated Company and tubular and pipe products segment levels.

### ***Specialty metals flat products***

The primary focus of our specialty metals flat products segment is on the direct sale and distribution of processed aluminum and stainless flat-rolled sheet and coil products, flat bar products, prime tin mill products and fabricated parts. Through acquisitions, our specialty metals flat products segment has expanded its geographical footprint and enhanced its product offerings in stainless steel and aluminum plate, sheet, angles, rounds, flat bar, tube and pipe and the manufacturing and distribution of stainless steel bollards and water treatment systems. We act as an intermediary between metals producers and manufacturers that require processed metals for their operations. We serve customers in various industries, including manufacturers of food service and commercial appliances, agriculture equipment, transportation and automotive equipment. We distribute these products primarily through a direct sales force.

### ***Carbon flat products***

The primary focus of our carbon flat products segment is on the direct sale and distribution of large volumes of processed carbon and coated flat-rolled sheet, coil and plate products and fabricated parts. Through acquisitions, our carbon flat products segment has expanded its product offerings to include self-dumping hoppers and steel and stainless-steel dump inserts for pickup truck and service truck beds. Through the acquisition of Metal-Fab on January 3, 2023, the carbon flat products segment further expanded its product offerings to include venting, micro air and clean air products for residential, commercial and industrial applications. We act as an intermediary between metals producers and manufacturers that require processed metals for their operations. We serve customers in most metals consuming industries, including manufacturers and fabricators of transportation and material handling equipment, construction and farm machinery, storage tanks, environmental and energy generation equipment, automobiles, military vehicles and equipment, as well as general and plate fabricators and metals service centers. We distribute these products primarily through a direct sales force.

Combined, the carbon and specialty metals flat products segments have 36 strategically-located processing and distribution facilities in the United States and one in Monterrey, Mexico. Many of our facilities service both the carbon and the specialty metals flat products segments, and certain assets and resources are shared by the segments. Our geographic footprint allows us to focus on regional customers and larger national and multi-national accounts, primarily located throughout the midwestern, eastern and southern United States.

### ***Tubular and pipe products***



The primary focus of our tubular and pipe products segment is on the distribution of metal tubing, pipe, bar, valve and fittings and the fabrication of pressure parts supplied to various industrial markets. Through the acquisition of CTB on October 2, 2023, the tubular and pipe products segment further expanded its geographic footprint and extended its value-added contract manufacturing capabilities. The tubular and pipe products segment operates from 10 locations in the Midwestern and Southern United States. The tubular and pipe products segment distributes its products primarily through a direct sales force.

### Corporate expenses

Corporate expenses are reported as a separate line item for segment reporting purposes. Corporate expenses include the unallocated expenses related to managing the entire Company (i.e., all three segments), including compensation for certain personnel, expenses related to being a publicly traded entity such as board of directors' expenses, audit expenses, and various other professional fees.

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### Results of Operations

Our results of operations are impacted by the market price of metals. Metals prices fluctuate significantly and changes to our net sales, cost of materials sold, gross profit, cost of inventory and profitability, are all impacted by industry metals pricing. Index pricing on carbon steel decreased during the first second quarter of 2024 by \$344 per ton, or 31.3%10.7%, and decreased during the first six months of 2024 by 38.7%. Hot rolled coil index prices were 29.1%23.2% lower in the first second quarter of 2024 compared to the first second quarter of 2023. Metals prices in our specialty metals flat-product segment decreased during the three six months ended March 31, 2024June 30, 2024, primarily due to a 8.4%8.2% decrease in stainless steel surcharges. Despite the decline in stainless steel surcharges experienced in the six months of 2024, stainless steel surcharges increased 15.0% in the second quarter of 2024 when compared to the first quarter of 2024. The average price of stainless surcharges decreased 36.6%31.5% during the first three six months of 2024 compared to the first six three months of 2023.

Transactional or "spot" selling prices generally move in tandem with market price changes, while fixed selling prices typically lag and reset quarterly. Similarly, inventory costs (and, therefore, cost of materials sold) tend to move slower than market selling price changes due to mill lead times and inventory turnover impacting the rate of change in average cost. When average selling prices decrease, and net sales decrease, gross profit and operating expenses as a percentage of net sales will generally increase.

### Consolidated Operations

The following table presents consolidated operating results for the periods indicated (dollars are shown in thousands):

	For the Three Months Ended March 31,				For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2024		2023		2024		2023		2024		2023	
	% of		% of		% of		% of		% of		% of	
	net		net		net		net		net		net	
	\$	sales	\$	sales	\$	sales	\$	sales	\$	sales	\$	sales
Net sales	\$ 526,642	100.0	\$ 573,076	100.0	\$ 526,250	100.0	\$ 569,268	100.0	\$ 1,052,892	100.0	\$ 1,142,344	100.0

Cost of materials sold (a)	407,538	77.4	452,636	79.0	406,547	77.3	441,872	77.6	814,085	77.3	894,508	78.3
Gross profit (b)	119,104	22.6	120,440	21.0	119,703	22.7	127,396	22.4	238,807	22.7	247,836	21.7
Operating expenses (c)	103,166	19.6	102,717	17.9	104,593	19.9	101,624	17.9	207,759	19.7	204,341	17.9
Operating income	15,938	3.0	17,723	3.1	15,110	2.8	25,772	4.5	31,048	3.0	43,495	3.8
Other loss, net	19	0.0	11	0.0	21	0.0	28	0.0	40	0.0	39	0.0
Interest and other expense on debt	4,010	0.7	4,223	0.7	4,393	0.8	4,203	0.7	8,403	0.8	8,426	0.7
Income before income taxes	11,909	2.3	13,489	2.4	10,696	2.0	21,541	3.8	22,605	2.2	35,030	3.1
Income taxes	3,212	0.6	3,617	0.7	3,036	0.5	6,522	1.2	6,248	0.6	10,139	0.9
Net income	\$ 8,697	1.7	\$ 9,872	1.7	\$ 7,660	1.5	\$ 15,019	2.6	\$ 16,357	1.6	\$ 24,891	2.2

(a) Includes \$400 \$1,000 and \$600 of LIFO expense income, respectively, for the three and six months ended March 31, 2024 June 30, 2024. Includes \$1,000 of LIFO income for the three and six months ended June 30, 2023.

(b) Gross profit is calculated as net sales less the cost of materials sold.

(c) Operating expenses are calculated as total costs and expenses less the cost of materials sold.

Net sales decreased \$46.4 million \$43.0 million, or 8.1% 7.6%, to \$526.6 million \$526.3 million in the first second quarter of 2024 from \$573.1 million \$569.3 million in the first second quarter of 2023. Specialty metals flat products net sales were 24.6% 24.9% of total net sales in the first second quarter of 2024 compared to 29.1% 25.8% of total net sales in the first second quarter of 2023. Carbon flat products net sales were 57.1% 58.5% of total net sales in the first second quarter of 2024 compared to 54.0% 57.4% of total net sales in the first second quarter of 2023. Tubular and pipe products net sales were 18.3% 16.7% of total net sales in the first second quarter of 2024 compared to 16.9% 16.8% of total net sales in the first second quarter of 2023. The decrease in net sales was due to a consolidated 8.7% 10.1% decrease in average selling prices during the first second quarter of 2024 compared to the first second quarter of 2023 partially offset by a 0.6% 2.8% increase in sales volume.

Net sales decreased \$89.5 million, or 7.8%, to \$1.1 billion in the first six months of 2024 from \$1.1 billion in the second quarter of 2023. Specialty metals flat products net sales were 24.7% of total net sales in the first six months of 2024 compared to 27.4% of total net sales in the first six months of 2023. Carbon flat products net sales were 57.8% of total net sales in the first six months of 2024 compared to 55.7% of total net sales in the first six months of 2023. Tubular and pipe products net sales were 17.5% of total net sales in the first six months of 2024 compared to 16.8% of total net sales in the first six months of 2023. The decrease in net sales was due to a consolidated 9.6% decrease in

average selling prices during the first six months of 2024 compared to the first six months of 2023 partially offset by a 1.9% increase in sales volume.

Cost of materials sold decreased \$45.1 million \$35.3 million, or 10.0% 8.0%, to \$407.5 \$406.6 million in the first second quarter of 2024 from \$452.6 \$441.9 million in the second quarter of 2023. Cost of materials sold decreased \$80.4 million, or 9.0%, to \$814.1 million in the first quarter six months of 2024 from \$894.5 million in the first six months of 2023. The decrease in cost of materials sold in the first second quarter and first three six months of 2024 is related to the decreased metals pricing discussed above in Results of Operations.

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As a percentage of net sales, gross profit (as defined in footnote (b) in the table above) increased to 22.6% 22.7% in the first second quarter of 2024 from 21.0% 22.4% in the second quarter of 2023. As a percentage of net sales, gross profit (as defined in footnote (b) in the table above) increased to 22.7% in the first quarter six months of 2024 from 21.7% in the first six months of 2023. The increase in the gross profit as a percentage of net sales is due to the average cost of inventory decreasing more than the average selling prices.

Operating expenses in the first second quarter of 2024 increased \$0.5 million \$3.0 million, or 0.4% 2.9%, to \$103.2 million \$104.6 million from \$102.7 million \$101.6 million in the first second quarter of 2023. As a percentage of net sales, operating expenses increased to 19.6% 19.9% for the first second quarter of 2024 from 17.9% in the first second quarter of 2023. Operating expenses in the specialty metals flat products segment decreased \$1.6 million increased \$0.4 million, operating expenses in the carbon flat products segment increased \$1.3 million decreased \$0.5 million, operating expenses in the tubular and pipe products segment increased \$3.7 million \$3.5 million and Corporate expenses decreased \$3.0 million \$0.4 million in the first second quarter of 2024 compared to the first second quarter of 2023. The increase in operating expenses on a dollar basis was primarily attributable to the inclusion of CTB operating expenses in 2024 partially offset by lower variable performance-based compensation.

Operating expenses in the first six months of 2024 increased \$3.4 million, or 1.7%, to \$207.8 million from \$204.3 million in the first six months of 2023. As a percentage of net sales, operating expenses increased to 19.7% for the first six months of 2024 from 17.9% in the first six months of 2023. Operating expenses in the specialty metals flat products segment decreased \$1.2 million, operating expenses in the carbon flat products segment increased \$0.8 million, operating expenses in the tubular and pipe products segment increased \$7.2 million and Corporate expenses decreased \$3.3 million in the first six months of 2024 compared to the first six months of 2023. The increase in operating expenses on a dollar basis was primarily attributable to the inclusion of CTB operating expenses in 2024 partially offset by lower variable performance-based compensation and the year-over-year absence of acquisition-related expenses.

Interest and other expense on debt totaled \$4.0 4.4 million, or 0.7% 0.8% of net sales, in the first second quarter of 2024 compared to \$4.2 million, or 0.7% of net sales, in the first second quarter of 2023. Interest and other expense on debt totaled \$8.4 million, or 0.8% of net sales, in the first six months of 2024 compared to \$8.4 million, or 0.7% of net sales, in the first six months of 2023. The decrease in the first six months of 2024 compared to the first six months of 2023 was due to lower average borrowings partially offset by a higher effective borrowing rate in the first three months of 2024 compared to the first three months of 2023. Our effective borrowing rate, exclusive of deferred financing fees and commitment fees, was 7.0% 7.1% for the first three six months of 2024 compared to 5.7% 5.4% for the first three six months of 2023, primarily due to the expiration of the interest rate hedge in January 2024.

In the first second quarter of 2024, income before income taxes totaled \$11.9 million \$10.7 million compared to income before income taxes of \$13.5 million \$21.5 million in the second quarter of 2023. In the first six months of 2024, income before income taxes totaled \$22.6 million compared to income before income taxes of \$35.0 million in the first quarter six months of 2023.

An income tax provision of ~~27.0%~~ 28.4% was recorded for the ~~first~~ second quarter of 2024, compared to an income tax provision of ~~26.8%~~ 30.3% for the second quarter of 2023. An income tax provision of 27.6% was recorded for the first ~~quarter~~ six months of 2024, compared to an income tax provision of 28.9% for the first six months of 2023. Our tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items that are considered in the relevant period. Each quarter, we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment.

Net income for the ~~first~~ second quarter of 2024 totaled ~~\$8.7 million, \$7.7 million, or \$0.75~~ \$ 0.66 per basic share and diluted share, compared to net income of ~~\$9.9 million, \$15.0 million, or \$0.85~~ \$ 1.30 per basic and diluted share, for the second quarter of 2023. Net income for the first six months of 2024 totaled \$16.4 million, or \$ 1.40 per basic share and diluted share, compared to net income of \$24.9 million, or \$ ~~2.15~~ per basic and diluted share, for the first ~~quarter~~ six months of 2023.

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## Segment Operations

### *Specialty metals flat products*

The following table presents selected operating results for our specialty metals flat products segment for the periods indicated (dollars are shown in thousands, except for per ton information):

	For the Three Months Ended March 31,				For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2024		2023		2024		2023		2024		2023	
		% of net sales		% of net sales		% of net sales		% of net sales		% of net sales		% of net sales
Direct tons sold	28,933		31,548		30,480		28,095		59,413		59,643	
Toll tons sold	970		968		1,215		616		2,185		1,584	
Total tons sold	29,903		32,516		31,695		28,711		61,598		61,227	
Net sales	\$ 129,534	100.0	\$ 166,564	100.0	\$ 130,873	100.0	\$ 147,000	100.0	\$ 260,407	100.0	\$ 313,564	100.0
Average selling price per ton	4,332		5,123		4,129		5,120		4,228		5,121	
Cost of materials sold	107,590	83.1	137,713	82.7	104,944	80.2	122,600	83.4	212,534	81.6	260,313	83.0
Gross profit (a)	21,944	16.9	28,851	17.3	25,929	19.8	24,400	16.6	47,873	18.4	53,251	17.0

Operating expenses (b)	18,013	13.9	19,592	11.7	18,080	13.8	17,721	12.1	36,093	13.9	37,313	11.9
Operating income	\$ 3,931	3.0	\$ 9,259	5.6	\$ 7,849	6.0	\$ 6,679	4.5	\$ 11,780	4.5	\$ 15,938	5.1

(a) Gross profit is calculated as net sales less the cost of materials sold.

(b) Operating expenses are calculated as total costs and expenses less the cost of materials sold.

Tons sold by our specialty metals flat products segment decreased 8.0% increased by 10.4% to 29 31 thousand in the second quarter of 2024 from 28 thousand in the second quarter of 2023. Tons sold by our specialty metals flat products segment increased 0.6% to 61 thousand in the first quarter six months of 2024 from 32 61 thousand in the first quarter six months of 2023. The decrease increase in tons sold was due to a shift towards lower higher volume fabrication and value-added distribution services. We do not report tons sold for our end-use products.

Net sales in our specialty metals flat products segment decreased \$37.0 million \$16.1 million, or 22.2% 11.0%, to \$129.5 million \$130.9 million in the first second quarter of 2024 from \$166.6 million \$147.0 million in the first second quarter of 2023. The decrease in sales was due to a 15.4% 19.4% decrease in average selling prices and an 8.0% decrease offset by a 10.4% increase in sales volume during the first second quarter of 2024 compared to the first second quarter of 2023. Average selling prices in the first second quarter of 2024 were \$4,332 \$4,129 per ton, compared with \$5,123 \$5,120 per ton in the second quarter of 2023.

Net sales in our specialty metals flat products segment decreased \$53.2 million, or 17.0%, to \$260.4 million in the first six months of 2024 from \$313.6 million in the first six months of 2023. The decrease in sales was due to a 17.5% decrease in average selling prices partially offset by a 0.6% increase in sales volume during the first six months of 2024 compared to the first six months of 2023. Average selling prices in the first six months of 2024 were \$4,228 per ton, compared with \$5,121 per ton in the first six months quarter of 2023.

Cost of materials sold in our specialty metals flat products segment decreased \$30.1 17.7 million, or 21.9% 14.4%, to \$107.6 104.9 million in the first second quarter of 2024 from \$137.7 122.6 million in the first second quarter of 2023. Cost of materials sold in our specialty metals flat products segment decreased \$47.8 million, or 18.4%, to \$212.5 million in the first six months of 2024 from \$260.3 million in the first six months of 2023. The decrease in cost of materials sold was due to the decreased industry metals pricing discussed above in Results of Operations and decreased sales volume.

As a percentage of net sales, gross profit (as defined in footnote (a) in the table above) decreased increased to 16.9% 19.8% in the first second quarter of 2024 from 17.3% 16.6% in the second quarter of 2023. As a percentage of net sales, gross profit (as defined in footnote (a) in the table above) increased to 18.4% in the first quarter six months of 2024 from 17.0% in the first six months of 2023. The decrease increase in the gross profit as a percentage of net sales is due to the average selling prices cost of inventory decreasing more than the average cost of inventory, selling prices.

Operating expenses decreased \$1.6 million increased \$0.4 million, or 8.1% 2.0%, to \$18.0 million \$18.1 million in the first second quarter of 2023 2024 from \$19.6 million \$17.7 million in the first second quarter of 2023. As a percentage of net sales, operating expenses increased to 13.9% 13.8% in the first second quarter of 2024 compared to 11.7% 12.1% in the first second quarter of 2023. The increase in operating expenses on a dollar basis was primarily attributable to increased variable operating expenses due to increased sales volume.

Operating expenses decreased \$1.2 million, or 3.3%, to \$36.1 million in the first six months of 2024 from \$37.3 million in the first six months of 2023. As a percentage of net sales, operating expenses increased to 13.9% in the first six months of 2024 compared to 11.9% in the first six months of 2023. The decrease in operating expenses on a dollar basis was primarily attributable to decreased variable performance-based incentive compensation and decreased variable operating expenses due to decreased sales volume, compensation.

Operating income in the first second quarter of 2024 totaled \$3.9 million \$7.9 million, or 3.0% 6.0% of net sales, compared to \$9.3 million \$6.7 million, or 5.6% 4.5% of net sales, in the second quarter of 2023. Operating income in the first six months of 2024 totaled \$11.8 million, or 4.5% of net sales, compared to \$15.9 million, or 5.1% of net sales, in the first quarter six months of 2023.

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### Carbon flat products

The following table presents selected operating results for our carbon flat products segment for the periods indicated (dollars are shown in thousands, except for per ton information):

	For the Three Months Ended March 31,				For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2024		2023		2024		2023		2024		2023	
		% of net sales		% of net sales		% of net sales		% of net sales		% of net sales		% of net sales
Direct tons sold	211,191		209,782		220,748		216,783		431,939		426,565	
Toll tons sold	8,484		8,556		8,342		9,492		16,826		18,048	
Total tons sold	219,675		218,338		229,090		226,275		448,765		444,613	
Net sales	\$ 300,975	100.0	\$ 309,818	100.0	\$ 307,755	100.0	\$ 326,629	100.0	\$ 608,730	100.0	\$ 636,447	100.0
Average selling price per ton	1,370		1,419		1,343		1,444		1,356		1,431	
Cost of materials sold	235,615	78.3	248,436	80.2	243,996	79.3	253,072	77.5	479,611	78.8	501,508	78.8
Gross profit (a)	65,360	21.7	61,382	19.8	63,759	20.7	73,557	22.5	129,119	21.2	134,939	21.2
Operating expenses (b)	56,703	18.8	55,436	17.9	58,398	19.0	58,862	18.0	115,101	18.9	114,298	18.0
Operating income	\$ 8,657	2.9	\$ 5,946	1.9	\$ 5,361	1.7	\$ 14,695	4.5	\$ 14,018	2.3	\$ 20,641	3.2

(a) Gross profit is calculated as net sales less the cost of materials sold.

(b) Operating expenses are calculated as total costs and expenses less the cost of materials sold.

Tons sold by our carbon flat products segment increased 0.6% 1.2% to 219 229 thousand in the second quarter of 2024 from 226 thousand in the second quarter of 2023. Tons sold by our carbon flat products segment increased 0.9% to 448 thousand in the first quarter six months of 2024 from 218 444 thousand in the first quarter six months of 2023.

Net sales in our carbon flat products segment decreased \$8.8 million \$18.9 million, or 2.9% 5.8%, to \$301.0 million \$307.8 million in the first second quarter of 2024 from \$309.8 million \$326.6 million in the first second quarter of 2023. The decrease in sales was attributable to a 3.4% 6.9% decrease in average selling prices in the first second quarter of 2024 compared to the first second quarter of 2023, partially offset by a 0.6% 1.2% increase in tons sold. Average selling prices in the second quarter of 2024 decreased to \$1,343 per ton, compared with \$1,444 per ton in the second quarter of 2023.

Net sales in our carbon flat products segment decreased \$27.7 million, or 4.4%, to \$608.7 million in the first six months of 2024 from \$636.5 million in the first six months of 2023. The decrease in sales was attributable to a 5.2% decrease in average selling prices in the first six months of 2024 compared to the first six months of 2023, partially offset by a 0.9% increase in tons sold. Average selling prices in the first six months quarter of 2024 decreased to \$1,370 \$1,356 per ton, compared with \$1,419 \$1,431 per ton in the first six months quarter of 2023.

Cost of materials sold decreased \$12.8 million \$9.1 million, or 5.2% 3.6%, to \$235.6 million \$244.0 million in the first second quarter of 2024 from \$248.4 million \$253.1 million in the second quarter of 2023. Cost of materials sold decreased \$21.9 million, or 4.4%, to \$479.6 million in the first quarter six months of 2024 from \$501.5 million in the first six months of 2023. The decrease was due to the decreased market price for metals discussed above in Results of Operations partially offset by the year-over-year absence of \$2.1 million of non-recurring amortization expense of inventory step up to fair market value adjustments made as part of the purchase price allocation for the January 3, 2023 acquisition of Metal-Fab.

As a percentage of net sales, gross profit (as defined in footnote (a) in the table above) increased decreased to 21.7% 20.7% in the first second quarter of 2024 compared to 19.8% 22.5% in the first second quarter of 2023. As a percentage of net sales, gross profit (as defined in footnote (a) in the table above) remained flat at 21.2% in the first six months of 2024 compared to 21.2% in the first six months of 2023. The increase decrease in the gross profit as a percentage of net sales in the second quarter of 2024 when compared to the second quarter of 2023 was due to average cost of inventory selling prices decreasing more than the average selling prices. cost of inventory.

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Operating expenses in the first the second quarter of 2024 increased decreased \$1.3 0.5 million, or 2.3% 0.8%, to \$56.7 58.4 million from \$55.4 58.9 million in the first second quarter of 2023. Operating expenses increased to 18.8% 19.0% of net sales in the first second quarter of 2024 compared to 17.9% 18.0% in the first second quarter of 2023. The decrease in operating expenses on a dollar basis was primarily due to lower variable performance-based incentive compensation partially offset by increased variable operating expenses due to increases in sales volume.

Operating expenses in the first six months of 2024 increased \$0.8 million, or 0.7%, to \$115.1 million from \$114.3 million in the first six months of 2023. Operating expenses increased to 18.9% of net sales in the first six months of 2024 compared to 18.0% in the first six months of 2023. The increase in operating expenses on a dollar basis was primarily due to higher variable operating expenses due to increases in sales volume.

Operating income in the first second quarter of 2024 totaled \$8.7 million, \$5.4 million, or 2.9% 1.7% of net sales, compared to operating income of \$5.9 million, \$14.7 million, or 1.9% 4.5% of net sales, in the second quarter of 2023. Operating income in the first six months of



2024 totaled \$14.0 million, or 2.3% of net sales, compared to operating income of \$20.6 million, or 3.2% of net sales, in the first quarter six months of 2023.

### ***Tubular and pipe products***

The following table presents selected operating results for our tubular and pipe products segment for the periods indicated (dollars are shown in thousands):

	For the Three Months Ended March 31,				For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2024		2023		2024		2023		2024		2023	
	% of net sales		% of net sales		% of net sales		% of net sales		% of net sales		% of net sales	
	\$		\$		\$		\$		\$		\$	
Net sales	\$ 96,133	100.0	\$ 96,694	100.0	\$ 87,622	100.0	\$ 95,639	100.0	\$ 183,755	100.0	\$ 192,333	100.0
Cost of materials sold (a)	64,333	66.9	66,487	68.8	57,607	65.7	66,200	69.2	121,940	66.4	132,687	69.0
Gross profit (b)	31,800	33.1	30,207	31.2	30,015	34.3	29,439	30.8	61,815	33.6	59,646	31.0
Operating expenses (c)	24,173	25.2	20,466	21.1	23,518	26.9	20,068	21.0	47,691	25.9	40,534	21.1
Operating income	\$ 7,627	7.9	\$ 9,741	10.1	\$ 6,497	7.4	\$ 9,371	9.8	\$ 14,124	7.7	\$ 19,112	9.9

(a) Includes \$400 \$1,000 and \$600 of LIFO expense income, respectively, for the three and six months ended March 31, 2024 June 30, 2024. Includes \$1,000 of LIFO income for the three and six months ended June 30, 2023.

(b) Gross profit is calculated as net sales less the cost of materials sold.

(c) Operating expenses are calculated as total costs and expenses less the cost of materials sold.

Net sales decreased \$0.6 million \$8.0 million, or 0.6% 8.4%, to \$96.1 million \$87.6 million in the first second quarter of 2024 from \$96.7 million \$95.6 million in the first second quarter of 2023. The decrease is a result of a 11.7% 15.6% decrease in average selling prices partially offset by a 12.5% 8.5% increase in shipping volume during the second quarter of 2024 compared to the second quarter of 2023. The shipping volume increase is due to the CTB acquisition on October 2, 2023.

Net sales decreased \$8.6 million, or 4.5%, to \$183.8 million in the first six months of 2024 from \$192.3 million in the first six months of 2023. The decrease is a result of a 15.5% decrease in average selling prices partially offset by a 13.1% increase in shipping volume due to the CTB acquisition during the first quarter six months of 2024 compared to the first quarter six months of 2023.

Cost of materials sold decreased \$2.2 million \$8.6 million, or 3.2% 13.0%, to \$64.3 million \$57.6 million in the first second quarter of 2024 from \$66.5 million \$66.2 million in the second quarter of 2023. Cost of materials sold decreased \$10.8 million, or 8.1%, to \$121.9 million in the first quarter six months of 2024 from \$132.7 million in the first six months of 2023. During the three and six months ended March 31, 2024 June 30, 2024, we recorded \$0.4 million \$1.0 million and \$0.6 million of LIFO expense income, respectively. We did not record LIFO



expense or income during the three and six months ended March 31, 2023. June 30, 2023, we recorded \$1.0 million of LIFO income. The decrease in cost of materials sold was due to the decreased industry metals pricing discussed above in Results of Operations.

As a percentage of net sales, gross profit (as defined in footnote (b) in the table above) increased to 33.1% 34.3% in the first second quarter of 2024 compared to 31.2% 30.8% in the first second quarter of 2023. As a percentage of net sales, the LIFO expense income recorded in the second quarter of 2024 increased gross profit by 1.1%. As a percentage of net sales, gross profit (as defined in footnote (b) in the table above) increased to 33.6% in the first six months of 2024 compared to 31.0% in the first six months of 2023. As a percentage of net sales, the LIFO income recorded in the first quarter six months of 2024 reduced increased gross profit by 0.4% 0.3%. The increase in gross profit as a percentage of net sales is primarily a result of the inclusion of CTB gross profit and net sales in 2024.

Operating expenses in the first second quarter of 2024 increased \$3.7 3.5 million, or 18.1% 17.2%, to \$24.2 23.5 million from \$20.5 20.1 million in the first second quarter of 2023. Operating expenses increased to 25.2% 26.9% of net sales in the first second quarter of 2024 compared to 21.1% 21.0% in the first second quarter of 2023. Operating expenses in the first six months of 2024 increased \$7.2 , or 17.7%, to \$47.7 million from \$40.5 million in the first six months of 2023. Operating expenses increased to 25.9% of net sales in the first six months of 2024 compared to 21.1% in the first six months of 2023. The increase in operating expenses on a dollar basis was primarily due to the inclusion of CTB operating expenses, partially offset by lower variable performance-based incentive compensation.

Operating income in the first second quarter 2024 totaled \$7.6 million \$6.5 million, or 7.9% 7.4% of net sales, compared to \$9.7 million, \$9.4 million or 10.1% 9.8% of net sales, in the second quarter of 2023. Operating income in the first six months 2024 totaled \$14.1 million, or 7.7% of net sales, compared to \$19.1 million, or 9.9% of net sales, in the first quarter six months of 2023.

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### Corporate expenses

Corporate expenses decreased \$3.0 million \$0.4 million, or 40.8% 7.6%, to \$4.3 million \$4.6 million in the first second quarter of 2024 from \$7.2 million \$5.0 million in the second quarter of 2023. Corporate expenses decreased \$3.3 million, or 27.2%, to \$8.9 million in the first quarter six month of 2024 from \$12.2 million in the first six month of 2023. Corporate expense primarily decreased due to the year-over-year absence of acquisition-related expenses. expenses and lower variance performance-based incentive compensation.

### Liquidity, Capital Resources and Cash Flows

Our principal capital requirements include funding working capital needs, purchasing, upgrading and acquiring processing equipment and facilities, making acquisitions and paying dividends. We use cash generated from operations and borrowings under our ABL Credit Facility to fund these requirements.

We believe that funds available under our ABL Credit Facility, together with funds generated from operations, will be sufficient to provide us with the liquidity necessary to fund anticipated working capital requirements, capital expenditure requirements, our dividend payments, and any share repurchases and business acquisitions over at least the next 12 months and for the foreseeable future thereafter. In the future, we may, as part of our business strategy, acquire and dispose of assets or other companies in the same or complementary lines of business, or enter into or exit strategic alliances and joint ventures. Accordingly, the timing and size of our capital requirements are subject to change as business conditions warrant and opportunities arise.

### Operating Activities

For the **three** **six** months ended **March 31, 2024** **June 30, 2024**, we used **\$2.6** **\$5.5** million of net cash from operations, of which **\$16.3** **\$32.3** million was generated from operating activities and **\$18.9** **\$37.8** million was used for working capital requirements. For the **three** **six** months ended **March 31, 2023** **June 30, 2023**, we generated **\$52.4** **\$79.2** million of net cash from operations, of which **\$16.0** **\$45.8** million was generated from operating activities and **\$36.5** **\$33.4** million was generated from working capital.

Net cash from operating activities totaled **\$16.3** **\$32.3** million during the first **three** **six** months of 2024 and was mainly comprised of net income of **\$8.7** **\$16.4** million, the non-cash depreciation and amortization addback of **\$7.5** **\$15.0** million, and changes in other long-term liabilities of **\$2.8** million partially offset by changes in other long-term assets of **\$2.9** million. Net cash from operations totaled **\$16.0** **\$45.8** million during the first **three** **six** months of 2023 and was mainly comprised of net income of **\$9.9** **\$24.9** million, the non-cash depreciation and amortization addback of **\$6.3** **\$13.0** million, decreases in other long-term assets of **\$3.7** million and changes in other long-term liabilities of **\$1.0** million partially offset by changes in other long-term assets of **\$1.6** **\$3.5**.

Working capital at **March 31, 2024** **June 30, 2024** totaled **\$439.0** **\$457.8** million, a **\$16.1** **\$34.8** million increase from December 31, 2023. The increase was primarily attributable to a **\$29.7** million increase in accounts payable and outstanding checks and a **\$3.0** million decrease in prepaid expenses and other, offset by a **\$23.6** **\$25.5** million increase in accounts receivable a **\$11.0** million increase in inventory and a **\$17.0** **\$13.6** million decrease in accrued payroll and other liabilities. accrued liabilities partially offset by a **\$1.6** million decrease in prepaid expense and other.

### Investing Activities

Net cash used for investing activities totaled **\$4.8** **\$13.2** million during the **three** **six** months ended **March 31, 2024** **June 30, 2024** and primarily consisted **new** of capital expenditures. Net cash used for investing activities totaled **\$136.8** **\$144.5** million during the **three** **six** months ended **March 31, 2023** **June 30, 2023**, and primarily consisted of **\$129.5** million for the acquisition of Metal-Fab, inclusive of cash acquired of **\$1.7** million and **\$7.4** **\$15.1** million in **new** capital expenditures partially offset by **\$0.1** million in proceeds from the disposition of property and equipment.

The capital expenditures in the first **three** **six** months of 2024 and 2023 were primarily attributable to additional processing equipment at our existing facilities.

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### Financing Activities

During the first **three** **six** months of 2024, **\$4.5** **\$14.9** million of cash was generated from financing activities, which primarily consisted of **\$6.6** **\$19.0** million of net borrowings under our ABL Credit Facility, offset by **\$1.7** **\$3.3** million of dividends paid, **\$0.3** **\$0.6** million of principal payments under finance lease obligations and **\$0.1** **\$0.1** million of credit facility fees and expenses related to the amended ABL Credit Facility. During the first **three** **six** months ended of 2023, **\$90.6** **\$68.3** million was generated from financing activities, which primarily consisted of **\$93.1** **\$72.6** million of net borrowings under our ABL Credit Facility, **\$1.4** **\$2.8** million of dividends paid, **\$0.9** **\$1.1** million of credit facility fees and expenses related to amending the ABL Credit Facility and **\$0.2** **\$0.5** million of principle payments under finance lease obligations.

Dividends paid were **\$1.7** **\$3.3** million and **\$1.4** **\$2.8** million for the **three** **six** months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**, respectively. In **May** **August** 2024, our Board of Directors approved a regular quarterly dividend of \$0.150 per

share, which will be paid on **June 17, 2024** **September 16, 2024** to shareholders of record as of **June 3, 2024** **September 2, 2024**. Regular dividend distributions in the future are subject to the availability of cash, the \$15.0 million annual limitation on cash dividends and common stock repurchases under our ABL Credit Facility and continuing determination by our Board of Directors that the payment of dividends remains in the best interest of our shareholders.

### **Stock Repurchase Program**

In 2015, our Board of Directors authorized a stock repurchase program of up to 550,000 shares of our issued and outstanding common stock, which could include open market repurchases, negotiated block transactions, accelerated stock repurchases or open market solicitations for shares, all or some of which may be effected through Rule 10b5-1 plans. Repurchased shares will be held in our treasury, or canceled and retired as our Board of Directors may determine from time to time. Any repurchases of common stock are subject to the covenants contained in the ABL Credit Facility. Under the ABL Credit Facility, we may repurchase common stock and pay dividends up to \$15.0 million in the aggregate during any trailing twelve months without restrictions. Purchases in excess of \$15.0 million require us to (i) maintain availability in excess of 20% of the aggregate revolver commitments (\$125.0 million at **March 31, 2024** **June 30, 2024**) or (ii) to maintain availability equal to or greater than 15% of the aggregate revolver commitments (\$93.8 million at **March 31, 2024** **June 30, 2024**) and we must maintain a pro forma ratio of earnings before interest, taxes, depreciation and amortization, or EBITDA, minus certain capital expenditures and cash taxes paid to fixed charges of at least 1.00 to 1.00. The timing and amount of any repurchases under the stock repurchase program will depend upon several factors, including market and business conditions, and limitations under the ABL Credit Facility, and repurchases may be discontinued at any time. As of **March 31, 2024** **June 30, 2024**, 360,212 shares remain authorized for repurchase under the program.

There were no shares repurchased during 2024 or 2023.

### **At-the-Market Equity Program**

On September 3, 2021, we commenced an at-the-market, or ATM, equity program under our shelf registration statement, which allows us to sell and issue up to \$50 million in shares of our common stock from time to time. We entered into an Equity Distribution Agreement on September 3, 2021 with KeyBanc Capital Markets Inc., or KeyBanc, relating to the issuance and sale of shares of common stock pursuant to the program. KeyBanc is not required to sell any specific amount of securities but will act as our sales agent using commercially reasonable efforts consistent with its normal trading and sales practices, on mutually agreed terms between KeyBanc and us. KeyBanc will be entitled to compensation for shares sold pursuant to the program of 2.0% of the gross proceeds of any shares of common stock sold under the Equity Distribution Agreement. No shares were sold under the ATM program during the three **and six** months ended **March 31, 2024** **June 30, 2024** or **March 31, 2023** **June 30, 2023**.

### **Debt Arrangements**

Our ABL Credit Facility is collateralized by our accounts receivable, inventory and personal property. The \$625 million ABL Credit Facility consists of: (i) a revolving credit facility of up to \$595 million, including a \$20 million sub-limit for letters of credit, and (ii) a first in, last out revolving credit facility of up to \$30 million. Under the terms of the ABL Credit Facility we may, subject to the satisfaction of certain conditions, request additional commitments under the revolving credit facility in the aggregate principal amount of up to \$200 million to the extent that existing or new lenders agree to provide such additional commitments, and add real estate as collateral at our discretion. The ABL Credit Facility matures on June 16, 2026.

The ABL Credit Facility contains customary representations and warranties and certain covenants that limit our ability to, among other things: (i) incur or guarantee additional indebtedness; (ii) pay distributions on, redeem or repurchase capital stock or redeem or repurchase subordinated debt; (iii) make investments; (iv) sell assets; (v) enter into agreements that restrict distributions or other payments from restricted subsidiaries to us; (vi) incur liens securing indebtedness; (vii) consolidate, merge or transfer all or substantially all of their assets; and (viii) engage in transactions with affiliates. In addition, the ABL Credit Facility contains a financial covenant which requires if any commitments or obligations are outstanding and the our availability is less than the greater of \$30 million or 10.0% of the aggregate amount of revolver commitments (\$62.5 million at **March 31, 2024** **June 30, 2024**) or 10.0% of the aggregate borrowing base (\$**56.8** **55.9** million at **March 31, 2024** **June 30, 2024**), then we must maintain a ratio of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) minus certain capital expenditures and cash taxes paid to fixed charges of at least 1.00 to 1.00 for the most recent twelve fiscal month period.

As of **March 31, 2024** **June 30, 2024**, we were in compliance with our covenants and had approximately **\$366 million** **\$344 million** of availability under the ABL Credit Facility.

We have the option to borrow under its revolver based on the agent's base rate plus a premium ranging from 0.00% to 0.25% or the Secured Overnight Financing Rate, or SOFR, plus a premium ranging from 1.25% to 2.75%.

As of **March 31, 2024** **June 30, 2024**, and December 31, 2023, **\$1.6 million** **\$1.4 million** and \$1.7 million, respectively, of bank financing fees were included in "Prepaid expenses and other" and "Other long-term assets" on the accompanying Consolidated Balance Sheets. The financing fees are being amortized over the five-year term of the ABL Credit Facility and are included in "Interest and other expense on debt" on the accompanying Consolidated Statements of Comprehensive Income.

#### Critical Accounting Policies

This Management's Discussion and Analysis of Financial Condition and Results of Operations is based on the consolidated financial statements included in this Quarterly Report on Form 10-Q, which have been prepared in conformity with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. We monitor and evaluate our estimates and assumptions, based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

We review our financial reporting and disclosure practices and accounting practices quarterly to ensure they provide accurate and transparent information relative to the current economic and business environment. For further information regarding the accounting policies that we believe to be critical accounting policies that affect our more significant judgments and estimates used in preparing our consolidated financial statements, see Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2023.

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### Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our principal raw materials are carbon, coated and stainless steel, aluminum, pipe and tube, flat rolled coil, sheet and plate that we typically purchase from multiple primary metals producers. The metals industry as a whole is cyclical and, at times, pricing and availability of metals can be volatile due to numerous factors beyond our control, including general domestic and international economic conditions, the levels of

metals imported into the United States, labor costs, sales levels, competition, levels of inventory held by other metals service centers, consolidation of metals producers, new global capacity by metals producers, higher raw material costs for the producers of metals, import duties and tariffs and currency exchange rates. This volatility can significantly affect the availability and cost of raw materials for us.

We, like many other metals service centers, maintain substantial inventories of metals to accommodate the short lead times and just-in-time delivery requirements of our customers. Accordingly, we purchase metals in an effort to maintain our inventory at levels that we believe to be appropriate to satisfy the anticipated needs of our customers based upon historic buying practices, supply agreements with customers and market conditions. Our commitments to purchase metals are generally at prevailing market prices in effect at the time we place our orders. We have no long-term, fixed-price metals purchase contracts. When metals prices increase, competitive conditions will influence how much of the price increase we can pass on to our customers. To the extent we are unable to pass on future price increases in our raw materials to our customers, the net sales and profitability of our business could be adversely affected. When metals prices decline, customer demands for lower prices and our competitors' responses to those demands could result in lower sale prices and, consequently, lower gross profits and inventory lower of cost or net realizable value adjustments as we sell existing inventory. Significant or rapid declines in metals prices or reductions in sales volumes could adversely impact our ability to remain in compliance with certain financial covenants in the ABL credit facility, as well as result in us incurring inventory or intangible asset impairment charges. Changing metals prices therefore could significantly impact our net sales, gross profits, operating income and net income.

Rising metals prices result in higher working capital requirements for us and our customers. Some customers may not have sufficient credit lines or liquidity to absorb significant increases in the price of metals. While we have generally been successful in the past in passing on producers' price increases and surcharges to our customers, there is no guarantee that we will be able to pass on price increases to our customers in the future. Declining metals prices have generally adversely affected our net sales and net income, while increasing metals prices have generally favorably affected our net sales and net income.

Approximately ~~49%~~49% and ~~50%~~51%, respectively, of our consolidated net sales during the first ~~three~~six months of 2024 and 2023 were directly related to industrial machinery and equipment manufacturers and their fabricators.

Inflation generally affects us by increasing the cost of employee wages and benefits, transportation services, energy, borrowings under our credit facility, processing equipment, and purchased metals. ~~Although general~~General inflation, ~~excluding~~including increases in the price of metals and increased labor and distribution expense, ~~has increased~~did not materially effect our operations during the ~~first~~second quarter of 2024, ~~and~~ it has not had a material effect on our financial results during the last three years, but may have a significant impact in future years.

We are exposed to the impact of fluctuating metals prices and interest rate changes. During 2024 and 2023, we entered into metals swaps at the request of customers. These derivatives have not been designated as hedging instruments. For certain customers, we enter into contractual relationships that entitle us to pass through the economic effect of trading positions that we take with other third parties on our customers' behalf.

Our primary interest rate risk exposure results from variable rate debt. On January 10, 2019, we entered into a five-year forward starting fixed rate interest rate hedge in order to eliminate the variability of cash interest payments on \$75 million of the outstanding LIBOR based borrowings under the ABL Credit Facility. On January 3, 2023, we amended the interest rate hedge agreement to use SOFR as the reference rate and updated the fixed rate to 2.42% from 2.57%. The interest rate hedge agreement ended on January 10, 2024. We have the option to enter into 30- to 180-day fixed base rate SOFR loans under the ABL Credit Facility.

Item 4. Controls and Procedures

The evaluation required by Rule 13a-15(e) of the Securities Exchange Act of 1934, or the Exchange Act, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q has been carried out under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. These disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports that are filed with or submitted to the SEC is: (i) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures and (ii) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2024 June 30, 2024, our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting that occurred during the first second quarter of 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Part II. OTHER INFORMATION

Items 1, 1A, 2, 3 and 4 of this Part II are either inapplicable or are answered in the negative and are omitted pursuant to the instructions to Part II.

Item 5. Other Information

Trading Arrangements

During the quarter ended March 31, June 30, 2024, no director or officer (as defined in Rule 16a-1(f) promulgated under the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as each term is defined in Item 408 of Regulation S-K).

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Item 6. Exhibits

Exhibit	Description of Document	Reference
10.45 *	Form of Restricted Share Agreement for Outside Directors.	Filed herewith
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith

32.1	<a href="#">Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	Furnished herewith
32.2	<a href="#">Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	Furnished herewith
101	The following materials from Olympic Steel's Quarterly Report on Form 10-Q for the period ended <b>March 31, 2024</b> <b>June 30, 2024</b> , formatted in Inline XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Comprehensive Income (Loss), (iii) the Consolidated Statements of Cash Flows, (iv) the Supplemental Disclosures of Cash Flow Information, (v) the Consolidated Statements of Shareholders' Equity, (vi) Notes to Unaudited Consolidated Financial Statements and (vii) document and entity information.	
104	Cover Pager Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101).	

\* This exhibit is a management contract or compensatory plan or arrangement.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OLYMPIC STEEL, INC.  
(Registrant)

Date: **May 3, 2024** **August 2, 2024**

By: /s/ Richard T. Marabito

Richard T. Marabito  
Chief Executive Officer

By: /s/ Richard A. Manson

Richard A. Manson  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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EXHIBIT 10.45



**OLYMPIC STEEL, INC.**  
**AMENDED AND RESTATED 2007 OMNIBUS INCENTIVE PLAN**  
**FORM OF RESTRICTED SHARE AGREEMENT FOR OUTSIDE DIRECTORS**

THIS RESTRICTED SHARE AGREEMENT (the "Agreement"), is entered into as of this [ ] day of (the "Effective Date"), by and between Olympic Steel, Inc., an Ohio corporation (the "Company"), and [ ] (the "Grantee").

**WITNESSETH:**

WHEREAS, the Compensation Committee of the Board of Directors (the "Compensation Committee") administers the Amended and Restated Olympic Steel, Inc. 2007 Omnibus Incentive Plan (the "Plan"); and

WHEREAS, the Committee desires to provide the Grantee with Restricted Shares under the Plan upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, the Company and the Grantee agree as follows:

1. **Definitions.** Unless otherwise specified in this Agreement, capitalized terms shall have the meanings attributed to them under the Plan.
2. **Grant of Restricted Shares.** As of the Effective Date, the Company grants to the Grantee, upon the terms and conditions set forth in this Agreement [ ] Restricted Shares. The Restricted Shares are granted in accordance with, and subject to, all the terms, conditions and restrictions of the Plan, which is hereby incorporated by reference in its entirety. The Grantee irrevocably agrees to, and accepts, the terms, conditions and restrictions of the Plan and this Agreement on his own behalf and on behalf of any heirs, successors and assigns.
3. **Restrictions; Non-Transferability.** The Grantee cannot sell, transfer, assign, hypothecate or otherwise dispose of the Restricted Shares or pledge Restricted Shares as collateral for a loan prior to the vesting of such Restricted Shares. In addition, the Restricted Shares will be subject to such other restrictions prior to vesting as the Compensation Committee deems necessary or appropriate. Once vested, if the Restricted Shares have not been registered under the Securities Act of 1933, as amended (the "Act"), they may not be sold, transferred or otherwise disposed of unless a registration statement under the Act with respect to the Restricted Shares has become effective or unless the Grantee establishes to the satisfaction of the Company that an exemption from such registration is available. The Restricted Shares will bear a legend stating the substance of such restrictions, as well as any other restrictions the Compensation Committee deems necessary or appropriate.
4. **Vesting of Restricted Shares.** 1/3 of the Restricted Shares will vest on each of December 31, 2024, December 31, 2025, and December 31, 2026, in each case subject to the Grantee's continued service as a Director of the Company until each such vesting date. Except as otherwise provided herein, if the Grantee does not continue to be a Director of the Company through each such vesting date, he or she will immediately forfeit any Restricted Shares that are unvested as of the date he or she ceases to be a Director.
5. **Death or Disability.** Notwithstanding the vesting provisions in Section 4 above, if prior to the last vesting date, the Grantee dies or terminates his or her service as a Director of the Company as a result of a Disability, any unvested Restricted Shares will become 100% vested as of such termination date.
6. **Change of Control.** Notwithstanding the vesting provisions in Section 4 above, if a Change of Control as defined in the Plan has occurred or an event has occurred that the Board of Directors, in the good faith exercise of its discretion, determines to be a Change of Control, then any unvested Restricted Shares will become 100% vested on the date of such Change of Control, provided that Grantee remains a Director until the date of such Change of Control.
7. **Rights as a Stockholder.** The Grantee shall immediately become a stockholder upon the grant of the Restricted Shares, and the Restricted Shares will be issued, at the Company's discretion, in either certificate form or book entry form, in each case registered in the name of the Grantee, with legends or notations as applicable referring to the terms, conditions and restrictions set forth in this Agreement. However, the Grantee will not be entitled to vote the Restricted Shares or receive dividends with respect to the Restricted Shares until they become vested.
8. **Designation of Beneficiary.** By properly executing and delivering a Designation of Beneficiary Form to the Company, the Grantee may designate an individual or individuals as his or her beneficiary or beneficiaries under the Plan. In the event that the Grantee fails to properly designate a beneficiary, his or her interests under the Plan will pass to the person or persons in the first of the following classes in which there are any survivors: (i) spouse at the time of death; (ii) issue, *per stirpes*; (iii) parents; and (iv) the executor or administrator of estate. Except as



the Company may determine in its sole and exclusive discretion, a properly completed Designation of Beneficiary Form shall be deemed to revoke all prior designations upon its receipt and approval by the designated representative.

9. Section 83(b) Election. Within thirty (30) days following the Effective Date, the Grantee may make an election with the Internal Revenue Service to be taxed at the time the Restricted Shares are acquired (rather than when and as they vest) under Section 83(b) of the Code (an "83(b) Election"). The Grantee acknowledges that it is the Grantee's sole responsibility (and not the Company's or any other person's) to timely file the 83(b) Election, if the Grantee so chooses.

10. Termination of Agreement. This Agreement will terminate on the earliest of: (i) the date of the Grantee's resignation or other termination from the Board of Directors, or (ii) the date on which the Restricted Shares become fully vested. Any terms or conditions of this Agreement that the Company determines are reasonably necessary to effectuate its purposes will survive the termination of this Agreement.

#### 11. Miscellaneous Provisions.

a. Effect of Corporate Reorganization or Other Changes. The Restricted Shares issued under this Agreement shall be subject to adjustment as described in Section 3.4 of the Plan.

b. Successors and Legal Representatives. This Agreement will bind and inure to the benefit of the Company and the Grantee, and their respective successors, assigns and legal representatives.

c. Integration. This Agreement, together with the Plan, constitutes the entire agreement between the Grantee and the Company with respect to the grant of Restricted Shares under this Agreement, and may not be modified, amended, renewed or terminated, nor may any term, condition or breach of any term or condition be waived, except pursuant to the terms of the Plan or by a writing signed by the person or persons sought to be bound by such modification, amendment, renewal, termination or waiver. Any waiver of any term, condition or breach thereof will not be a waiver of any other term or condition or of the same term or condition for the future, or of any subsequent breach.

d. Notice. Any notice relating to this grant must be in writing.

e. Separability. In the event of the invalidity of any part or provision of this Agreement, such invalidity will not affect the enforceability of any other part or provision of this Agreement.

f. Section Headings. The section headings of this Agreement are for convenience and reference only and are not intended to define, extend or limit the contents of the sections.

g. Amendment, Waiver and Revocation of Terms. The Compensation Committee may waive any term or condition in this Agreement that could have been excluded on the date of grant. No such waiver will be deemed to be a waiver of similar terms under other agreements. The Compensation Committee may amend this Agreement to include or exclude any provision which could have been included in, or excluded from, this Agreement on the date of grant, but only with the Grantee's written consent. Similarly, the Compensation Committee may revoke this Agreement at any time except that, after execution of the Agreement and its delivery to the Company, revocation may only be accomplished with the Grantee's written consent.

h. Plan Administration. The Plan is administered by the Compensation Committee, which has sole and exclusive power and discretion to interpret, administer, implement and construe the Plan and this Agreement. All elections, notices and correspondence relating to the Plan should be directed to the Chairman of the Compensation Committee at:

Olympic Steel, Inc.  
22901 Millcreek Boulevard, Suite 650  
Highland Hills, Ohio 44122

i. Governing Law. Except as may otherwise be provided in the Plan, this Agreement will be governed by, construed and enforced in accordance with the internal laws of the State of Ohio, without giving effect to its principles of conflict of laws.

j. Incapacity. If the Compensation Committee determines that the Grantee is incompetent by reason of physical or mental disability or a person incapable of handling his or her property, the Compensation Committee may deal directly with or direct any payment or distribution to the guardian, legal representative or person having the care and custody of

the incompetent or incapable person. The Compensation Committee may require proof of incompetence, incapacity or guardianship, as it may deem appropriate before making any payment or distribution.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer and the Grantee has hereunto set his or her hand.

GRANTEE:

Name:

Date:

OLYMPIC STEEL, INC.

By: [Name]

Title:

Date:

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Exhibit 31.1

Certification of the Principal Executive Officer  
Pursuant to 15 U.S.C. 78m(a) or 78o(d)  
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Richard T. Marabito, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Olympic Steel, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Richard T. Marabito

Richard T. Marabito

Olympic Steel, Inc.

Chief Executive Officer

May 3, August 2, 2024

Exhibit 31.2

Certification of the Principal Financial Officer  
Pursuant to 15 U.S.C. 78m(a) or 78o(d)  
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Richard A. Manson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Olympic Steel, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Richard A. Manson

Richard A. Manson  
Olympic Steel, Inc.  
Chief Financial Officer  
May 3, August 2, 2024

Exhibit 32.1

Certification of the Principal Executive Officer  
Pursuant to 18 U.S.C. 1350  
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Richard T. Marabito, the Chief Executive Officer of Olympic Steel, Inc. (the "Company"), certify that to the best of my knowledge, based upon a review of this report on Form 10-Q for the period ended March 31, June 30, 2024 of the Company (the "Report"):

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company, as of the dates and for the periods expressed in this Report.

By: /s/ Richard T. Marabito  
Richard T. Marabito  
Olympic Steel, Inc.  
Chief Executive Officer  
May 3, August 2, 2024

Exhibit 32.2

Certification of the Principal Financial Officer  
Pursuant to 18 U.S.C. 1350  
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Richard A. Manson, the Chief Financial Officer of Olympic Steel, Inc. (the "Company"), certify that to the best of my knowledge, based upon a review of this report on Form 10-Q for the period ended March 31, June 30, 2024 of the Company (the "Report"):

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in this Report.

By: /s/ Richard A. Manson

Richard A. Manson

Olympic Steel, Inc.

Chief Financial Officer

May 3, August 2, 2024

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