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, 2025

OR

☐ **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: 1-36313



METALLUS INC.

(Exact name of registrant as specified in its charter)

Ohio	**46-4024951**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1835 Dueber Avenue SW, Canton, OH	**44706**
(Address of principal executive offices)	(Zip Code)

330.471.7000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	**Trading symbol**	**Name of exchange in which registered**
Common shares	MTUS	New York Stock Exchange

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 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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 reporting 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 in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

Class	Outstanding at April 30, 2025
Common Shares, without par value	42,023,268

Metallus Inc.
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Part I. Financial Information

Item 1. Financial Statements

Metallus Inc.
Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,	
	2025	**2024**
(Dollars in millions, except per share data)		
Net sales	**$ 280.5**	$ 321.6
Cost of products sold	**258.6**	271.0
Gross Profit	**21.9**	50.6
Selling, general and administrative expenses	**24.3**	24.1
Loss (gain) on sale or disposal of assets, net	**(1.5)**	0.1
Interest (income) expense, net	**(1.5)**	(2.8)
Other (income) expense, net	**(2.3)**	(0.8)
Income (Loss) Before Income Taxes	**2.9**	30.0
Provision (benefit) for income taxes	**1.6**	6.0
Net Income (Loss)	**$ 1.3**	$ 24.0
Per Share Data:		
Basic earnings (loss) per share	**$ 0.03**	$ 0.55
Diluted earnings (loss) per share	**$ 0.03**	$ 0.52

See accompanying Notes to the unaudited Consolidated Financial Statements.

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Metallus Inc.
Consolidated Statement of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended March 31,	
	2025	**2024**
(Dollars in millions)		
Net income (loss)	**$ 1.3**	$ 24.0
Other comprehensive income (loss), net of benefit (provision) for income taxes of $(0.1) and none for the three months ended March 31, 2025 and 2024		
Foreign currency translation adjustments	**0.4**	—
Pension and postretirement liability adjustments	**(1.3)**	(1.1)
Other comprehensive income (loss), net of tax	**(0.9)**	(1.1)
Comprehensive Income (Loss), net of tax	**$ 0.4**	$ 22.9

See accompanying Notes to the unaudited Consolidated Financial Statements.

Metallus Inc.
Consolidated Balance Sheets (Unaudited)

	March 31, 2025	December 31, 2024
(Dollars in millions)		
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 180.3**	$ 240.7
Accounts receivable, net of allowances (2025 - $2.0 million; 2024 - $1.7 million)	**125.7**	90.8
Inventories, net	**230.6**	219.8
Deferred charges and prepaid expenses	**27.4**	29.9
Other current assets	**4.4**	6.1
Total Current Assets	**568.4**	587.3
Property, plant and equipment, net	**510.7**	507.3
Operating lease right-of-use assets	**10.1**	11.7
Pension assets	**7.5**	5.5
Intangible assets, net	**3.3**	3.4
Other non-current assets	**1.5**	1.5
Total Assets	**$ 1,101.5**	$ 1,116.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	**$ 143.3**	$ 119.2
Salaries, wages and benefits	**19.9**	16.8
Accrued pension and postretirement costs	**25.4**	66.5
Current operating lease liabilities	**4.1**	4.8
Current convertible notes, net	**5.4**	5.4
Government funding liabilities	**66.4**	53.5
Other current liabilities	**15.6**	15.3
Total Current Liabilities	**280.1**	281.5
Credit Agreement	**—**	—
Non-current operating lease liabilities	**6.1**	6.9
Accrued pension and postretirement costs	**102.2**	110.2
Deferred income taxes	**14.3**	14.3
Other non-current liabilities	**12.7**	13.3
Total Liabilities	**415.4**	426.2
Shareholders' Equity		
Preferred shares, without par value; authorized 10.0 million shares, none issued	**—**	—
Common shares, without par value; authorized 200.0 million shares; issued 2025 - 48.2 million shares and 2024 - 48.2 million shares	**—**	—
Additional paid-in capital	**839.6**	843.9
Retained deficit	**(51.1)**	(52.4)
Treasury shares - 2025 - 6.0 million; 2024 - 5.9 million	**(109.2)**	(108.7)
Accumulated other comprehensive income (loss)	**6.8**	7.7
Total Shareholders' Equity	**686.1**	690.5
Total Liabilities and Shareholders' Equity	**$ 1,101.5**	$ 1,116.7

See accompanying Notes to the unaudited Consolidated Financial Statements.

Metallus Inc.
Consolidated Statements of Shareholders' Equity (Unaudited)

(Dollars in millions)	Common Shares Outstanding	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total
Balance As of December 31, 2024	42,267,308	$ 843.9	$ (52.4)	$ (108.7)	$ 7.7	$ 690.5
Net income (loss)	—	—	1.3	—	—	1.3
Other comprehensive income (loss)	—	—	—	—	(0.9)	(0.9)
Stock-based compensation expense	—	3.4	—	—	—	3.4
Stock option activity	—	—	—	—	—	—
Purchase of treasury shares, including excise tax	(395,296)	—	—	(5.6)	—	(5.6)
Issuance of treasury shares	423,150	(7.7)	—	7.7	—	—
Shares surrendered for taxes	(175,992)	—	—	(2.6)	—	(2.6)
Balance As of March 31, 2025	**42,119,170**	**$ 839.6**	**$ (51.1)**	**$ (109.2)**	**$ 6.8**	**$ 686.1**

	Common Shares Outstanding	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total
Balance As of December 31, 2023	43,136,311	$ 844.2	$ (53.7)	$ (71.3)	$ 12.4	$ 731.6
Net income (loss)	—	—	24.0	—	—	24.0
Other comprehensive income (loss)	—	—	—	—	(1.1)	(1.1)
Stock-based compensation expense	—	3.5	—	—	—	3.5
Stock option activity	104,630	1.1	—	—	—	1.1
Purchase of treasury shares, including excise tax	(211,571)	—	—	(4.4)	—	(4.4)
Issuance of treasury shares	1,707,603	(13.8)	—	13.8	—	—
Shares surrendered for taxes	(739,352)	—	—	(15.4)	—	(15.4)
Balance As of March 31, 2024	43,997,621	835.0	(29.7)	(77.3)	11.3	$ 739.3

See accompanying Notes to the unaudited Consolidated Financial Statements.

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Metallus Inc.
Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended March 31,	
	2025	**2024**
(Dollars in millions)		
CASH PROVIDED (USED)		
Operating Activities		
Net income (loss)	**$ 1.3**	$ 24.0
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	**13.7**	13.4
Amortization of deferred financing fees	**0.1**	0.1
Loss (gain) on sale or disposal of assets, net	**(1.5)**	0.1
Stock-based compensation expense	**3.4**	3.5
Pension and postretirement (benefit) expense, net	**0.8**	2.0
Changes in operating assets and liabilities:		
Accounts receivable, net	**(34.8)**	(6.7)
Inventories, net	**(10.8)**	(9.3)
Accounts payable	**34.0**	16.5
Other accrued expenses	**2.9**	(4.2)
Deferred charges and prepaid expenses	**2.5**	1.3
Pension and postretirement contributions and payments	**(53.0)**	(28.4)
Other, net	**2.5**	21.1
Net Cash Provided (Used) by Operating Activities	**(38.9)**	33.4
Investing Activities		
Capital expenditures	**(27.5)**	(17.4)
Proceeds from government funding	**12.9**	—
Proceeds from disposals of property, plant and equipment	**1.7**	—
Net Cash Provided (Used) by Investing Activities	**(12.9)**	(17.4)
Financing Activities		
Purchase of treasury shares	**(5.6)**	(4.4)
Proceeds from exercise of stock options	**—**	1.1
Shares surrendered for employee taxes on stock compensation	**(2.6)**	(15.4)
Net Cash Provided (Used) by Financing Activities	**(8.2)**	(18.7)
Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	**(60.0)**	(2.7)
Cash, cash equivalents, and restricted cash at beginning of period	**241.9**	281.3
Cash, Cash Equivalents, and Restricted Cash at End of Period	**$ 181.9**	$ 278.6
The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Balance Sheets that sum to the total of the same such amounts shown in the Consolidated Statements of Cash Flows:		
Cash and cash equivalents	**$ 180.3**	$ 278.1
Restricted cash reported in other current assets	**1.6**	0.5
Total cash, cash equivalents, and restricted cash shown in the Consolidated Statements of Cash Flows	**$ 181.9**	$ 278.6

See accompanying Notes to the unaudited Consolidated Financial Statements.

Metallus Inc.
Notes to Unaudited Consolidated Financial Statements
(dollars in millions, except per share data)

Note 1 - Basis of Presentation

The accompanying unaudited Consolidated Financial Statements have been prepared by Metallus Inc. (the "Company" or "Metallus") in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) and disclosures considered necessary for a fair presentation have been included. For further information, refer to Metallus' audited Consolidated Financial Statements and Notes included in its Annual Report on Form 10-K for the year ended December 31, 2024.

Note 2 - Recent Accounting Pronouncements

Adoption of New Accounting Standards

The Company did not adopt any new Accounting Standard Updates ("ASU") in the first quarter of 2025.

Accounting Standards Issued But Not Yet Adopted

The Company has considered the recent ASU's issued by the Financial Accounting Standards Board summarized below:

Standard Adopted	Description	Effective Date	Impact
ASU 2024-03, Disaggregated Expenses	The standard enhances the detail of expenses presented in the income statement including items such as: (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization.	Annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027.	The Company is currently evaluating the impact of the adoption of this ASU on its disclosures. The standard has no impact on the results of operations and financial condition.
ASU 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures	The standard enhances income tax disclosures primarily related to the rate reconciliation and income taxes paid.	Annual periods beginning after December 15, 2025.	The Company is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.

Note 3 - Segment Reporting

We conduct our business activities and report financial results as one business segment. The presentation of financial results as one reportable segment is consistent with the way the Company operates its business and is consistent with the manner in which the Chief Operating Decision Maker ("CODM") evaluates performance and makes resource and operating decisions for the business as described above. Our CODM is our President and Chief Executive Officer. Furthermore, the Company notes that monitoring financial results as one reportable segment helps the CODM manage costs on a consolidated basis, consistent with the integrated nature of the operations. The CODM uses Net Income (Loss), as reported on our Consolidated Statements of Operations, in evaluating performance of the Company and determining how to allocate resources of the Company as a whole. As the CODM evaluates performance on a consolidated basis, all required financial segment information is included in our consolidated financial statements.

Note 4 - Government Funding

On February 27, 2024, the Company entered an agreement with the United States Army ("U.S. Army"). The agreement provides for $99.75 million in funding to support the U.S. Army's mission of increasing munitions production for national security in the upcoming years. The agreement supports the commissioning of two major assets: a continuous bloom reheat furnace and a roller hearth heat treat furnace. For the quarter ended March 31, 2025, the Company received $12.9 million in funding related to this agreement and recorded the funding as a current liability on the Consolidated Balance Sheets and as investing within the Consolidated Cash Flows. There was $13.9 million in capital spending related to assets associated with this agreement in the first quarter of 2025.

In April 2025, the Company received an additional $5.1 million in government funding.

For further details, refer to Metallus' "Note 2 - Significant Accounting Policies" in its annual report on Form 10K for the year ended December 31, 2024.

Note 5 - Revenue Recognition

The following table provides the major sources of revenue by end-market sector for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,	
	2025	**2024**
Industrial	**$ 101.7**	$ 118.9
Automotive	**113.2**	122.9
Aerospace & Defense	**32.5**	46.3
Energy	**28.7**	28.0
Other [1]	**4.4**	5.5
Total Net Sales	**$ 280.5**	$ 321.6

[1] "Other" sales by end-market includes the Company's scrap sales.

The following table provides the major sources of revenue by product type for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,	
	2025	**2024**
Bar	**$ 166.0**	$ 193.9
Tube	**31.4**	47.8
Manufactured components	**78.7**	74.4
Other [2]	**4.4**	5.5
Total Net Sales	**$ 280.5**	$ 321.6

[2] "Other" sales by product type relates to the Company's scrap sales.

Contract liabilities are recognized when the Company has received consideration from a customer to transfer goods at a future point in time. Contract liabilities are primarily related to deferred revenue resulting from any cash payments received in advance of shipment to customers and are included in other current liabilities on the Consolidated Balance Sheets. Contract liabilities totaled $0.2 million and $0.7 million as of March 31, 2025 and 2024, respectively.

Note 6 – Other (Income) Expense, net

The following table provides the components of other (income) expense, net for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,	
	2025	**2024**
Pension and postretirement non-service benefit (income) loss	**$ (1.4)**	$ (1.4)
Loss (gain) from remeasurement of benefit plans	**—**	0.8
Foreign currency exchange loss (gain)	**—**	(0.2)
Sales and use tax refund	**(0.8)**	—
Miscellaneous (income) expense	**(0.1)**	—
Total other (income) expense, net	**$ (2.3)**	$ (0.8)

Non-service related pension and other postretirement benefit income, for all years, consists primarily of the interest cost, expected return on plan assets and amortization components of net periodic cost.

The Company's Bargaining Unit Pension Plan ("Bargaining Plan"), the Supplemental Pension Plan ("Supplemental Plan") and the Retirement Plan ("Salaried Plan"), which was terminated in the second quarter of 2024, each have a provision that permits employees to elect to receive their pension benefits in a lump sum upon retirement. In the first quarter of 2024, the cumulative cost of all lump sum payments was expected to exceed the sum of the service cost and interest cost components of net periodic pension cost for the Salaried Plan.

As a result, the Company completed a full remeasurement of its pension obligations and plan assets associated with the Salaried Plan during the first quarter of 2024 and recorded a loss of $0.8 million. This loss was due to $1.5 million of investment losses on plan assets and lump sum basis losses, partially offset by a $0.7 million decrease in the liability due to an increase in the discount rate.

For more details on the aforementioned remeasurements, refer to “Note 11 - Retirement and Postretirement Plans.”

Note 7 - Income Tax Provision

Metallus' provision for income taxes in interim periods is computed by applying the appropriate estimated annual effective tax rates to income or loss before income taxes for the period. In addition, non-recurring or discrete items, including interest on prior-year tax liabilities, are recorded during the periods in which they occur.

	Three Months Ended March 31,	
	2025	**2024**
Provision (benefit) for incomes taxes	**$ 1.6**	$ 6.0
Effective tax rate	**53.3%**	20.0%

Income tax expense for the three months ended March 31, 2025 was calculated using forecasted multi-jurisdictional annual effective tax rates to determine a blended annual effective tax rate. The effective tax rate of 53.3% for the three months ended March 31, 2025 was more than the rate of 20.0% for the three months ended March 31, 2024. The increase in the effective tax rate is primarily related to lower pre-tax income in the first quarter of 2025 and the impact of discrete items related to stock based compensation awards.

In the first quarter of 2025, the Company submitted a refund claim of $6.5 million to the Internal Revenue Service (“IRS”) for overpayments of 2024 federal estimated taxes as the estimated federal tax liability through December 31, 2024 was lower than projections made throughout the year. In May 2025, the Company received the refund claim of $6.5 million from the IRS.

Note 8 - Earnings (Loss) Per Share

Basic earnings (loss) per share is computed based upon the weighted average number of common shares outstanding. Diluted earnings (loss) per share is computed based upon the weighted average number of common shares outstanding plus the dilutive effect of common share equivalents calculated using the treasury stock method or if-converted method. For the Convertible Notes, the Company utilizes the if-converted method to calculate diluted earnings (loss) per share. Under the if-converted method, the Company adjusts net earnings to add back interest expense (including amortization of debt issuance costs) recognized on the Convertible Notes and includes the number of shares potentially issuable related to the Convertible Notes in the weighted average shares outstanding. Treasury stock, if any, is excluded from the denominator in calculating both basic and diluted earnings (loss) per share.

Equity-based Awards

Common share equivalents for shares issuable for equity-based awards amounted to 2.4 million shares for the three months ended March 31, 2025. For the three months ended March 31, 2025, 0.4 million shares were excluded from the computation of diluted earnings (loss) per share, primarily related to options with exercise prices above the average market price of our common shares (i.e., "underwater" options), because the effect of their inclusion would have been anti-dilutive. The difference between the remaining 2.0 million shares and 1.1 million shares assumed purchased with potential proceeds for the three months ended March 31, 2025, were included in the denominator of the diluted earnings (loss) per share calculation.

Common share equivalents for shares issuable for equity-based awards amounted to 2.9 million shares for three months ended March 31, 2024. For the three months ended March 31, 2024, 0.6 million shares were excluded from the computation of diluted earnings (loss) per share, primarily related to options with exercise prices above the average market price of our common shares (i.e., "underwater" options), because the effect of their inclusion would have been anti-dilutive. The difference between the remaining 2.3 million shares and 0.8 million shares assumed purchased with potential proceeds for the three months ended March 31, 2024, were included in the denominator of the diluted earnings (loss) per share calculation.

Convertible Notes

Common share equivalents for shares issuable upon the conversion of outstanding Convertible Notes were excluded in the computation of diluted earnings (loss) per share for the year ended March 31, 2025 as these shares would be anti-dilutive.

The following table sets forth the reconciliation of the numerator and the denominator of basic and diluted earnings (loss) per share for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,	
	2025	**2024**
Numerator:		
Net income (loss), basic	**$ 1.3**	$ 24.0
Add convertible notes interest	**—**	0.2
Net income (loss), diluted	**$ 1.3**	$ 24.2
Denominator:		
Weighted average shares outstanding, basic	**42.1**	43.6
Dilutive effect of stock-based awards	**0.9**	1.5
Dilutive effect of convertible notes	**—**	1.7
Weighted average shares outstanding, diluted	**43.0**	46.8
Basic earnings (loss) per share	**$ 0.03**	$ 0.55
Diluted earnings (loss) per share	**$ 0.03**	$ 0.52

Note 9 - Inventories

The components of inventories, net of reserves as of March 31, 2025 and December 31, 2024 were as follows:

	March 31, 2025	December 31, 2024
Manufacturing supplies	$ 59.3	$ 57.5
Raw materials	28.9	13.6
Work in process	105.9	114.5
Finished products	37.6	35.3
Gross inventory	231.7	220.9
Allowance for inventory reserves	(1.1)	(1.1)
Total inventories, net	$ 230.6	$ 219.8

Note 10 - Financing Arrangements

For a detailed discussion of the Company's long-term debt and credit arrangements, refer to "Note 11 - Financing Arrangements" in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

The following table summarizes the current and non-current debt as of March 31, 2025 and December 31, 2024.

	March 31, 2025	December 31, 2024
Credit Agreement	$ —	$ —
Convertible Senior Notes due 2025	5.4	5.4
Total debt	$ 5.4	$ 5.4
Less current portion of debt	5.4	5.4
Total non-current portion of debt	$ —	$ —

Credit Agreement

On September 30, 2022, the Company, as borrower, and certain domestic subsidiaries of the Company, as subsidiary guarantors (the "Subsidiary Guarantors"), entered into a Fourth Amended and Restated Credit Agreement (the "Credit Agreement"), with JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"), and the lenders party thereto (collectively, the "Lenders"), which further amended and restated the Company's secured Third Amended and Restated Credit Agreement, dated as of October 15, 2019.

As of March 31, 2025, the amount available under the Credit Agreement was $251.7 million, reflective of the Company's asset borrowing base with no outstanding borrowings. Additionally, the Company is in compliance with all covenants outlined in the Credit Agreement.

Convertible Senior Notes due 2025

The principal amount of the Convertible Senior Notes due 2025 upon issuance was $46.0 million. Transaction costs related to the Convertible Senior Notes due 2025 incurred upon issuance were $1.5 million. These costs are amortized to interest expense over the term of the notes. The Convertible Senior Notes due 2025 mature on December 1, 2025. The Convertible Senior Notes due 2025 are convertible at the option of holders in certain circumstances and during certain periods into the Company's common shares, cash, or a combination thereof, at the Company's election.

The Indenture for the Convertible Senior Notes due 2025 provides that notes will become convertible during a quarter when the share price for 20 trading days during the final 30 trading days of the immediately preceding quarter was greater than 130% of the

conversion price. This criterion was met during the fourth quarter of 2024, and, as such, the notes can be converted at the option of the holder beginning January 1 through March 31, 2025. During the first quarter of 2025, the Company received notice of conversion from the remaining Convertible Senior Note holder to convert the outstanding notes. The Company expects to settle the convertible obligation, including the outstanding principal of $5.5 million, in cash, during the second quarter of 2025.

For details regarding all conversion mechanics and methods of settlement, refer to the Indenture for the Convertible Senior Notes due 2025 filed as an exhibit to a Form 8-K on December 15, 2020 and incorporated by reference in our most recent 10-K filing.

The components of the Convertible Senior Notes due 2025 as of March 31, 2025 and December 31, 2024 were as follows:

	March 31, 2025	December 31, 2024
Principal	$ 5.5	$ 5.5
Less: Debt issuance costs, net of amortization	(0.1)	(0.1)
Convertible Senior Notes due 2025, net	$ 5.4	$ 5.4

The following table sets forth total interest expense recognized related to the Convertible Notes:

	Three Months Ended March 31, 2025	2024
Contractual interest expense	$ 0.1	$ 0.2
Amortization of debt issuance costs	—	—
Total	$ 0.1	$ 0.2

The total cash interest paid for the three months ended March 31, 2025 and 2024 was $0.3 million, respectively.

Fair Value Measurement

The fair value of the Convertible Senior Notes due 2025 was approximately $9.7 million as of March 31, 2025. The fair value of the Convertible Senior Notes due 2025, which falls within Level 2 of the fair value hierarchy as defined by applicable accounting guidance, is based on a valuation model primarily using observable market inputs and requires a recurring fair value measurement on a quarterly basis.

Metallus' Credit Facility is variable-rate debt. As such, any outstanding carrying value is a reasonable estimate of fair value as interest rates on these borrowings approximate current market rates. This valuation falls within Level 2 of the fair value hierarchy and is based on quoted prices for similar assets and liabilities in active markets that are observable either directly or indirectly. There were no outstanding borrowings on the Credit Facility as of March 31, 2025.

Interest (Income) Expense, net

The following table provides the components of interest (income) expense, net for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31, 2025	2024
Interest expense	$ 0.5	$ 0.6
Interest income	(2.0)	(3.4)
Interest (income) expense, net	$ (1.5)	$ (2.8)

Interest income primarily relates to interest earned on cash invested in a money market fund and deposits with financial institutions. As of March 31, 2025, the carrying value of the Company's money market investment was $42.6 million, which approximates the fair value. The Company had $146.4 million in cash invested in a money market fund as of March 31, 2024. The

money market fund is a cash equivalent and is included in cash and cash equivalents on the Consolidated Balance Sheets. The fund consists of highly liquid investments with an average maturity of three months or less and falls within Level 1 of the fair value hierarchy as defined by applicable accounting guidance. Additionally as of March 31, 2025 and 2024, the Company had $126.9 and $121.3 million of cash held in other accounts which generate interest income at a rate similar to the money market fund.

Treasury Shares

On December 20, 2021 Metallus announced that its Board of Directors authorized a share repurchase program under which the Company may repurchase up to $50.0 million of its outstanding common shares. On November 2, 2022, the Board of Directors authorized an additional $75.0 million towards its share repurchase program and on May 6, 2024 the Board of Directors authorized an additional $100.0 million. The share repurchase program is intended to return capital to shareholders while also offsetting dilution from annual equity compensation awards. The share repurchase program does not require the Company to acquire any dollar amount or number of shares and may be modified, suspended, extended or terminated by the Company at any time without prior notice.

For the three months ended March 31, 2025, the Company repurchased approximately 0.4 million common shares at an aggregate cost of $5.6 million in the open market, which equates to an average repurchase price of $14.23 per share. For the three months ended March 31, 2024, the Company repurchased approximately 0.2 million common shares at an aggregate cost of $4.4 million in the open market, which equates to an average repurchase price of $20.87 per share. As of March 31, 2025, the Company had a balance of $97.2 million remaining on its authorized share repurchase program.

In April 2025, the Company repurchased approximately 0.1 million common shares at an aggregate cost of $1.2 million, which equates to an average repurchase price of $12.47 per share. As of April 30, 2025, the Company had $96.0 million remaining under its authorized share repurchase program.

Note 11 - Retirement and Postretirement Plans

Plan Amendments and Updates

Bargaining Plan

On October 29, 2021, the United Steelworkers ("USW") Local 1123 voted to ratify a new four-year contract (the “Contract”). The Contract, which is in effect until September 27, 2025, resulted in several changes to the Bargaining Plan including but not limited to closing the plan to new entrants effective January 1, 2022. For a detailed discussion of the Company's Bargaining Plan changes, refer to “Note 12 - Retirement and Postretirement Plans” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

In the first quarter of 2025, the Company contributed a total of $52.6 million in pension contributions, most of which related to the Bargaining Plan. In April 2025, the Company contributed an additional $5.9 million to the Bargaining Plan and anticipates additional contributions of approximately $10.0 million to the Bargaining Plan throughout the remainder of 2025. Required future pension contribution timing and amounts are subject to significant change based on future investment performance, Company estimates and actuarial assumptions, as well as current funding laws.

Salaried Plan

During the fourth quarter of 2021, the Company's Board of Directors approved the termination of the Salaried Plan and the plan was terminated effective March 31, 2022, subject to regulatory approval which was received in the fourth quarter of 2023. On May 15, 2024, the Company entered into an agreement to purchase a group annuity contract from Prudential in connection with the annuitization of the Salaried Plan. The Salaried Plan annuitization settled approximately $121 million of the Company’s remaining U.S. pension obligations. Prudential began future benefit payments under the group annuity contract starting August 1, 2024 for all remaining participants in the Salaried Plan. Benefits payable to Salaried Plan participants were not reduced as a result of the annuitization. The group annuity contract was purchased using existing assets of the Salaried Plan and required no cash

contribution from the Company. Following the completion of the annuity contract, there were surplus assets which were used to make a one-time 401(k) contribution to eligible employees. As a result, the Company recognized a loss of $3.6 million when the remaining assets were distributed.

Pension Net Periodic Benefit Cost (Income)

The components of net periodic benefit cost (income) for the three months ended March 31, 2025 were as follows:

	Pension					
	United States of America		United Kingdom	Mexico		
	Bargaining Plan	Supplemental Plan	Pension Scheme	Pension Plan	Total Pension	Postretirement Plans
Service cost	$ 2.2	$ —	$ —	$ —	$ 2.2	$ 0.1
Interest cost	6.5	0.2	0.7	—	7.4	1.1
Expected return on plan assets	(7.5)	—	(0.6)	—	(8.1)	(0.7)
Amortization of prior service cost	0.3	—	—	—	0.3	(1.5)
Net Periodic Benefit Cost (Income)	$ 1.5	$ 0.2	$ 0.1	$ —	$ 1.8	$ (1.0)

The components of net periodic benefit cost (income) for the three months ended March 31, 2024 were as follows:

	Pension						
	United States of America			United Kingdom	Mexico		
	Bargaining Plan	Salaried Plan	Supplemental Plan	Pension Scheme	Pension Plan	Total Pension	Postretirement Plans
Service cost	$ 2.2	$ 0.2	$ —	$ —	$ —	$ 2.4	$ 0.1
Interest cost	6.4	1.5	0.2	0.6	—	8.7	1.1
Expected return on plan assets	(7.0)	(1.6)	—	(0.7)	—	(9.3)	(0.7)
Amortization of prior service cost	0.3	—	—	—	—	0.3	(1.5)
Net remeasurement losses (gains)	—	0.8	—	—	—	0.8	—
Net Periodic Benefit Cost (Income)	$ 1.9	$ 0.9	$ 0.2	$ (0.1)	$ —	$ 2.9	$ (1.0)

The Bargaining Plan, Supplemental Plan and the Salaried Plan, which was annuitized during the second quarter of 2024, each have a provision that permits employees to elect to receive their pension benefits in a lump sum upon retirement. The Company's accounting policy is to recognize settlements during the quarter in which it is projected that the costs of all settlements during the year will be greater than the sum of the service cost and interest cost components. In the first quarter of 2024, the cumulative cost of all lump sum payments was expected to exceed the sum of the service cost and interest cost components of net periodic pension cost for the Salaried Plan. As a result, the Company completed a full remeasurement of its pension obligations and plan assets associated with the Salaried Plan during the first quarter of 2024 and recognized a loss of $0.8 million.

Note 12 – Stock-Based Compensation

During the three months ended March 31, 2025, the Board of Directors granted 470,980 time-based restricted stock units and 329,580 performance-based restricted stock units, which relates to the annual grant to our employees. During the three months ended March 31, 2024, the Board of Directors granted 370,296 time-based restricted stock units and 205,944 performance-based restricted stock units, which relates to the annual grant to our employees.

Time-based restricted stock units are issued with the fair value equal to the closing market price of Metallus common shares on the date of grant. These restricted stock units do not have any performance conditions for vesting. Expense is recognized over the service period, adjusted for any forfeitures that occur during the vesting period. The fair value of the restricted stock units granted during the three months ended March 31, 2025 was $14.33 per share.

Performance-based restricted stock units issued in 2025 vest based on achievement of a total shareholder return ("TSR") metric. The TSR metric is considered a market condition, which requires Metallus to reflect it in the fair value on grant date using an advanced option-pricing model. The fair value of each performance share was therefore determined using a Monte Carlo valuation model, a generally accepted lattice pricing model under ASC 718 – Stock-based Compensation. The Monte Carlo valuation model, among other factors, uses commonly-accepted economic theory underlying all valuation models, estimates fair value using simulations of future share prices based on stock price behavior and considers the correlation of peer company returns in determining fair value. The fair value of the performance-based restricted stock units granted during the three months ended March 31, 2025 was $17.31 per share.

Metallus recognized stock-based compensation expense of $3.4 million for the three months ended March 31, 2025, compared to $3.5 million for the three months ended March 31, 2024. Future stock-based compensation expense related to the unvested portion of all awards is approximately $27.9 million. The future expense is expected to be recognized over the remaining vesting periods through 2028.

Note 13 - Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the three months ended March 31, 2025 and 2024 by component were as follows:

	Foreign Currency Translation Adjustments	Pension and Postretirement Liability Adjustments	Total
Balance As of December 31, 2024	$ (7.7)	$ 15.4	$ 7.7
Other comprehensive income (loss) before reclassifications, before income tax	**0.4**	**—**	**0.4**
Amounts reclassified from accumulated other comprehensive income (loss), before income tax	**—**	**(1.2)**	**(1.2)**
Amounts deferred to accumulated other comprehensive income (loss), before income tax	**—**	**—**	**—**
Tax effect	**—**	**(0.1)**	**(0.1)**
Net current period other comprehensive income (loss), net of income taxes	**0.4**	**(1.3)**	**(0.9)**
Balance As of March 31, 2025	**$ (7.3)**	**$ 14.1**	**$ 6.8**

	Foreign Currency Translation Adjustments	Pension and Postretirement Liability Adjustments	Total
Balance as of December 31, 2023	$ (6.5)	$ 18.9	$ 12.4
Other comprehensive income (loss) before reclassifications, before income tax	—	—	—
Amounts reclassified from accumulated other comprehensive income (loss), before income tax	—	(1.1)	(1.1)
Amounts deferred to accumulated other comprehensive income (loss), before income tax	—	—	—
Tax effect	—	—	—
Net current period other comprehensive income (loss), net of income taxes	—	(1.1)	(1.1)
Balance as of March 31, 2024	$ (6.5)	$ 17.8	$ 11.3

The amount reclassified from accumulated other comprehensive income (loss) in the three months ended March 31, 2025 and 2024 for the pension and postretirement liability adjustment was included in other (income) expense, net in the unaudited Consolidated Statements of Operations.

Note 14 – Contingencies

Metallus has a number of loss exposures incurred in the ordinary course of business, such as environmental claims, product warranty claims, employee-related matters, and other litigation. Establishing loss reserves for these matters requires management's estimate and judgment regarding risk exposure and ultimate liability or realization. These loss reserves are reviewed periodically and adjustments are made to reflect the most recent facts and circumstances. Accruals related to environmental claims represent management's best estimate of the fees and costs associated with these claims. Although it is not possible to predict with certainty the outcome of such claims, management believes that their ultimate dispositions should not have a material adverse effect on our financial position, cash flows or results of operations. As of March 31, 2025 and December 31, 2024, Metallus had a $0.8 million and a $0.5 million contingency reserve, respectively, related to loss exposures incurred in the ordinary course of business.

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

(dollars in millions, except per share data)

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help investors understand our results of operations, financial condition and current business environment. The MD&A is provided as a supplement to, and should be read in conjunction with, our unaudited consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q for the three months ended March 31, 2025.

The MD&A is organized as follows:

- Overview: From management's point of view, we discuss the following:
  - Summary of our business and the markets in which we operate
  - Key trends and events during the current year
- Results of Operations: An analysis of our results of operations as reflected in our consolidated financial statements.
- Non GAAP[(1)] Financial Measures: An analysis of our net sales by end-market, adjusted to exclude surcharges, which management uses to better analyze key market indicators and trends and allows for enhanced comparison between our end markets.
- Liquidity and Capital Resources: An analysis of our cash flows, working capital, debt structure, contractual obligations and other commercial commitments.
- Critical Accounting Policies: An overview of accounting policies identified by the Company as critical that, as a result of the judgments, uncertainties, and the operations involved, could result in material changes to its financial condition or results of operations under different conditions or using different assumptions.

Overview

Business Overview

We manufacture alloy steel, as well as carbon and micro-alloy steel, using electric arc furnace ("EAF") technology. Our portfolio includes special bar quality ("SBQ") bars, seamless mechanical tubing ("tubes"), manufactured components such as precision steel components, and billets. Our products and solutions are used in a diverse range of demanding applications in the following end-markets: industrial, automotive, aerospace & defense, and energy.

We conduct our business activities and report financial results as one business segment. The presentation of financial results as one reportable segment is consistent with the way we operate our business and is consistent with the manner in which the Chief Operating Decision Maker ("CODM") evaluates performance and makes resource and operating decisions for the business as described above. Furthermore, the Company notes that monitoring financial results as one reportable segment helps the CODM manage costs on a consolidated basis, consistent with the integrated nature of our operations.

Q1 2025 Business Highlights

The following items represent key trends and events during the three months ended March 31, 2025:

- Capital investments: The Company continues to invest organically with $27.5 million of capital investments during the first quarter of 2025 including $13.9 million for projects funded by the U.S. government. Investments included targeted spending for improved safety, equipment automation, and continuous improvement to drive best-in-class quality and asset reliability, as well as new assets to increase throughput and efficiency which are being substantially funded by the U.S. government.

•Defense contract: The Company received $12.9 million from the U.S. government as part of the previously announced $99.75 million funding agreement to support the U.S. Army's mission of increasing munitions production for national security in the upcoming years. The agreement supports the commissioning of two major assets: a continuous bloom reheat furnace and a roller hearth heat treat furnace. The Company expects the remaining funding to be provided as mutually agreed upon milestones are achieved throughout the project. The Company is targeting late 2025 for the new bloom reheat furnace to be operational and the first half of 2026 for the new roller furnace to be operational. To date, the Company has received $66.4 million of government funding, with total spend of $21.9 million, and expects additional funding to be provided under the previously announced agreements throughout 2025 and into early 2026 as mutually agreed upon milestones are achieved.

•Liquidity: Our balance sheet has remained strong, with total liquidity of $432.0 million, including cash and cash equivalents of $180.3 million as of March 31, 2025. Operating cash outflow of $38.9 million in the first quarter 2025 was primarily driven by required pension contributions and higher working capital.

•Share repurchase program: The Company repurchased approximately 0.4 million common shares at a cost of $5.6 million, or $14.23 per share. As of March 31, 2025, the Company has $97.2 million remaining under its authorized share repurchase program.

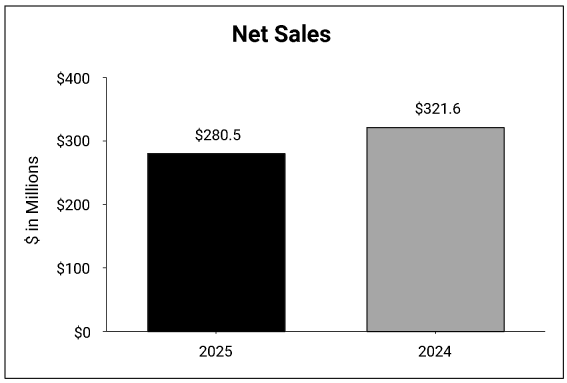
•Recent trade developments: The Company is closely monitoring recent trade developments, including increased, additional, and expanded tariffs on goods imported from various countries imposed by the U.S. government, as well as reciprocal tariffs on U.S. exports imposed by various countries. As a domestic steel producer, the recent actions taken to enact a minimum 25% tariff on steel imports and close loopholes in the tariff exclusion process are expected to have a positive impact on the demand for Metallus products and our financial results. The ultimate impact to the Company remains uncertain and will depend on several factors, including whether additional or incremental U.S. tariffs or other measures are announced or imposed, to what extent other countries implement tariffs or other retaliatory measures, and the overall magnitude and duration of these measures.

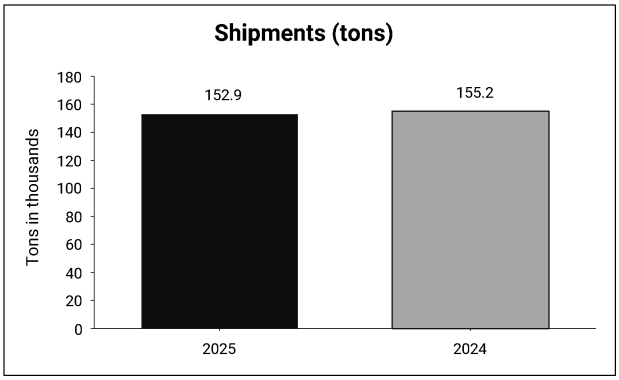
(1) Please see discussion of non-GAAP financial measures in Form 10-Q – Net Sales Adjusted to Exclude Surcharges

Results of Operations

Net Sales

The charts below present net sales and shipments for the three months ended March 31, 2025 and 2024.

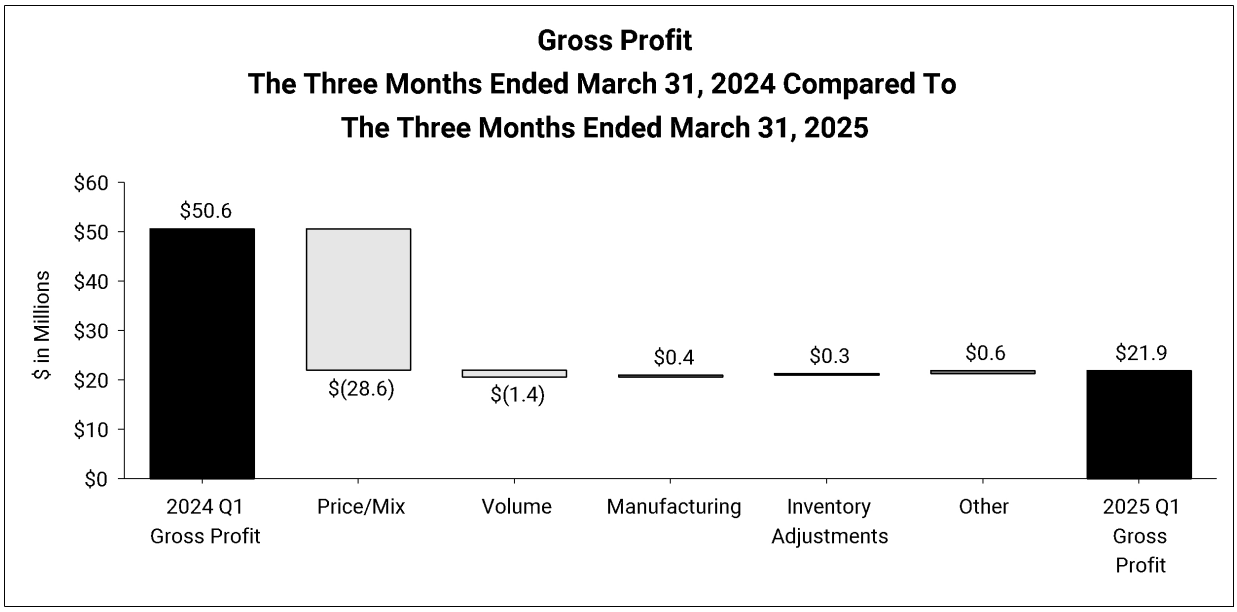




Net sales for the three months ended March 31, 2025 were $280.5 million, a decrease of $41.1 million, or 12.8%, compared with the three months ended March 31, 2024. The decrease in sales was primarily driven by unfavorable price/mix, a decrease in surcharges and lower volume. Unfavorable price/mix of $25.9 million was primarily due to lower base prices across end-markets as well as a smaller proportion of aerospace & defense shipments. Lower market prices for scrap primarily drove the unfavorable surcharges of $11.4 million. Lower volume of 2.3 thousand ship tons resulted in a net sales decrease of $3.8 million. Excluding surcharges, net sales increased $29.7 million or 11.8%.

Gross Profit

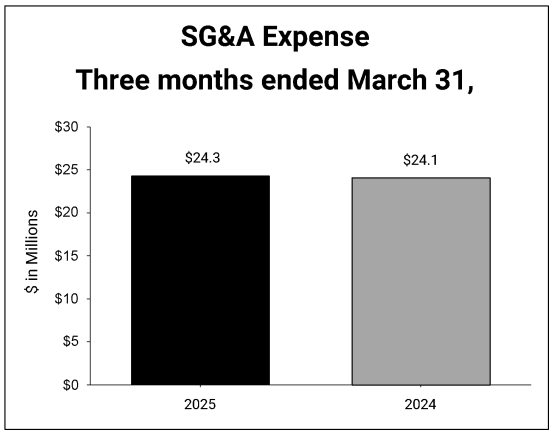
The chart below presents the drivers of the gross profit variance for the three months ended March 31, 2025 as compared to the three months ended March 31, 2024.



Gross profit for the three months ended March 31, 2025 decreased $28.7 million, or 56.7%, compared with the three months ended March 31, 2024. The decrease was driven by unfavorable price/mix and lower volume, partially offset by lower manufacturing costs. Unfavorable price/mix was due to lower base prices across end-markets as well as a smaller proportion of aerospace & defense shipments. The aerospace & defense and automotive end-markets were unfavorably impacted by lower shipments, partially offset by higher shipments to the industrial and energy end-markets. Favorable manufacturing costs were primarily due to lower maintenance and manufacturing consumables spend.

Selling, General and Administrative Expenses

The charts below present selling, general and administrative ("SG&A") expense for the three months ended March 31, 2025 and 2024.



SG&A expense for the three months ended March 31, 2025 increased by $0.2 million, or 0.8%, compared with the three months ended March 31, 2024. The increase was primarily due to higher salary and benefits, variable pay compensation and professional services, primarily driven by the ongoing information technology transformation project.

Interest (Income) Expense, net

Net interest income for the three months ended March 31, 2025 was $1.5 million compared with $2.8 million for the three months ended March 31, 2024. The change was due to interest earned on lower cash invested in a money market fund and in other accounts which generate interest income at a rate similar to the money market fund during 2025. Refer to "Note 10 - Financing Arrangements" in the Notes to the unaudited Consolidated Financial Statements for additional information.

Other (Income) Expense, net

	Three Months Ended March 31,		
	2025	**2024**	**$ Change**
Pension and postretirement non-service benefit (income) loss	**$ (1.4)**	$ (1.4)	$ —
Loss (gain) from remeasurement benefit plan	**—**	0.8	(0.8)
Foreign currency exchange loss (gain)	**—**	(0.2)	0.2
Sales and use tax refund	**(0.8)**	—	(0.8)
Miscellaneous (income) expense	**(0.1)**	—	(0.1)
Total other (income) expense, net	**$ (2.3)**	$ (0.8)	$ (1.5)

Non-service related pension and other postretirement benefit income, for all years, consists primarily of the interest cost, expected return on plan assets and amortization components of net periodic cost.

The Company's Bargaining Unit Pension Plan ("Bargaining Plan"), the Supplemental Pension Plan ("Supplemental Plan") and the Retirement Plan ("Salaried Plan"), which was terminated during the second quarter of 2024, each have a provision that permits employees to elect to receive their pension benefits in a lump sum upon retirement. In the first quarter of 2024, the cumulative cost of all lump sum payments was expected to exceed the sum of the service cost and interest cost components of net periodic

pension cost for the Salaried Plan. As a result, the Company completed a full remeasurement of its pension obligations and plan assets associated with the Salaried Plan during the first quarter of 2024.

A loss of $0.8 million from the remeasurement of the Salaried Plan was recognized for the three months ended March 31, 2024. This loss was due to $1.5 million of investment losses on plan assets and lump sum basis losses, partially offset by a $0.7 million decrease in the liability due to an increase in the discount rate.

For more details on the aforementioned remeasurements, refer to “Note 11 - Retirement and Postretirement Plans.”

Provision for Income Taxes

	Three Months Ended March 31,		
	2025	**2024**	**$ Change**
Provision (benefit) for income taxes	**$ 1.6**	$ 6.0	$ (4.4)
Effective tax rate	**53.3%**	20.0%	33.3%

The provision for income taxes for the quarter ended March 31, 2025 was $1.6 million compared to $6.0 million in 2024. The change is primarily related lower pre-tax income in the first quarter of 2025.

Non-GAAP Financial Measures

Net Sales Adjusted to Exclude Surcharges

The tables below present net sales by end-markets, adjusted to exclude surcharges, which represents a financial measure that has not been determined in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We believe presenting net sales by end-markets, both on a gross basis and on a per ton basis, adjusted to exclude raw material and energy surcharges, provides additional insight into key drivers of net sales such as base price and product mix. Due to the fact that the surcharge mechanism can introduce volatility to our net sales, net sales adjusted to exclude surcharges provides management and investors clarity of our core pricing and results. Presenting net sales by end-markets, adjusted to exclude surcharges including on a per ton basis, allows management and investors to better analyze key market indicators and trends and allows for enhanced comparison between our end-markets.

When surcharges are included in a customer agreement and are applicable (i.e., reach the threshold amount), based on the terms outlined in the respective agreement, surcharges are then included as separate line items on a customer's invoice. These additional surcharge line items adjust base prices to match cost fluctuations due to market conditions. Each month, the Company will post on the surcharges page of its external website, as well as our customer portal, the scrap, alloy, and energy surcharges that will be applied (as a separate line item) to invoices dated in the following month (based upon shipment volumes in the following month). All surcharges invoiced are included in GAAP net sales.

(dollars in millions, ship tons in thousands)

	Three Months Ended March 31, 2025					
	Industrial	Automotive	Aerospace & Defense	Energy	Other	Total
Ship Tons	**66.3**	**64.1**	**8.6**	**13.9**	**—**	**152.9**
Net Sales	**$ 101.7**	**$ 113.2**	**$ 32.5**	**$ 28.7**	**$ 4.4**	**$ 280.5**
Less: Surcharges	**26.6**	**21.6**	**3.4**	**6.7**	**—**	**58.3**
Base Sales	**$ 75.1**	**$ 91.6**	**$ 29.1**	**$ 22.0**	**$ 4.4**	**$ 222.2**
Net Sales / Ton	**$ 1,534**	**$ 1,766**	**$ 3,779**	**$ 2,065**	**$ —**	**$ 1,835**
Surcharges / Ton	**$ 401**	**$ 337**	**$ 395**	**$ 482**	**$ —**	**$ 381**
Base Sales / Ton	**$ 1,133**	**$ 1,429**	**$ 3,384**	**$ 1,583**	**$ —**	**$ 1,454**

	Three Months Ended March 31, 2024					
	Industrial	Automotive	Aerospace & Defense	Energy	Other	Total
Ship Tons	60.8	66.5	16.5	11.4	—	155.2
Net Sales	$ 118.9	$ 122.9	$ 46.3	$ 28.0	$ 5.5	$ 321.6
Less: Surcharges	30.1	26.5	6.5	6.6	—	69.7
Base Sales	$ 88.8	$ 96.4	$ 39.8	$ 21.4	$ 5.5	$ 251.9
Net Sales / Ton	$ 1,956	$ 1,848	$ 2,806	$ 2,456	$ —	$ 2,072
Surcharges / Ton	$ 495	$ 398	$ 394	$ 579	$ —	$ 449
Base Sales / Ton	$ 1,461	$ 1,450	$ 2,412	$ 1,877	$ —	$ 1,623

Liquidity and Capital Resources

Credit Agreement

On September 30, 2022, the Company, as borrower, and certain domestic subsidiaries of the Company, as subsidiary guarantors, entered into a Fourth Amended and Restated Credit Agreement (the "Amended Credit Agreement"), with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, which further amended and restated the Company's secured Third Amended and Restated Credit Agreement, dated as of October 15, 2019.

Refer to "Note 10 - Financing Arrangements" in the Notes to the unaudited Consolidated Financial Statements for additional information.

Convertible Notes

The Convertible Senior Notes due 2025 are convertible at the option of holders in certain circumstances and during certain periods into the Company's common shares, cash, or a combination thereof, at the Company's election. The Indenture for the Convertible Senior Notes due 2025 provides that notes will become convertible during a quarter when the share price for 20 trading days during the final 30 trading days of the immediately preceding quarter was greater than 130% of the conversion price. This criterion was met during the fourth quarter of 2024, and, as such, the notes can be converted at the option of the holder beginning January 1 through March 31, 2025. During the first quarter of 2025, the Company received notice of conversion from the remaining Convertible Senior Note holder to convert the outstanding notes. The Company expects to settle the convertible obligation, including the outstanding principal of $5.5 million, in cash, during the second quarter of 2025.

For additional details regarding the Convertible Notes please refer to "Note 11 - Financing Arrangements" in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Additional Liquidity Considerations

The following represents a summary of key liquidity measures under the Credit Agreement as of March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
Cash and cash equivalents	**$ 180.3**	$ 240.7
Credit Agreement:		
Maximum availability	**$ 400.0**	$ 400.0
Suppressed availability[(1)]	**(143.0)**	(176.8)
Availability	**257.0**	223.2
Amount borrowed	**—**	—
Letter of credit obligations	**(5.3)**	(5.3)
Availability not borrowed	**$ 251.7**	$ 217.9
Total liquidity	**$ 432.0**	$ 458.6

[(1)] As of March 31, 2025, and December 31, 2024, the Company had less than $400.0 million in collateral assets to borrow against.

Our principal sources of liquidity are cash and cash equivalents, cash flows from operations and available borrowing capacity under our Credit Agreement. As of March 31, 2025, taking into account our view of industrial, automotive, aerospace & defense and energy market demand for our products, and our 2025 operating and long-range plan, we believe that our cash balance as of March 31, 2025, projected cash generated from operations, borrowings available under the Credit Agreement and committed government funding to support capital investments, will be sufficient to satisfy our working capital needs, capital expenditures

and other liquidity requirements associated with our operations, including servicing our debt and pension and postretirement benefit obligations, for at least the next twelve months. We expect capital expenditures to be approximately $125 million in 2025, inclusive of approximately $90 million of capital expenditures funded by the U.S. government.

In the first quarter of 2025, the Company contributed a total of $52.6 million in pension contributions, most of which related to the Bargaining Plan. In April 2025, the Company contributed an additional $5.9 million to the Bargaining Plan and anticipates additional contributions of approximately $10 million to the Bargaining Plan throughout the remainder of 2025.

To the extent our liquidity needs prove to be greater than expected or cash generated from operations is less than anticipated, and cash on hand or credit availability is insufficient, we would seek additional financing to provide additional liquidity. We regularly evaluate our potential access to the equity and debt capital markets as sources of liquidity and we believe additional financing would likely be available if necessary, although we can make no assurance as to the form or terms of any such financing.

We continue to evaluate the best use of our liquidity which would allow us to invest in profitable growth, maintain a strong balance sheet, and return capital to shareholders.

For the three months ended March 31, 2025, the Company repurchased approximately 0.4 million common shares at an aggregate cost of $5.6 million in the open market, which equates to an average repurchase price of $14.23 per share. As of March 31, 2025, the Company had a balance of $97.2 million remaining under its share repurchase program. The share repurchase program is intended to return capital to shareholders while also offsetting dilution from annual equity compensation awards. The share repurchase program does not require the Company to acquire any dollar amount or number of shares and may be modified, suspended, extended or terminated by the Company at any time without prior notice. These authorizations reflect the continued confidence of the Board and senior leadership in the Company's ability to generate sustainable through-cycle profitability while maintaining a strong balance sheet and cash flow.

Cash Flows

The following table reflects the major categories of cash flows for the three months ended March 31, 2025 and 2024. For additional details, please refer to the unaudited Consolidated Statements of Cash Flows included in this quarterly report.

	Three Months Ended March 31,	
	2025	**2024**
Net cash provided (used) by operating activities	**$ (38.9)**	$ 33.4
Net cash provided (used) by investing activities	**(12.9)**	(17.4)
Net cash provided (used) by financing activities	**(8.2)**	(18.7)
Increase (Decrease) in Cash and Cash Equivalents	**$ (60.0)**	$ (2.7)

Operating activities

Net cash used by operating activities for the three months ended March 31, 2025 was $38.9 million compared to net cash provided of $33.4 million for the three months ended March 31, 2024. The change was primarily driven by first quarter of 2025 profitability, an increase in first quarter of 2025 required pension contributions, a higher working capital use of cash in the first quarter 2025 to support a sequential increase in net sales, and insurance recoveries received in 2024.

Investing activities

Net cash used by investing activities for the three months ended March 31, 2025 was $12.9 million compared to net cash used of $17.4 million for the three months ended March 31, 2024. The change was due to proceeds from government funding in the three months ended March 31, 2025 compared to 2024, partially offset by higher capital spending in the three months ended March 31, 2025.

Financing activities

Net cash used by financing activities for the three months ended March 31, 2025 was $8.2 million compared to net cash used of $18.7 million for the three months ended March 31, 2024. The change was primarily due to lower shares surrendered for taxes during the first quarter of 2025 compared to the same period in 2024, partially offset by higher repurchases of common shares in 2025 compared to the same period in 2024.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We review our critical accounting policies throughout the year.

New Accounting Guidance

See “Note 2 - Recent Accounting Pronouncements” in the Notes to the unaudited Consolidated Financial Statements.

Forward-Looking Statements

Certain statements set forth in this Quarterly Report on Form 10-Q (including our forecasts, beliefs and expectations) that are not historical in nature are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, Management’s Discussion and Analysis of Financial Condition and Results of Operations contains numerous forward-looking statements. Forward-looking statements generally will be accompanied by words such as “anticipate,” “aspire,” “believe,” “could,” “estimate,” “expect,” “forecast,” “outlook,” “intend,” “may,” “plan,” “possible,” “potential,” “predict,” “project,” “seek,” “should,” “strategic direction,” “strategy,” “target,” “will,” “would,” or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. You are cautioned not to place undue reliance on forward-looking statements, which

speak only as of the date of this Form 10-Q. We caution readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of us due to a variety of factors, such as:

- the effects of fluctuations in customer demand on sales, product mix and prices in the industries in which the Company operates, including the ability of the Company to respond to rapid changes in customer demand including but not limited to changes in domestic and worldwide political and economic conditions due to, among other factors, U.S. and foreign trade policies and the impact on economic conditions, changes in customer operating schedules due to supply chain constraints or unplanned work stoppages, the ability of customers to obtain financing to purchase the Company's products or equipment that contains its products, the effects of customer bankruptcies or liquidations, the impact of changes in industrial business cycles, and whether conditions of fair trade exist in U.S. markets;
- changes in operating costs, including the effect of changes in our manufacturing processes; changes in costs associated with varying levels of operations and manufacturing capacity; availability of raw materials and energy; our ability to mitigate the impact of fluctuations in raw materials and energy costs and the effectiveness of our surcharge mechanism; changes in the expected costs associated with product warranty claims; changes resulting from inventory management, cost reduction initiatives and different levels of customer demands; the effects of unplanned work stoppages; availability of skilled labor; and changes in the cost of labor and benefits;
- the success of our operating plans, announced programs, initiatives and capital investments; the consistency to meet demand levels following unplanned downtime; and our ability to maintain appropriate relations with the union that represents our associates in certain locations in order to avoid disruptions of business;
- whether we are able to successfully implement actions designed to improve profitability on anticipated terms and timetables and whether we are able to fully realize the expected benefits of such actions;
- the Company's pension obligations and investment performance;
- with respect to the Company's ability to achieve its sustainability goals, including its 2030 environmental goals, the ability to meet such goals within the expected timeframe, changes in laws, regulations, prevailing standards or public policy, the alignment of the scientific community on measurement and reporting approaches, the complexity of commodity supply chains and the evolution of and adoption of new technology, including traceability practices, tools and processes;
- availability of property insurance coverage at commercially reasonable rates or insufficient insurance coverage to cover claims or damages;
- the availability of financing and interest rates, which affect the Company's cost of funds and/or ability to raise capital;
- the impacts from any repurchases of our common shares, including the timing and amount of any repurchases;
- competitive factors, including changes in market penetration; increasing price competition by existing or new foreign and domestic competitors; the introduction of new products by existing and new competitors; and new technology that may impact the way our products are sold or distributed;
- deterioration in global economic conditions, or in economic conditions in any of the geographic regions in which we conduct business, including additional adverse effects from global economic slowdown, terrorism or hostilities. This includes: political risks associated with the potential instability of governments and legal systems in countries in which we or our customers conduct business, and changes in currency valuations;
- the impact of global conflicts on the economy, sourcing of raw materials, and commodity prices;
- climate-related risks, including environmental and severe weather caused by climate changes, and legislative and regulatory initiatives addressing global climate change or other environmental concerns;

- •unanticipated litigation, claims or assessments, including claims or problems related to intellectual property, product liability or warranty, employment matters, regulatory compliance and environmental issues and taxes, among other matters;
- •cyber-related risks, including information technology system failures, interruptions and security breaches;
- •the potential impact of pandemics, epidemics, widespread illness or other health issues;
- •with respect to the equipment investments to support the U.S. Army's mission of ramping up munitions production in the coming years, whether the funding awarded to support these investments is received on the anticipated timetable, whether the Company is able to successfully complete the installation and commissioning of the new assets on the targeted budget and timetable, and whether the anticipated increase in throughput is achieved; and
- •those items identified under the caption Risk Factors in our Annual Report on Form 10-K.

You are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, and that the above list should not be considered to be a complete list. Except as required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Further, this report includes our current policy and intent and is not intended to create legal rights or obligations. Certain standards of measurement and performance contained in this report are developing and based on assumptions, and no assurance can be given that any plan, objective, initiative, projection, goal, mission, commitment, expectation, or prospect set forth in this report can or will be achieved. Inclusion of information in this report is not an indication that the subject or information is material to our business or operating results.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk, see Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024. There were no material changes in our exposure to market risk since December 31, 2024.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)). Based upon that evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

(b) Changes in Internal Control Over Financial Reporting

During the Company's most recent fiscal quarter, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of our management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors

We are subject to various risks and uncertainties in the course of our business. The discussion of such risks and uncertainties may be found under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below provides information concerning our repurchase of common shares for the three months ended March 31, 2025.

(Dollars in millions, except shares and per share data)	**Total number of shares purchased** [1]	**Average price paid per share** [2]	**Total number of shares purchased as part of publicly announced plans or programs** [1]	**Maximum dollar value of shares that may yet be purchased under the plans or programs** [3]
Beginning shares available				$ 102.8
January, 2025	164,572	$ 14.37	164,572	$ 100.4
February, 2025	73,413	$ 15.17	73,413	$ 99.3
March, 2025	157,311	$ 13.65	157,311	$ 97.2
Quarter ended March 31, 2025	**395,296**	**$ 14.23**	**395,296**	**$ 97.2**

Subsequent to March 31, 2025, the Company repurchased 0.1 million additional common shares in the open market at an aggregate cost of $1.2 million, which equates to an average repurchase price of $12.47 per share. As of April 30, 2025, the Company had a balance of $96.0 million remaining under its authorized share repurchase program.

[1] The Company may utilize various methods to repurchase shares, which could include open market repurchases, including repurchases through Rule 10b5-1 plans, privately-negotiated transactions or by other means. The actual timing, number and value of shares repurchased under the program will depend on a number of factors, including the price of the Company's shares, general market and economic conditions, capital needs and other factors.

[2] The average price paid per share excludes any broker commissions.

[3] Since December 20, 2021, the Board of Directors has authorized the Company to repurchase up to $225 million of its outstanding common shares under its share repurchase program. The share repurchase program does not require the Company to acquire any dollar amount or numbers of shares and does not have an expiration date.

Item 6. Exhibits

Exhibit Number	Exhibit Description
10.1*	Form of Performance-Based Restricted Share Unit Agreement
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14 of the Exchange Act, as adopted, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14 of the Exchange Act, as adopted, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

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.

METALLUS INC.

Date: May 8, 2025

/s/ Kristopher R. Westbrooks
Kristopher R. Westbrooks
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)