



NASDAQ: SCHN

Financial Results

Fourth Quarter Fiscal 2021

October 21, 2021

Recycling Today for a Sustainable Tomorrow

Safe Harbor

Statements and information included in this presentation by Schnitzer Steel Industries, Inc. that are not purely historical are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and are made pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Except as noted herein or as the context may otherwise require, all references to “we,” “our,” “us,” “the Company,” and “SSI” refer to Schnitzer Steel Industries, Inc. and its consolidated subsidiaries. Forward-looking statements in this presentation include statements regarding future events or our expectations, intentions, beliefs and strategies regarding the future, which may include statements regarding the impact of pandemics, epidemics or other public health emergencies, such as the coronavirus disease 2019 (“COVID-19”) pandemic; the impact of equipment upgrades, equipment failures and facility damage on production, including timing of repairs and resumption of operations; the realization of insurance recoveries; the Company’s outlook, growth initiatives or expected results or objectives, including pricing, margins, sales volumes and profitability; completion of acquisitions and integration of acquired businesses; liquidity positions; our ability to generate cash from continuing operations; trends, cyclicity and changes in the markets we sell into; strategic direction or goals; targets; changes to manufacturing and production processes; the realization of deferred tax assets; planned capital expenditures; the cost of and the status of any agreements or actions related to our compliance with environmental and other laws; expected tax rates, deductions and credits; the impact of sanctions and tariffs, quotas and other trade actions and import restrictions; the potential impact of adopting new accounting pronouncements; the impact of labor shortages or increased labor costs; obligations under our retirement plans; benefits, savings or additional costs from business realignment, cost containment and productivity improvement programs; and the adequacy of accruals. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and often contain words such as “outlook,” “target,” “aim,” “believes,” “expects,” “anticipates,” “intends,” “assumes,” “estimates,” “evaluates,” “may,” “will,” “should,” “could,” “opinions,” “forecasts,” “projects,” “plans,” “future,” “forward,” “potential,” “probable,” and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking.

We may make other forward-looking statements from time to time, including in reports filed with the Securities and Exchange Commission, press releases, presentations and on public conference calls. All forward-looking statements we make are based on information available to us at the time the statements are made, and we assume no obligation to update any forward-looking statements, except as may be required by law. Our business is subject to the effects of changes in domestic and global economic conditions and a number of other risks and uncertainties that could cause actual results to differ materially from those included in, or implied by, such forward-looking statements. Some of these risks and uncertainties are discussed in “Item 1A. Risk Factors” of Part I of our Form 10-K. Examples of these risks include: the impact of pandemics, epidemics or other public health emergencies, such as the COVID-19 pandemic; the impact of equipment upgrades, equipment failures and facility damage on production; potential environmental cleanup costs related to the Portland Harbor Superfund site or other locations; the cyclicity and impact of general economic conditions; changing conditions in global markets including the impact of sanctions and tariffs, quotas and other trade actions and import restrictions; volatile supply and demand conditions affecting prices and volumes in the markets for raw materials and other inputs we purchase; significant decreases in recycled metal prices; imbalances in supply and demand conditions in the global steel industry; difficulties associated with acquisitions and integration of acquired businesses; supply chain disruptions; reliance on third-party shipping companies, including with respect to freight rates and the availability of transportation; inability to obtain or renew business licenses and permits; the impact of goodwill impairment charges; the impact of long-lived asset and equity investment impairment charges; failure to realize or delays in realizing expected benefits from investments in processing and manufacturing technology improvements; inability to achieve or sustain the benefits from productivity, cost savings and restructuring initiatives; inability to renew facility leases; customer fulfillment of their contractual obligations; increases in the relative value of the U.S. dollar; the impact of foreign currency fluctuations; potential limitations on our ability to access capital resources and existing credit facilities; restrictions on our business and financial covenants under the agreement governing our bank credit facilities; the impact of consolidation in the steel industry; product liability claims; the impact of legal proceedings and legal compliance; the adverse impact of climate change; the impact of not realizing deferred tax assets; the impact of tax increases and changes in tax rules; the impact of one or more cybersecurity incidents; environmental compliance costs and potential environmental liabilities; compliance with climate change and greenhouse gas emission laws and regulations; the impact of labor shortages or increased labor costs; reliance on employees subject to collective bargaining agreements; and the impact of the underfunded status of multiemployer plans in which we participate.

NON-GAAP FINANCIAL MEASURES

This presentation contains certain non-GAAP financial measures as defined under SEC rules. Reconciliations of the non-GAAP financial measures contained in this presentation to the most directly comparable U.S. GAAP measure are provided in the Appendix. These non-GAAP financial measures should be considered in addition to, but not as a substitute for, the most directly comparable U.S. GAAP measures.

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Performance Trends

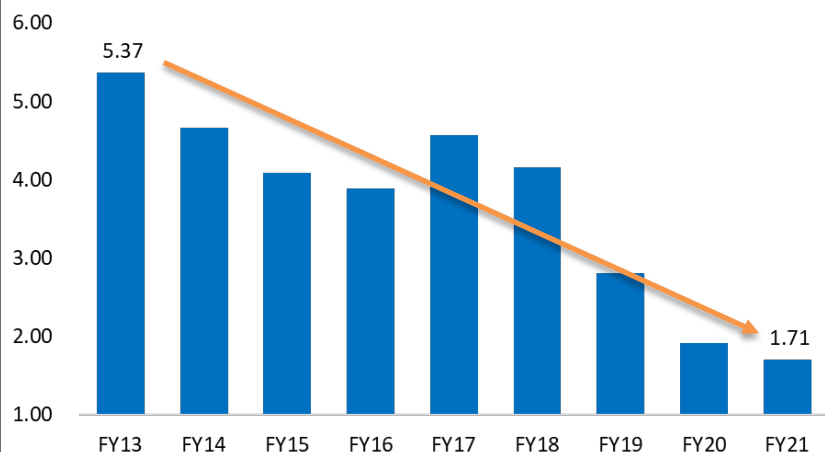
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Summary

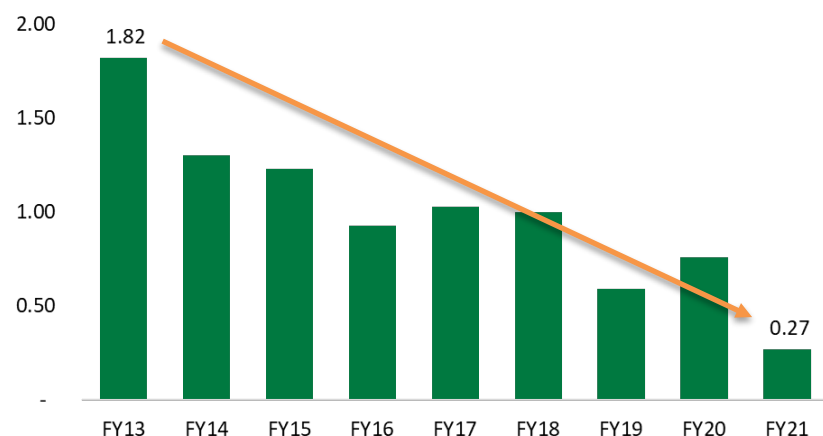
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Health & Safety: Our Top Priority

Total Case Incident Rate (TCIR)^(1,3)

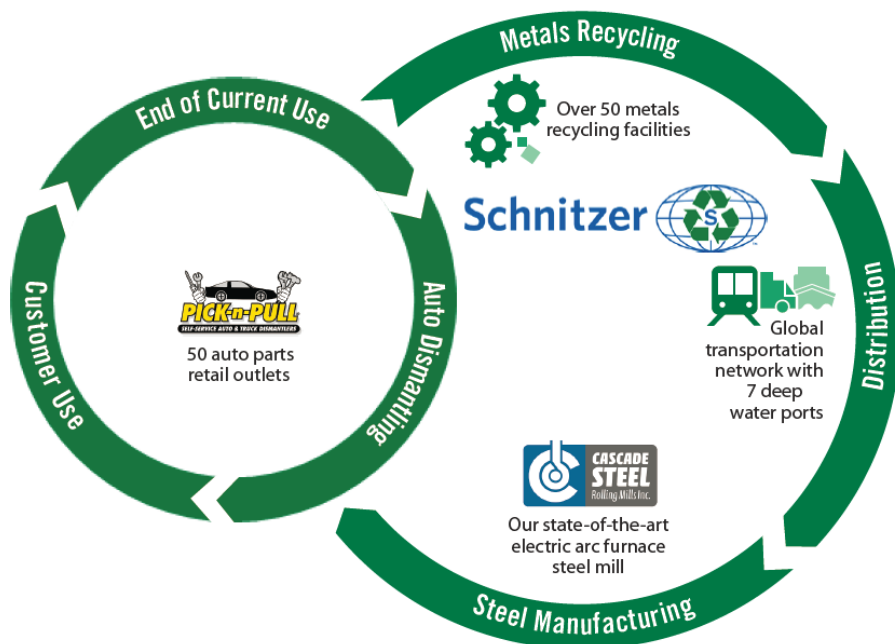


Lost Time Incident Rate (LTIR)^(2,3)



- The health and safety of our employees and all who work and visit our sites remains paramount.
- Our continued focus on training and hazard awareness has made FY21 the safest year in our Company's history. FY20 was the previous safest year based on total case incident rate.

Recycling Today for a Sustainable Tomorrow



Environmental Benefits of Our Business Model (FY21)



4.4 million tons of ferrous scrap metal recycled



593 million pounds of nonferrous scrap metal recycled



488 thousand tons of finished steel produced from recycled scrap



338 thousand end-of-life vehicles purchased and recycled

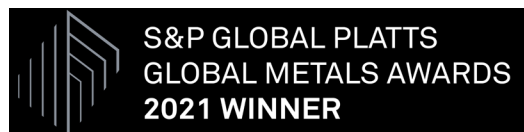


4.4 million recycled auto parts sold retail from end-of-life vehicles



Sustainability Award
Industry Mover 2021

S&P Global



Fourth Quarter Fiscal 2021 Highlights

Strong Quarterly Results

- ✓ Adjusted EBITDA of \$80 million, best Q4 performance since FY08
- ✓ Adjusted EPS of \$1.81 and adjusted EBITDA per ferrous ton of \$69
- ✓ Operating cash flow of \$139 million, highest quarterly cash flow since FY08
- ✓ Net debt of \$47 million, lowest level since FY05

Delivered Robust Operating Performance

- ✓ Ferrous sales volumes increased 9% YoY
- ✓ Nonferrous sales volumes increased 3% YoY
- ✓ Began ramp-up of steel production ahead of schedule in mid-August following melt shop fire in May 2021

Progress on Strategic Initiatives

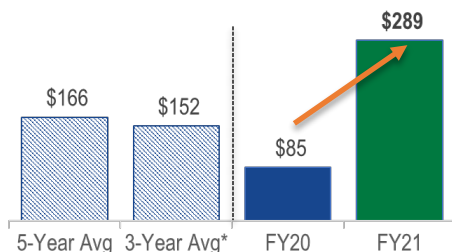
- ✓ Closed acquisition of 8 Columbus Recycling facilities in October 2021
- ✓ One Schnitzer operating platform solidified productivity improvements
- ✓ Continued progress on the implementation of advanced metal recovery technologies

	4Q21	4Q20	
Adjusted EPS from Cont. Operations	\$1.81	\$0.23	↑
Adjusted EBITDA (\$ millions)	\$80	\$28	↑
Adjusted EBITDA per Ferrous Ton	\$69	\$27	↑

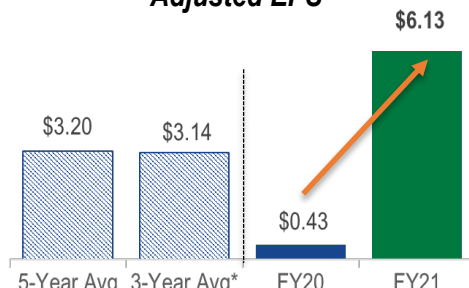
	4Q21	4Q20	
Ferrous Sales Volumes (000s LT)	1,163	1,063	↑
Nonferrous Sales Volumes (M Lbs)	164	159	↑
Finished Steel Sales Volumes (000s ST)	65	139	↓

Fiscal 2021 Financial Highlights

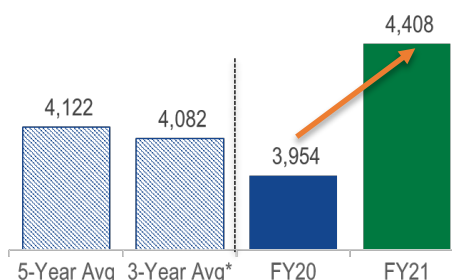
Adjusted EBITDA (\$M)



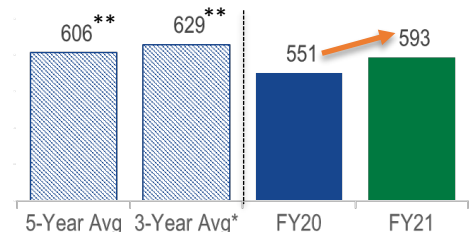
Adjusted EPS



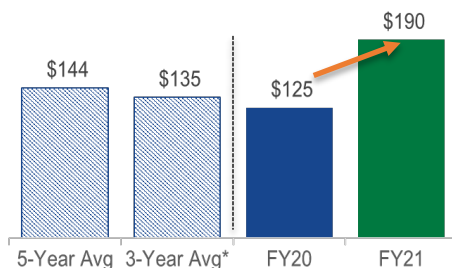
Ferrous Sales Volumes (000s LT)



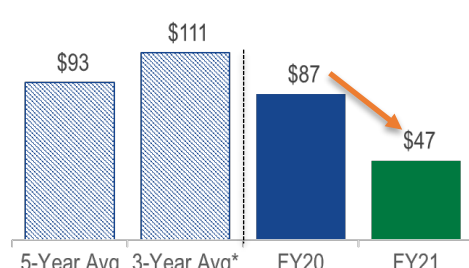
Nonferrous Sales Volumes (M Lbs)



Operating Cash Flow (\$M)



Net Debt (\$M)



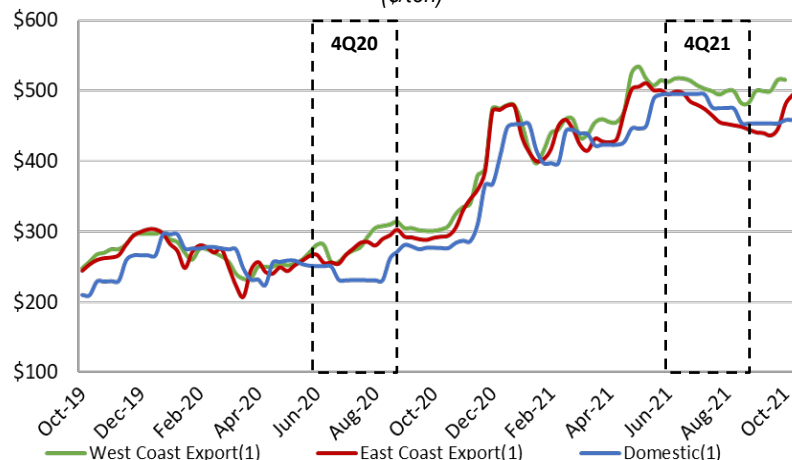
Best operating performance since FY08 driven by a combination of strong market conditions and multi-year strategic initiatives

- ✓ *Productivity improvements*
- ✓ *One Schnitzer operating model*
- ✓ *Operating leverage benefits*
- ✓ *Commercial initiatives*
- ✓ *Working capital management*

Metals & Finished Steel Market Price Trends

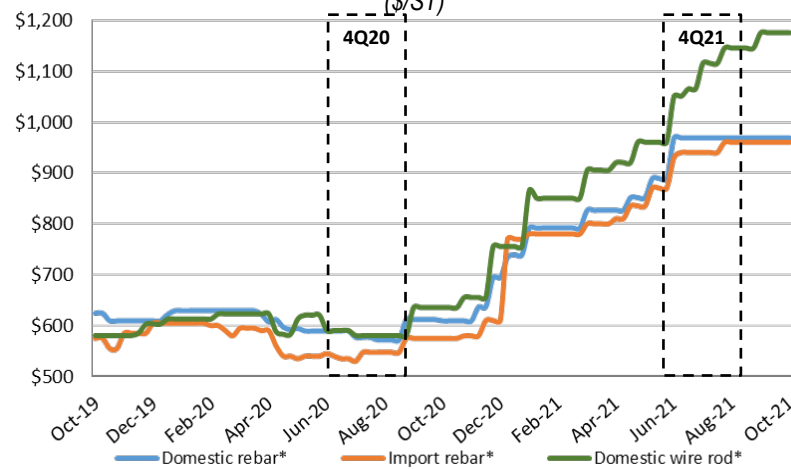
Ferrous Market Price Trends

(\$/ton)



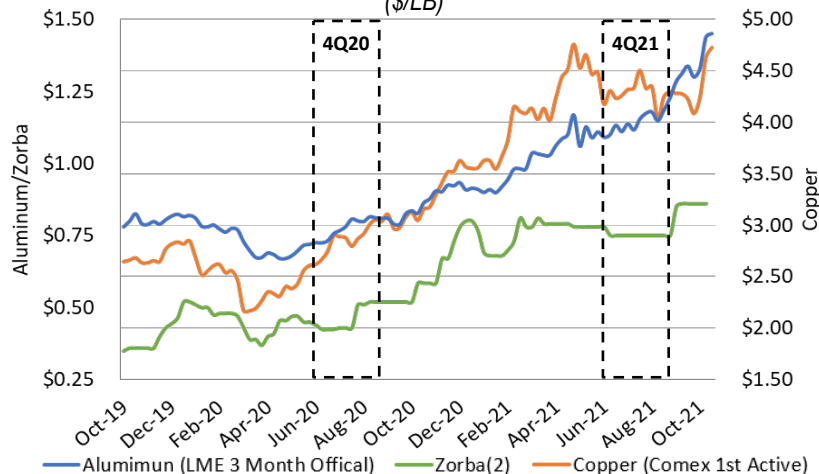
Rebar & Wire Rod Market Price Trends

(\$/ST)



Nonferrous Market Price Trends

(\$/LB)



PGM Market Price Trends

(\$/t oz)



Sources: Platts, Argus, AMM, kitco.com, matthey.com

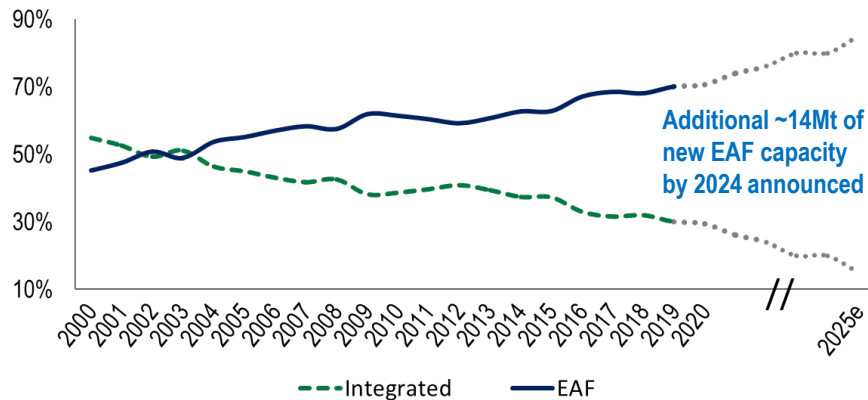
(1) West Coast and East Coast prices are based on HMS CFR price and Domestic prices are based on Midwest delivered shred

(2) Zorba based on Aluminum scrap Zorba min 99/3 cif China USD/lb

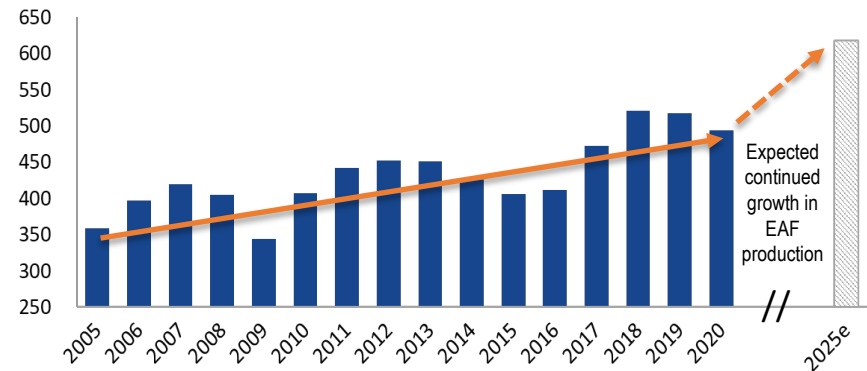
*Domestic rebar and wire rod prices based on US Midwest prices, respectively; import rebar prices based on Houston import prices.

Drivers for Recycled Metals Demand

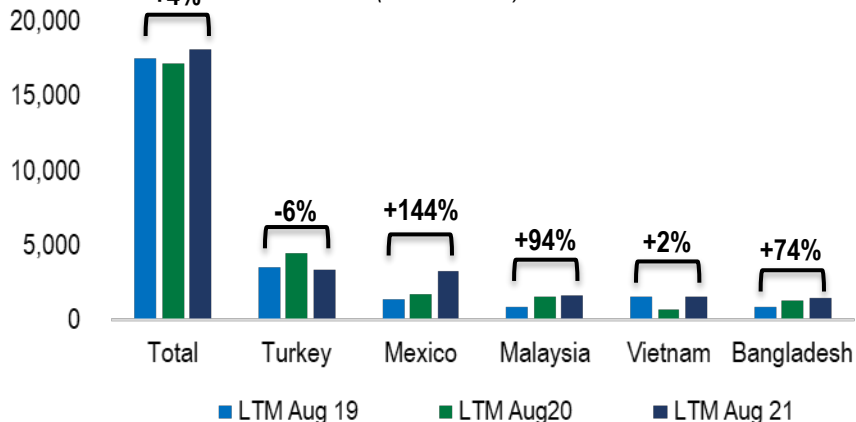
U.S. EAF Market Share Expansion Trends
(% of Total Crude Steel Production)



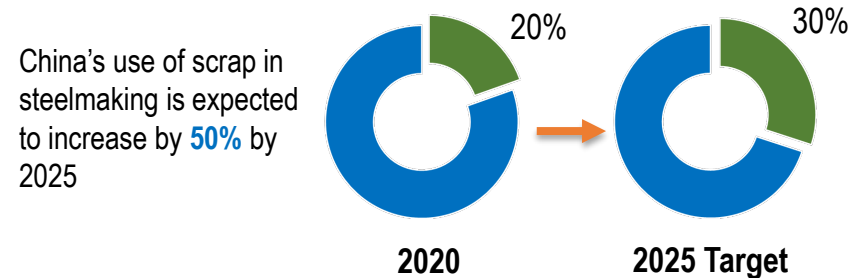
Global EAF Steel Production Trends
Crude Steel Production (mmt)






US Ferrous Scrap Exports by Destination
(000s tonnes)



Chinese Scrap Consumption to Crude Steel Production Ratio



Strategic Actions for Continued Growth

Industry Dynamics	Strategic Initiative	Targeted Benefits
 <p>Increasing global demand for recycled metals, supported by decarbonization trends</p>	<i>Deploy Advanced Metal Recovery Technology</i>	<ul style="list-style-type: none"> • Lower processing costs, higher throughput and greater metal yields • Expansion of customer base and increased product optionality • 20% increase in processed nonferrous volumes
 <p>Global EAF production growth</p>	<i>Increase Volumes</i>	<ul style="list-style-type: none"> • Increase ferrous and nonferrous volumes through investments in extraction technologies, logistics, commercial initiatives and transactional growth • Ferrous sales volume target of 5.3 million tons per annum by end of FY23
 <p>Greater customer and supplier focus on sustainability, recycling and landfill diversion</p>	<i>Expand Products & Recycling Services</i>	<ul style="list-style-type: none"> • Accelerate revenue growth through increased product offerings and recycling service capabilities • Support customers to meet their recycling objectives and sustainability goals

Acquisition of Columbus Recycling Assets



- Transaction closed in October 2021
- Acquired eight operating facilities in Mississippi, Tennessee and Kentucky
 - Acquisition brings Schnitzer's operations in the U.S. Southeast to a total of 22 facilities
- Columbus Recycling sales volumes of approximately 300,000 ferrous tons and 40 million nonferrous pounds⁽¹⁾
 - 40% of annual ferrous volumes from prime scrap

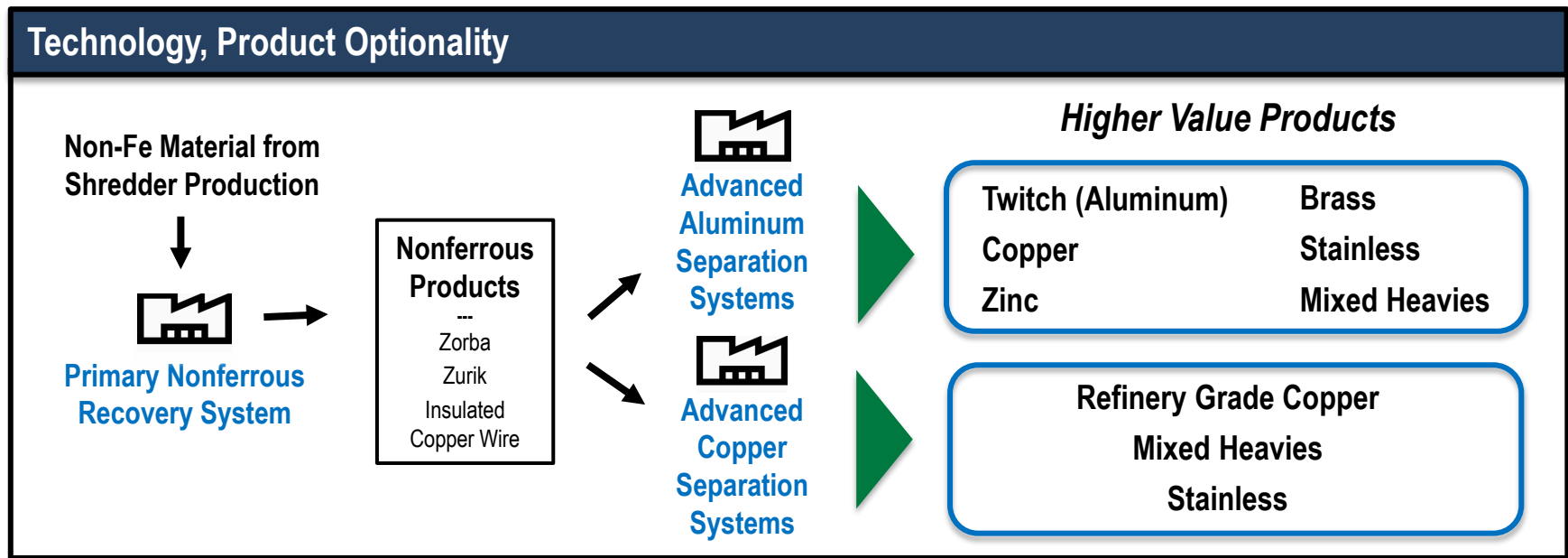


U.S. Southeast Region

- ★ Acquired Columbus operating facilities
- ◆ Existing Schnitzer operating facilities

Advanced Metal Recovery Technology Initiatives

Producing Higher Value Products



Product Enhancement & Increased Optionality

More furnace-ready products, including twitch, brass, zinc, stainless steel, copper and other metals

Improved Yield

Targeting 20% increase in nonferrous volumes from shredding process

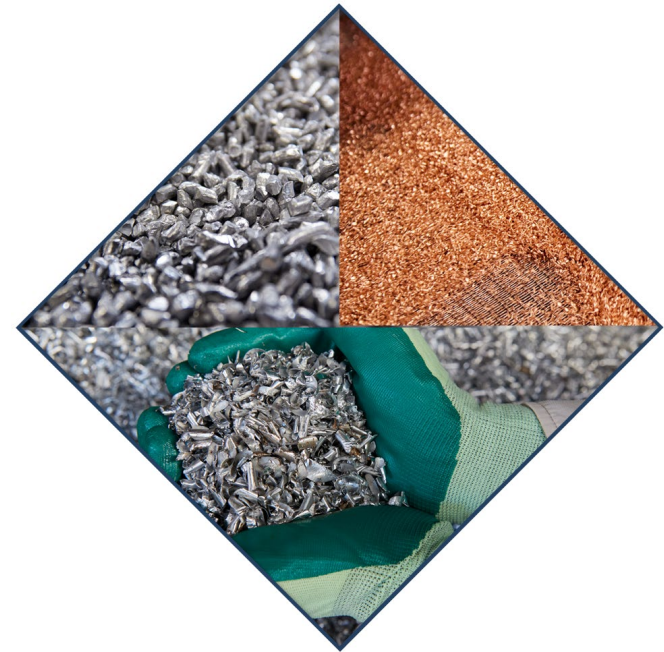
Sustainability Benefits

Higher metal recovery, increased material separation, greater waste diversion from landfills, reduction in air emissions, use of recycled water, improvements to energy efficiency

Advanced Metal Recovery Technology Initiatives

Progress on Implementation

Technology	# of Systems	Status
Advanced Copper Separation Systems	4	<ul style="list-style-type: none">3 systems implemented and operational1 system in commissioning
Advanced Aluminum Separation Systems	2	<ul style="list-style-type: none">1 system implemented and operational1 system under construction
Primary Nonferrous Recovery Systems	7	<ul style="list-style-type: none">1 system in operational ramp-up3 systems under construction3 systems in permit review process



Targeted Schedule

Full completion targeted for the end of Q3 FY22

- Completion timeline extended two months due to COVID Delta variant impacts on supply chain and timing of permits and equipment delivery

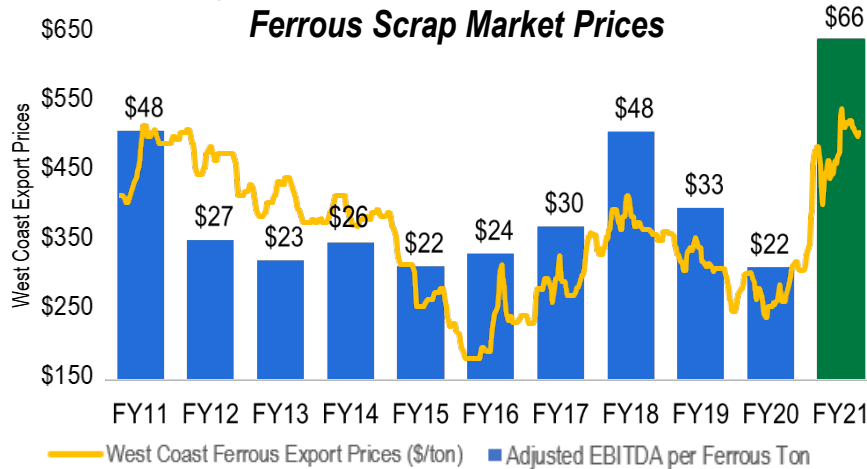
Total Expected Investment

Total expected investment of \$115 million

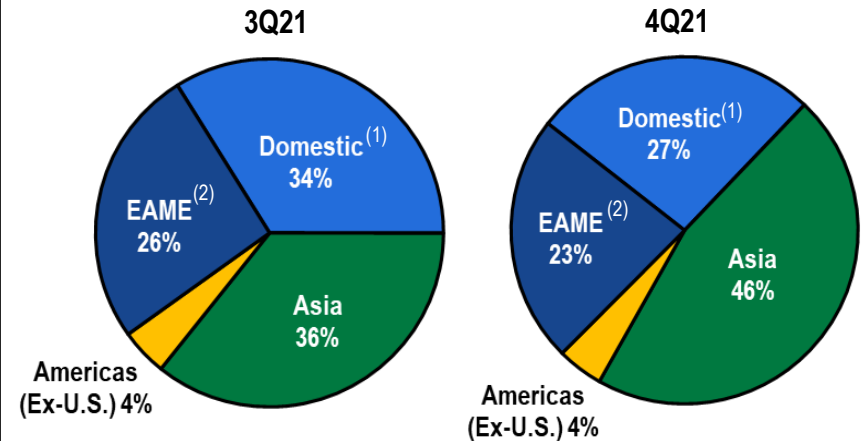
- Includes \$38 million remaining to be spent in FY22

Ferrous Market Dynamics

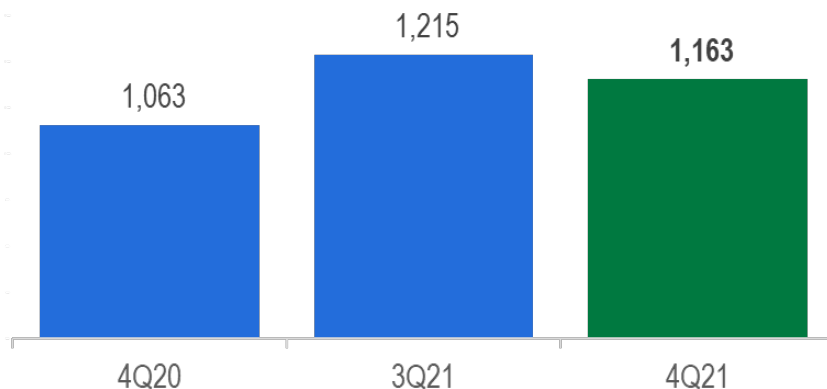
Adjusted EBITDA per Ferrous Ton and Ferrous Scrap Market Prices



SSI Total Ferrous Volumes by Destination



Ferrous Sales Volumes (000 LTs)

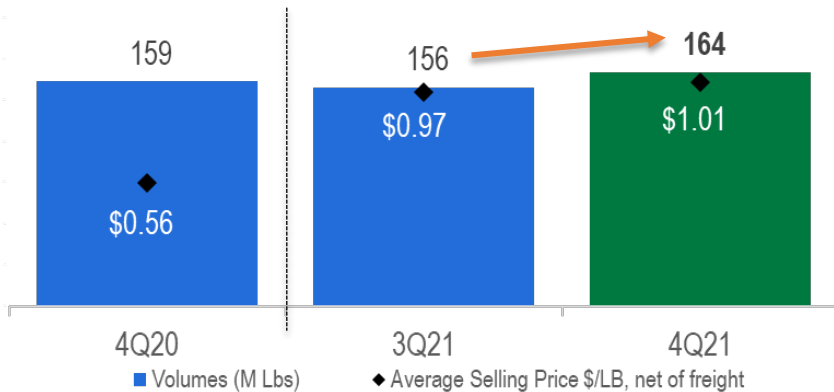


Broad Based Demand & Multi-Year High Average Selling Prices

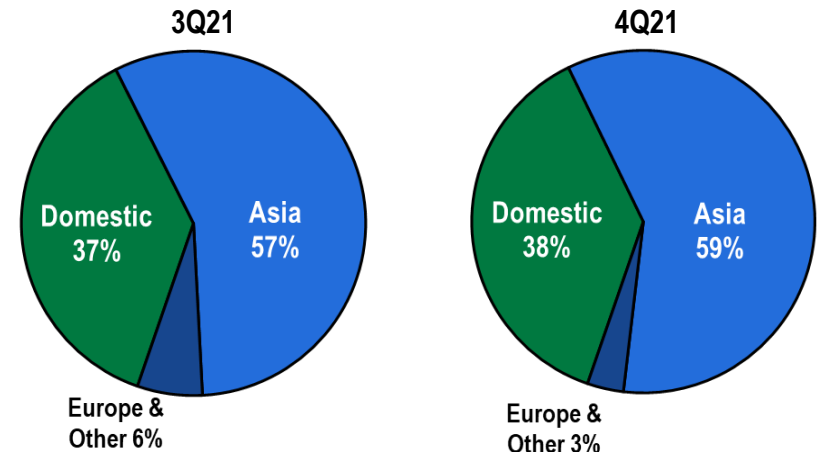
- FY21 adjusted EBITDA per ferrous ton of \$66, representing the best performance in over a decade
- Sales volumes up 9% YoY in 4Q21, even though adversely impacted by the delayed arrival of one ship
- Export customers accounted for 73% of total ferrous sales volumes in 4Q21

Nonferrous Market Dynamics

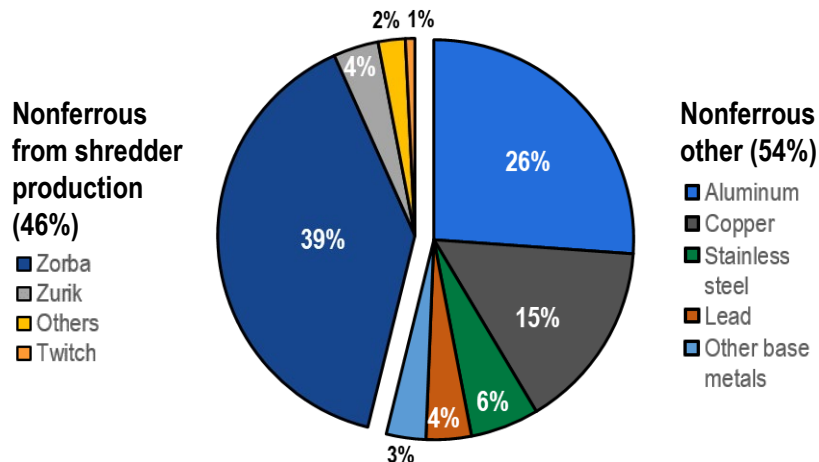
Nonferrous Volumes & Average Selling Prices



SSI Total Nonferrous Volumes by Destination



FY21 Nonferrous Product Mix by Volume

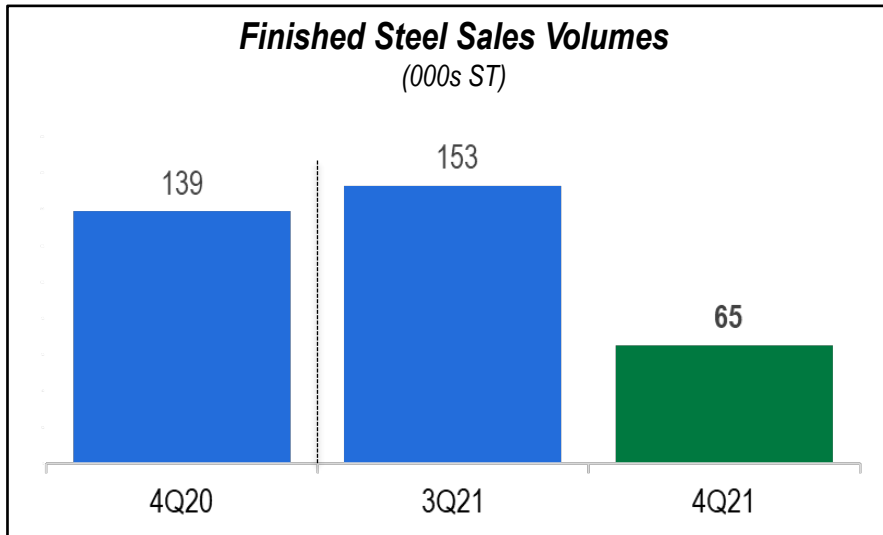


Benefits of Decarbonization Trends & Focus on Product Optionality

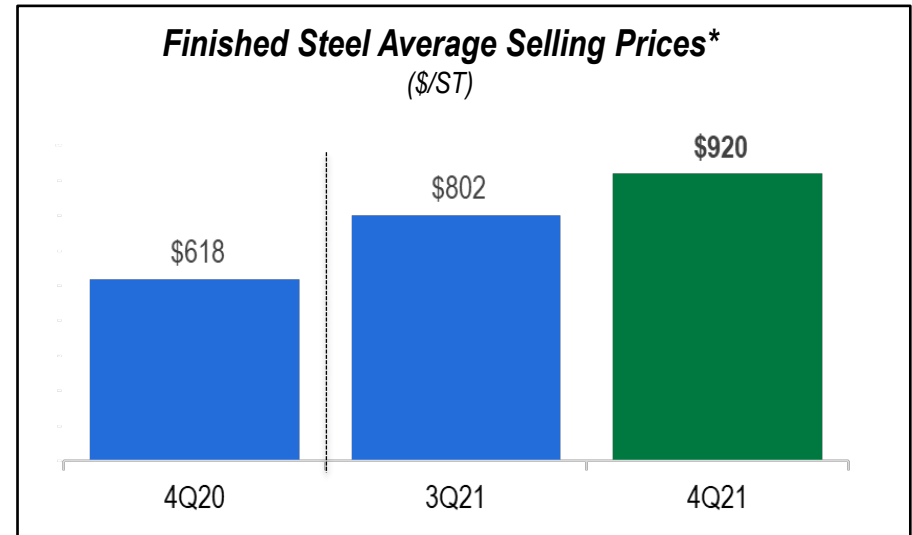
- Nonferrous sales volumes in 4Q21 up 3% YoY despite tight container availability
- Sold nonferrous products to a total of 18 countries in 4Q21
- Average selling prices almost double YoY, reflecting strong global demand

Finished Steel Market Dynamics

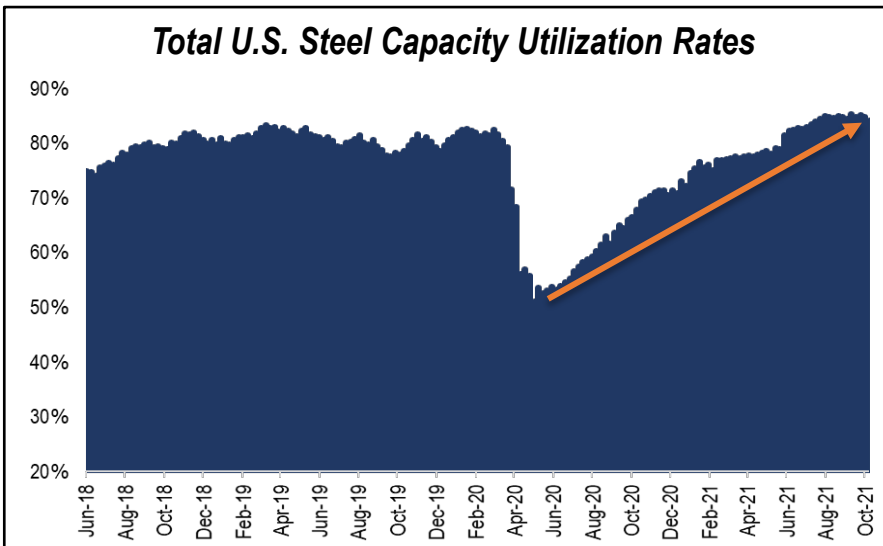
Finished Steel Sales Volumes
(000s ST)



Finished Steel Average Selling Prices*
(\$/ST)



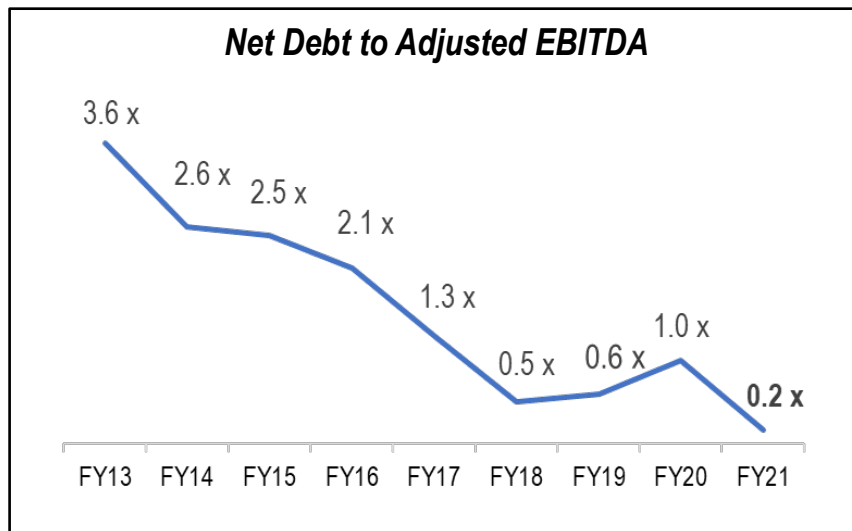
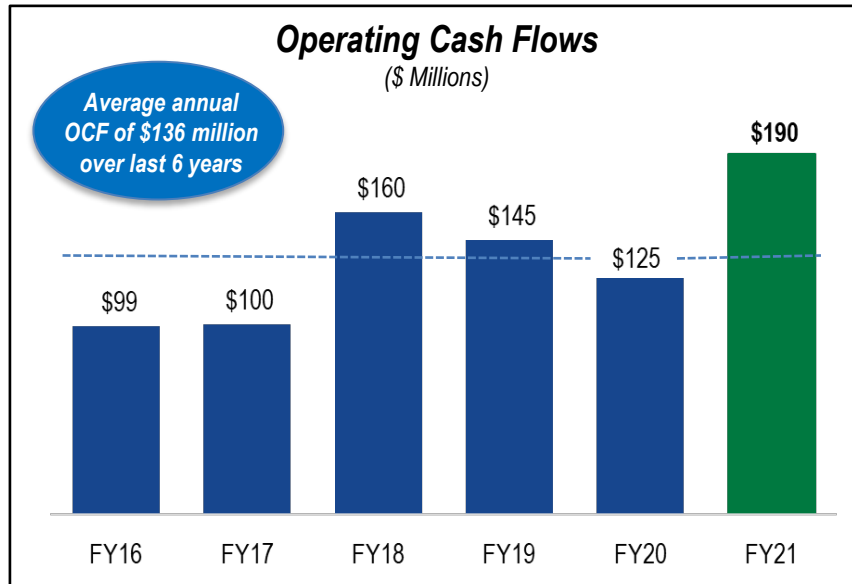
Total U.S. Steel Capacity Utilization Rates



Strong Market Demand & Production Ramp Up

- Began ramp-up of steel mill production ahead of schedule in mid-August 2021 following melt shop fire in May 2021
 - Recognition of initial insurance recoveries of \$10 million in 4Q21
- Average selling prices for finished steel reached highest levels in more than a decade
- Strong growth in total U.S. capacity utilization rate from April 2020 lows

Strong Balance Sheet & Liquidity Position



Cash Flow & Liquidity

- Strong FY21 operating cash flow of \$190 million
- FY21 free cash flow of \$71 million
- \$700 million credit facility maturing in 2023

Strong Balance Sheet

- Net debt to adjusted EBITDA ratio of 0.2x
- Net debt reduced to \$47 million
- Net leverage ratio of 5%

Capital Allocation

- Capital expenditures of \$119 million in FY21
- 110th consecutive quarterly dividend paid in 4Q21

Delivering Value Through the Cycle



Q4 Performance

- Best Q4 adjusted EBITDA performance since FY08
- Volume performance reflected strong global demand and benefits from strategic actions
- Reduced net debt to lowest level since FY05
- Restarted steel mill production ahead of schedule following melt shop fire
- Continued deployment of advanced metal recovery systems

Strategic Priorities

- Multi-year sustainability goals: People, Planet, Profit
- Advanced metal recovery technology initiatives, including higher value product strategy and increased product optionality
- Top line revenue growth, including higher volumes, new recycling services and product offerings
- Benefits from Columbus Recycling acquisition
- Balanced capital allocation strategy

Q&A

APPENDIX

Non-GAAP Financial Measures

This presentation contains performance based on adjusted diluted earnings (loss) per share from continuing operations attributable to SSI shareholders, adjusted Return on Capital Employed (ROCE), adjusted EBITDA and adjusted EBITDA per ferrous ton which are non-GAAP financial measures as defined under SEC rules. As required by SEC rules, the Company has provided a reconciliation of these measures for each period discussed to the most directly comparable U.S. GAAP measure. Management believes that providing these non-GAAP financial measures adds a meaningful presentation of our results from business operations excluding adjustments for business development costs not related to ongoing operations, charges related to non-ordinary course legal settlements, legacy environmental matters (net of recoveries), restructuring charges and other exit-related activities, asset impairment charges (recoveries), net, and the income tax expense (benefit) allocated to these adjustments, items which are not related to underlying business operational performance, and improves the period-to-period comparability of our results from business operations. We believe that presenting debt, net of cash is useful to investors as a measure of our leverage, as cash and cash equivalents can be used, among other things, to repay indebtedness. These non-GAAP financial measures should be considered in addition to, but not as a substitute for, the most directly comparable U.S. GAAP measures.

Further, management believes that:

- Adjusted EBITDA is a useful measure of the Company's financial performance and liquidity;
- Net Debt (debt, net of cash) to Adjusted EBITDA Ratio and Free Cash Flow are useful measures of the Company's liquidity; and
- Adjusted EBITDA per ferrous ton is a useful indicator of the Company's financial performance.

These non-GAAP financial measures should be considered in addition to, but not as a substitute for, the most directly comparable U.S. GAAP measures.

Non-GAAP Financial Measures

The following is a reconciliation of each of these measures to the most directly comparable U.S. GAAP measure:

Consolidated Operating Income (Loss) (\$ in thousands)	Quarter												Fiscal Year	
	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19	2021	2020
As reported	\$ 50,995	\$ 81,380	\$ 58,584	\$ 22,770	\$ 10,779	\$ (3,706)	\$ 7,691	\$ (7,910)	\$ 17,681	\$ 24,459	\$ 19,036	\$ 22,689	\$ 213,729	\$ 6,854
Charges (recoveries) for legacy environmental matters, net ⁽¹⁾	12,874	353	(2,214)	2,760	275	2,078	451	1,293	749	502	697	471	13,773	4,097
Business development costs	1,350	805	—	—	27	791	801	—	—	—	—	—	2,155	1,619
Restructuring charges and other exit-related activities	26	104	814	64	1,183	2,710	4,633	467	(448)	75	536	202	1,008	8,993
Charges related to legal settlements ⁽²⁾	—	400	—	—	—	73	—	—	—	2,330	—	—	400	73
Other asset impairment charges	—	—	—	—	1,408	2,227	402	1,692	—	—	—	63	—	5,729
Adjusted	\$ 65,245	\$ 83,042	\$ 57,184	\$ 25,594	\$ 13,672	\$ 4,173	\$ 13,978	\$ (4,458)	\$ 17,982	\$ 27,366	\$ 20,269	\$ 23,425	\$ 231,065	\$ 27,365

Selling, General and Administrative Expense (\$ in thousands)	Quarter												Fiscal Year	
	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19	2021	2020
As reported	\$ 76,528	\$ 61,887	\$ 54,142	\$ 49,906	\$ 49,132	\$ 45,544	\$ 46,426	\$ 46,774	\$ 51,922	\$ 48,575	\$ 39,489	\$ 51,419	\$ 242,463	\$ 187,876
(Charges) recoveries for legacy environmental matters, net ⁽¹⁾	(12,874)	(353)	2,214	(2,760)	(275)	(2,078)	(451)	(1,293)	(749)	(502)	(697)	(471)	(13,773)	(4,097)
Business development costs	(1,350)	(805)	—	—	(27)	(791)	(801)	—	—	—	—	—	(2,155)	(1,619)
Charges related to legal settlements ⁽²⁾	—	—	—	—	—	(73)	—	—	—	(2,330)	—	—	—	(73)
Adjusted	\$ 62,304	\$ 60,729	\$ 56,356	\$ 47,146	\$ 48,830	\$ 42,602	\$ 45,174	\$ 45,481	\$ 51,173	\$ 45,743	\$ 38,792	\$ 50,948	\$ 226,535	\$ 182,087

(1) Legal and environmental charges, net of recoveries, for legacy environmental matters including those related to the Portland Harbor Superfund site and to other legacy environmental loss contingencies.

(2) Charges related to legal settlements in fiscal 2021 relate to a claim by a utility provider for past charges, and in fiscal 2020 and fiscal 2019 relate to the settlement of a wage and hour class action lawsuit.

Non-GAAP Financial Measures

The following is a reconciliation of each of these measures to the most directly comparable U.S. GAAP measure:

Net Income (Loss) from Continuing Operations Attributable to SSI shareholders (\$ in thousands)	Quarter								Fiscal Year	
	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	2021	2020
As reported	\$ 42,806	\$ 63,681	\$ 44,558	\$ 14,146	\$ 4,017	\$ (4,926)	\$ 3,882	\$ (7,023)	\$ 165,191	\$ (4,050)
Charges (recoveries) for legacy environmental matters, net ⁽¹⁾	12,874	353	(2,214)	2,760	275	2,078	451	1,293	13,773	4,097
Business development costs	1,350	805	—	—	27	791	801	—	2,155	1,619
Restructuring charges and other exit-related activities	26	104	814	64	1,183	2,710	4,633	467	1,008	8,993
Charges related to legal settlements ⁽²⁾	—	400	—	—	—	73	—	—	400	73
Asset impairment charges	—	—	—	—	1,408	2,227	402	1,692	—	5,729
Income tax (benefit) expense allocated to adjustments ⁽³⁾	(3,057)	(340)	334	(649)	(311)	(1,568)	(1,464)	(1,151)	(3,712)	(4,494)
Adjusted ⁽⁵⁾	\$ 53,999	\$ 65,003	\$ 43,492	\$ 16,321	\$ 6,599	\$ 1,385	\$ 8,705	\$ (4,722)	\$ 178,815	\$ 11,967

Diluted Earnings (Loss) Per Share from Continuing Operations Attributable to SSI Shareholders (\$ per share)	Quarter								Fiscal Year	
	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	2021	2020
As reported	\$ 1.43	\$ 2.16	\$ 1.54	\$ 0.50	\$ 0.14	\$ (0.18)	\$ 0.14	\$ (0.26)	\$ 5.66	\$ (0.15)
Charges (recoveries) for legacy environmental matters, net ⁽¹⁾	0.43	0.01	(0.08)	0.10	0.01	0.07	0.02	0.05	0.47	0.15
Business development costs	0.05	0.03	—	—	—	0.03	0.03	—	0.07	0.06
Restructuring charges and other exit-related activities	—	—	0.03	—	0.04	0.10	0.16	0.02	0.03	0.32
Charges related to legal settlements ⁽²⁾	—	0.01	—	—	—	—	—	—	0.01	—
Asset impairment charges	—	—	—	—	0.05	0.08	0.01	0.06	—	0.21
Income tax (benefit) expense allocated to adjustments ⁽³⁾	(0.10)	(0.01)	0.01	(0.02)	(0.01)	(0.06)	(0.05)	(0.04)	(0.13)	(0.16)
Adjusted ⁽⁴⁾	\$ 1.81	\$ 2.20	\$ 1.51	\$ 0.57	\$ 0.23	\$ 0.05	\$ 0.31	\$ (0.17)	\$ 6.13	\$ 0.43

(1) Legal and environmental charges, net of recoveries, for legacy environmental matters including those related to the Portland Harbor Superfund site and to other legacy environmental loss contingencies.

(2) Charges related to legal settlements in fiscal 2021 relate to a claim by a utility provider for past charges, and in fiscal 2020 and fiscal 2019 relate to the settlement of a wage and hour class action lawsuit.

(3) Income tax allocated to the aggregate adjustments reconciling reported and adjusted net income (loss) from continuing operations attributable to SSI shareholders and diluted earnings (loss) per share from continuing operations attributable to SSI shareholders is determined based on a tax provision calculated with and without the adjustments.

(4) May not foot due to rounding.

(5) Return on Capital Employed = Adjusted net income from continuing operations attributable to SSI, excluding interest expense (net of tax) and for FY18 excluding discrete tax benefits of \$45M, divided by average adjusted capital (average of the last day of the fiscal year and the four preceding fiscal quarters of SSI's consolidated total assets less consolidated total liabilities other than debt and capital lease obligations).

Non-GAAP Financial Measures

Net Leverage Ratio

- Net Debt (Debt, net of cash) is the difference between (i) the sum of long-term debt and short-term debt (i.e., total debt) and (ii) cash and cash equivalents.
- Net Capital is the difference between (i) the sum of total equity and total debt (i.e., total capital) and (ii) cash and cash equivalents.
- The net leverage ratio is the ratio of Net Debt to Net Capital, expressed as a percentage.
- The following is a reconciliation of the Net Leverage Ratio:

Net Debt leverage Ratio (\$ in millions)		4Q21	3Q21	2Q21	1Q21	4Q20	3Q20 ⁽¹⁾	2Q20	1Q20
Total Debt		\$ 75	\$ 154	\$ 171	\$ 143	\$ 104	\$ 428	\$ 142	\$ 128
	Less cash and cash equivalents	(28)	(18)	(11)	(7)	(18)	(308)	(10)	(10)
Net Debt ⁽²⁾		\$ 47	\$ 136	\$ 159	\$ 136	\$ 87	\$ 121	\$ 132	\$ 119
Total Debt		\$ 75	\$ 154	\$ 171	\$ 143	\$ 104	\$ 428	\$ 142	\$ 128
Total Equity		840	803	734	689	680	674	685	685
Total Capital ⁽²⁾		\$ 915	\$ 956	\$ 905	\$ 832	\$ 785	\$ 1,103	\$ 827	\$ 813
	Less cash and cash equivalents	(28)	(18)	(11)	(7)	(18)	(308)	(10)	(10)
Net Capital		\$ 887	\$ 938	\$ 894	\$ 825	\$ 767	\$ 795	\$ 817	\$ 804
Total Debt to Total Capital		8.2 %	16.1 %	18.9 %	17.2 %	13.3 %	38.8 %	17.2 %	15.8 %
	Impact excluding cash and cash equivalents from both Total Debt and Total Capital	(2.9)%	(1.6)%	(1.0)%	(0.7)%	(2.0)%	(23.7)%	(1.0)%	(1.0)%
Net Debt Leverage Ratio ⁽²⁾		5.3 %	14.5 %	17.8 %	16.5 %	11.3 %	15.2 %	16.1 %	14.8 %

(1) During the third quarter of fiscal 2020, we borrowed an incremental \$250 million under our credit facilities in order to increase our cash position and preserve financial flexibility in light of the COVID-19 outbreak. We repaid the \$250 million of additional borrowings in the fourth quarter of fiscal 2020.

(2) May not foot due to rounding.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Per Ferrous Ton

Adjusted EBITDA – Earnings before interest, taxes, depreciation, amortization, adjustments for business development costs not related to ongoing operations, charges related to legal settlements, charges for legacy environmental matters (net of recoveries), restructuring charges and other exit-related activities, asset impairment charges and discontinued operations (net of tax), among others.

The following is a reconciliation of net income (loss) to adjusted EBITDA and adjusted EBITDA per ferrous ton sold:

Adjusted EBITDA (\$ in thousands)	Quarter															
	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18
Net income (loss)	\$ 43,796	\$ 65,436	\$ 45,679	\$ 15,064	\$ 4,578	\$ (4,717)	\$ 4,504	\$ (6,565)	\$ 11,967	\$ 16,440	\$ 13,297	\$ 16,618	\$ 60,201	\$ 38,448	\$ 41,919	\$ 19,221
Plus loss (income) from discontinued operations, net of tax	21	46	(30)	42	55	69	(1)	(28)	46	(8)	138	72	(273)	56	(164)	35
Plus interest expense	898	1,383	1,224	1,780	3,270	2,656	1,320	1,423	1,999	2,294	2,067	1,906	2,160	2,483	2,281	2,059
Plus tax expense (benefit)	6,346	14,401	11,469	5,719	2,734	(1,804)	1,770	(2,534)	3,937	5,762	3,855	4,116	(23,620)	10,650	(10,577)	5,957
Plus depreciation & amortization	14,978	14,326	14,469	14,826	14,958	14,743	14,385	14,087	13,692	13,154	13,193	13,297	12,663	12,327	12,160	12,522
Plus charges (recoveries) for legacy environmental matters, net ⁽¹⁾	12,874	353	(2,214)	2,760	275	2,078	451	1,293	749	502	697	471	1,420	393	1,090	4,365
Plus business development costs	1,350	805	—	—	27	791	801	—	—	—	—	—	—	—	—	—
Plus restructuring charges and other exit-related activities	26	104	814	64	1,183	2,710	4,633	467	(448)	75	536	202	(922)	70	91	100
Plus charges related to legal settlements ⁽²⁾	—	400	—	—	—	73	—	—	—	2,330	—	—	—	—	—	—
Plus asset impairment charges	—	—	—	—	1,408	2,227	402	1,692	—	—	—	63	532	(1,465)	—	(88)
Plus recoveries related to the resale or modification of previously contracted shipments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(417)
Adjusted EBITDA⁽³⁾	\$ 80,289	\$ 97,254	\$ 71,411	\$ 40,255	\$ 28,488	\$ 18,826	\$ 28,265	\$ 9,835	\$ 31,942	\$ 40,549	\$ 33,783	\$ 36,745	\$ 52,161	\$ 62,962	\$ 46,800	\$ 43,754
Estimated average inventory accounting impact	4,662	8,283	9,596	2,246	1,799	(2,580)	3,748	(4,376)	(1,271)	(536)	(743)	(43)	(2,224)	(743)	4,591	163
Adjusted EBITDA excluding estimated average inventory accounting	\$ 75,627	\$ 88,971	\$ 61,815	\$ 38,009	\$ 26,689	\$ 21,406	\$ 24,517	\$ 14,211	\$ 33,213	\$ 41,085	\$ 34,526	\$ 36,788	\$ 54,385	\$ 63,705	\$ 42,209	\$ 43,591
Total Ferrous Volumes (LT, in thousands)	1,163	1,215	977	1,053	1,063	927	988	976	1,168	1,079	992	1,080	1,206	1,119	1,062	912
Adjusted EBITDA per Ferrous Ton Sold (\$/LT)	69 \$	80 \$	73 \$	38 \$	27 \$	20 \$	29 \$	10 \$	27 \$	38 \$	34 \$	34 \$	43 \$	56 \$	44 \$	48
Adjusted EBITDA excluding estimated average inventory accounting per Ferrous T	65 \$	73 \$	63 \$	36 \$	25 \$	23 \$	25 \$	15 \$	28 \$	38 \$	35 \$	34 \$	45 \$	55 \$	40 \$	48

(1) Legal and environmental charges, net of recoveries, for legacy environmental matters including those related to the Portland Harbor Superfund site and to other legacy environmental loss contingencies.

(2) Charges related to legal settlements in fiscal 2021 relate to a claim by a utility provider for past charges, and in fiscal 2020 and fiscal 2019 relate to the settlement of a wage and hour class action lawsuit.

(3) May not foot due to rounding.

Non-GAAP Financial Measures

Net Debt to Adjusted EBITDA Ratio

The following is a reconciliation of cash flows from operating activities to adjusted EBITDA; debt to net debt (debt, net of cash); the debt to cash flows from operating activities ratio; and the net debt to adjusted EBITDA ratio:

Net Debt to Adjusted EBITDA Ratio (\$ in thousands)	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Cash flows from operating activities	\$ 190,064	\$ 124,597	\$ 144,740	\$ 159,676	\$ 100,370	\$ 99,240	\$ 144,628	\$ 141,252	\$ 39,289	\$ 244,790
Exit-related gains, asset impairments and accelerated depreciation, net	—	(971)	(23)	1,000	407	(1,790)	(6,502)	(566)	—	—
Write-off of debt issuance costs	—	—	—	—	—	(768)	—	—	—	—
Inventory write-down	—	—	(775)	(38)	—	(710)	(3,031)	—	—	—
Deferred income taxes	(6,884)	(15,096)	(14,613)	37,995	(2,278)	(507)	1,988	3,815	59,102	(8,321)
Undistributed equity in earnings of joint ventures	4,006	834	1,452	1,953	3,674	819	1,490	1,196	1,183	2,307
Share-based compensation expense	(18,213)	(10,033)	(17,300)	(18,965)	(10,847)	(10,437)	(10,481)	(14,506)	(11,475)	(8,793)
Excess tax benefit from share-based payment arrangements	—	—	—	—	—	—	343	194	343	817
(Loss) gain on disposal of assets	(717)	(530)	1,545	(56)	(448)	465	2,875	1,126	(131)	135
Unrealized foreign exchange (loss) gain, net	(127)	67	(148)	104	(361)	109	1,909	(240)	(1,583)	334
Credit loss, net	—	(66)	(74)	(323)	(126)	(131)	264	(449)	(584)	(688)
Changes in current assets and current liabilities	72,813	(34,246)	(1,182)	34,081	10,666	(19,317)	(76,736)	(39,011)	53,654	(119,033)
Changes in other operating assets and liabilities	(12,368)	(2,854)	(1,901)	(6,987)	(4,958)	(405)	2,252	(2,550)	(2,699)	(375)
Interest expense	5,285	8,669	8,266	8,983	8,081	8,889	9,191	10,595	9,623	11,880
Tax expense (benefit)	37,935	166	17,670	(17,590)	1,322	735	(12,615)	2,583	(56,943)	14,039
Charges for legacy environmental matters, net ⁽¹⁾	13,773	4,097	2,419	7,268	2,648	(3,863)	(1,009)	1,750	1,759	1,480
Business development costs	2,155	1,619	—	—	—	—	—	—	—	—
Restructuring charges and other exit-related activities	1,008	8,993	365	(661)	(109)	6,782	13,008	6,830	7,906	5,012
Charges related to legal settlements ⁽²⁾	400	73	2,330	—	—	—	—	—	—	—
Loss (gain) from discontinued operations, net of tax	79	95	248	(346)	390	1,348	7,227	2,809	4,242	—
Depreciation and amortization from discontinued operations	—	—	—	—	—	—	(821)	(1,335)	(861)	—
Recoveries related to the resale or modification of previously contracted shipments	—	—	—	(417)	(1,144)	(694)	6,928	—	—	—
Adjusted EBITDA	\$ 289,209	\$ 85,414	\$ 143,019	\$ 205,677	\$ 107,287	\$ 79,765	\$ 80,908	\$ 113,493	\$ 102,825	\$ 143,584
Total Ferrous Volumes (LT, in thousands)	4,408	3,954	4,319	4,299	3,628	3,289	3,708	4,309	4,506	5,324
Adjusted EBITDA per Ferrous Ton Sold (\$/LT)	\$ 66	\$ 22	\$ 33	\$ 48	\$ 30	\$ 24	\$ 22	\$ 26	\$ 23	\$ 27
Debt	74,953	104,419	105,096	107,376	145,124	192,518	228,156	319,365	381,837	335,312
Cash and cash equivalents	(27,818)	(17,887)	(12,377)	(4,723)	(7,287)	(26,819)	(22,755)	(25,672)	(13,481)	(89,863)
Net debt	\$ 47,135	\$ 86,532	\$ 92,719	\$ 102,653	\$ 137,837	\$ 165,699	\$ 205,401	\$ 293,693	\$ 368,356	\$ 245,449
Debt to cash flows from operating activities ratio	0.4	0.8	0.7	0.7	1.4	1.9	1.6	2.3	9.7	1.4
Net debt to adjusted EBITDA ratio	0.2	1.0	0.6	0.5	1.3	2.1	2.5	2.6	3.6	1.7

Non-GAAP Financial Measures

Free Cash Flow

Free cash flow is equal to cash flow from operating activities less capital expenditures.

Free Cash Flow (FCF) (\$ in thousands)	Quarter								Fiscal Year	
	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	2021	2020
Cash flow from operating activities	\$ 139,470	\$ 53,204	\$ 4,821	\$ (7,431)	\$ 68,761	\$ 39,183	\$ 5,519	\$ 11,134	\$ 190,064	\$ 124,597
Less: capital expenditures	(42,136)	(21,646)	(23,257)	(31,827)	(22,718)	(22,187)	(13,127)	(23,973)	(118,866)	(82,005)
Free cash flow ⁽¹⁾	\$ 97,334	\$ 31,558	\$ (18,436)	\$ (39,258)	\$ 46,043	\$ 16,996	\$ (7,607)	\$ (12,840)	\$ 71,198	\$ 42,592

(1) May not foot due to rounding.

Historical Segment Operating Statistics

The following provides consolidated operating statistics:

	Quarter								Fiscal Year ⁽¹⁾	
	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	2021	2020
Ferrous volumes (LT, in thousands)⁽²⁾										
Domestic ⁽³⁾	309	412	391	388	375	312	379	363	1,500	1,429
Export	854	803	586	665	688	616	609	613	2,908	2,525
Total ⁽⁵⁾	1,163	1,215	977	1,053	1,063	927	988	976	4,408	3,954
Ferrous selling prices (\$/LT)⁽⁴⁾										
Domestic	\$ 453	\$ 395	\$ 349	\$ 242	\$ 214	\$ 222	\$ 244	\$ 196	\$ 364	\$ 220
Export	\$ 446	\$ 401	\$ 399	\$ 276	\$ 242	\$ 236	\$ 258	\$ 229	\$ 385	\$ 241
Average	\$ 449	\$ 400	\$ 387	\$ 269	\$ 236	\$ 233	\$ 255	\$ 222	\$ 381	\$ 237
Nonferrous volumes (pounds, in thousands)⁽²⁾	163,586	155,657	135,899	138,236	159,135	122,913	124,342	144,176	593,378	550,566
Nonferrous average price (\$/pound)⁽⁴⁾⁽⁶⁾	\$ 1.01	\$ 0.97	\$ 0.83	\$ 0.64	\$ 0.56	\$ 0.54	\$ 0.55	\$ 0.54	\$ 0.88	\$ 0.55
Cars purchased (in thousands)⁽⁷⁾	89	91	80	78	74	74	85	83	338	316
Auto part stores at period end	50	50	50	50	50	49	51	51	50	50
Finished steel average sales price (\$/ST)⁽⁴⁾	\$ 920	\$ 802	\$ 690	\$ 621	\$ 618	\$ 633	\$ 627	\$ 643	\$ 737	\$ 630
Sales volume (ST, in thousands)										
Rebar	50	106	103	94	105	85	86	83	353	358
Coiled products	14	47	32	39	34	39	42	29	132	144
Merchant bar and other	1	—	1	1	—	1	1	1	3	3
Finished steel products sold ⁽⁵⁾	65	153	136	134	139	124	129	114	488	505
Rolling mill utilization⁽⁸⁾	28 %	98%	88%	97%	96%	91%	72%	85%	78 %	86%

Tons for recycled ferrous metal are LT (Long Ton, which is equivalent to 2,240 pounds) and for finished steel products are ST (Short Ton, which is equivalent to 2,000 pounds).

(1) The sum of quarterly amounts may not agree to full year equivalent due to rounding.

(2) Ferrous and nonferrous volumes sold externally and delivered to our steel mill for finished steel production.

(3) Domestic includes volumes delivered to our steel mill for finished steel production.

(4) Price information is shown after netting the cost of freight incurred to deliver the product to the customer.

(5) May not foot due to rounding.

(6) Excludes platinum group metals ("PGMs") in catalytic converters.

(7) Cars purchased by auto stores only.

(8) Rolling mill utilization is based on effective annual production capacity under current conditions of 580 thousand tons of finished steel products.