Schnitzer

NASDAQ: SCHN

Financial Results

Second Quarter Fiscal 2022

April 6, 2022

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; the impacts of supply chain disruptions and inflation; liquidity positions; our ability to generate cash from continuing operations; trends, cyclicality, 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 most recent Annual Report on Form 10-K, as supplemented by our subsequently filed Quarterly Reports on Form 10-Q. 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 cyclicality 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; economic and geopolitical instability including as a result of military conflict; 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 inflation and 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.

Agenda

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Recycling Today for a Sustainable Tomorrow

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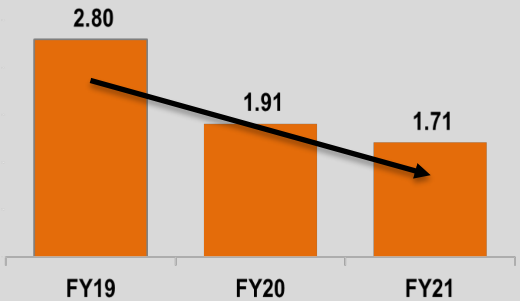
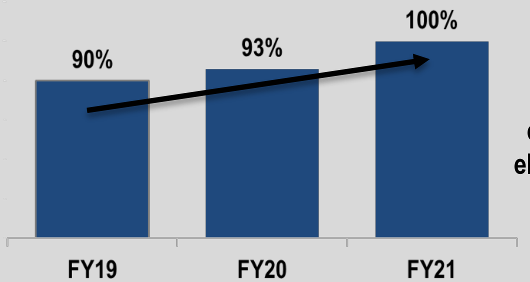
SSI Multi-Year Sustainability Progress

Safety TCIR[1][2] - SSI



↓ 39%
Achieved safest year on record in FY21

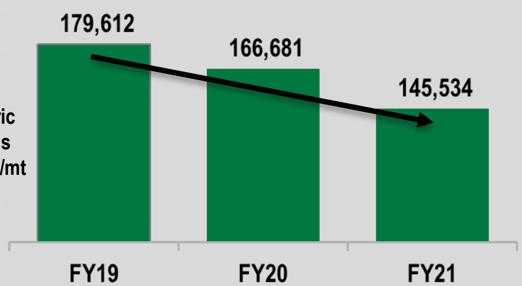
Net Carbon Free Electricity Use



Achieved 100% net carbon-free electricity use in FY21[3]

GHG Emissions

Metric Tons CO2e/mt

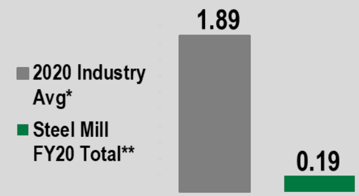


↓ 19%
Scope 1 & 2 emissions below FY19 base

Steel Mill Relative Performance

GHG Emissions

Scope 1-3
Metric Tons CO2e/mt



90% lower than industry average

Energy Use

Energy Intensity
Gigajoules/mt

79% lower than industry average

Water Use

Water Intensity
Cubic Meters/mt

94% lower than industry average

CO2 Emissions

CO2e Emissions
Using 1 Ton of Recycled Metals Versus 1 Ton of Corresponding Virgin Material in the Manufacturing Process

58% LESS
CO2e emissions***

(1) TCIR is defined as the number of OSHA recordable incidents per 100 full-time workers during a one-year period. (2) COVID-19 cases for which contact tracing could not identify a source of exposure outside of work are included in OSHA reporting in accordance with OSHA reporting requirements using a designated special code for the nature of the illness. These cases are excluded from the TCIR and LTIR metrics shown above. (3) Includes renewable energy credit purchases and utility green tariffs

*World Steel Association **Energy intensity includes all energy and fuel sources consumed. GHG intensity includes all Scope 1 and 2 emissions, and estimated Scope 3 emissions from “upstream” scrap metal recycling and source operations to our steel mill. ***Using 1 ton of recycled metals versus 1 ton of corresponding virgin material in the steel manufacturing process- CO2e savings are sourced from the BIR-commissioned study conducted by Imperial College London “Report on the Environmental Benefits of Recycling – 2016 edition, pg. 26.”

Sustainability Roadmap to Net Zero by 2050

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2022 WORLD'S MOST ETHICAL COMPANIES® WWW.ETHISPHERE.COM 8-TIME HONOREE

GLOBAL 100 2022 THE WORLD'S MOST SUSTAINABLE CORPORATIONS

AMERICA'S MOST RESPONSIBLE COMPANIES 2022 Newsweek statista

Sustainability Award
Industry Mover 2021
S&P Global

2019-2021

- Announced first set of multi-year sustainability goals on emissions, electricity use and other key areas
- FY21 was the third consecutive year of achieving a historical best in our Company's TCIR results
- Achieved 100% net carbon-free electricity use in FY21

2019 Base Year

2022-2023

- Deploy an enterprise-wide ISO 14001 certified EMS
- Achieve profitability improvement target of $15/ton using sustainability-based initiatives
- Maintain 100% net carbon-free electricity use

2025

- Achieve a 1.00 TCIR
- Support communities with at least 10,000 hours of VTO
- Achieve a 25% employee participation rate in our wellness program
- Reduce Scope 1 and 2 GHG emissions from recycling operations by 25%
- Maintain 100% net carbon-free electricity use
- Incorporate 100% of facilities within our ISO 14001 certified EMS

2028

- Achieve a 70% employee participation rate in our retirement benefits program
- Maintain 100% net carbon-free electricity use

2050

- Achieve net zero GHG emissions for all operations (steel manufacturing, metals recycling and auto dismantling)
- Maintain 100% net carbon-free electricity use

NET ZERO BY 2050 ACTION PLAN

Reduce Scope 1 process GHG emissions via:

- Advanced emissions control technologies

Reduce Scope 1 fuel and natural gas GHG emissions via:

- Fuel conservation best practices, switching to alternative fuels as available and use of all-electric equipment as available

Reduce Scope 2 grid-electricity GHG emissions via:

- Electricity conservation best practices and advanced energy storage systems

Reduce Scope 3 emissions via:

- Supply chain engagement, industry partnerships, other information sharing and goal alignment

Second Quarter Fiscal 2022 Highlights

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Strong Quarterly Results

- ✓ Adjusted EBITDA of $75 million, best Q2 in Company's history
- ✓ Achieved positive free cash flow

Recycling Volume Growth

- ✓ Ferrous and nonferrous sales volumes increased YoY by 10% and 8%, respectively
- ✓ Average steel mill utilization of 86% following the completion of the ramp-up of operations

Progress on Strategic Initiatives

- ✓ First full quarter contribution from Columbus Recycling
- ✓ Complete rollout of advanced metal recovery technologies targeted by end of 2022

	2Q22	2Q21
Adjusted EPS from Cont. Operations	**$1.38**	$1.51
Adjusted EBITDA ($ millions)	**$75**	$71
Adjusted EBITDA per Ferrous Ton	**$70**	$73

	2Q22	2Q21
Ferrous Sales Volumes (000s LT)	**1,071**	977
Nonferrous Sales Volumes (M Lbs)	**147**	136
Finished Steel Sales Volumes (000s ST)	**106**	136

Note: For a reconciliation to U.S. GAAP of adjusted EBITDA, adjusted EBITDA per ferrous ton, adjusted earnings per share from continuing operations and free cash flow, see appendix.

Metals & Finished Steel Market Price Trends

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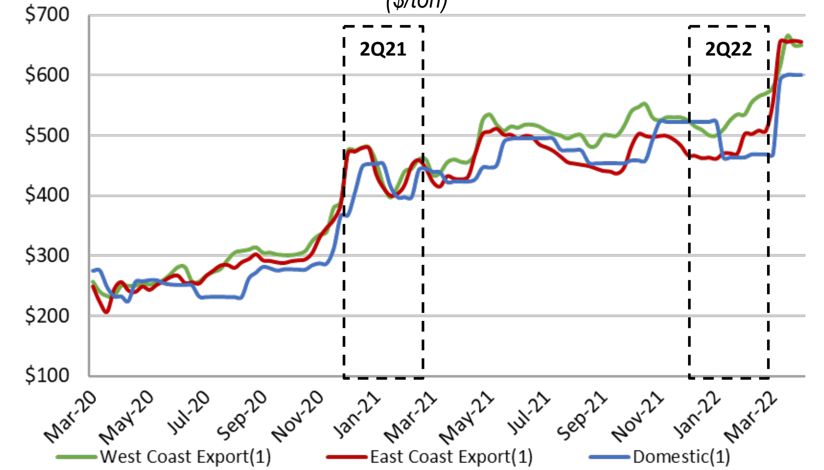
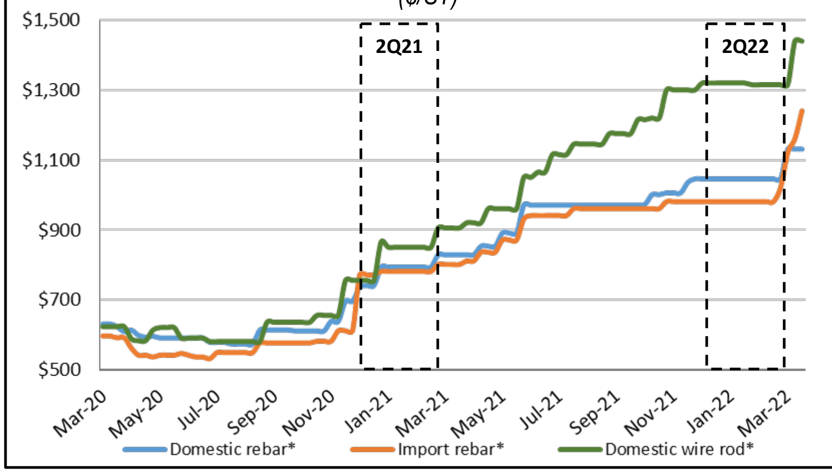
Ferrous Market Price Trends

($/ton)



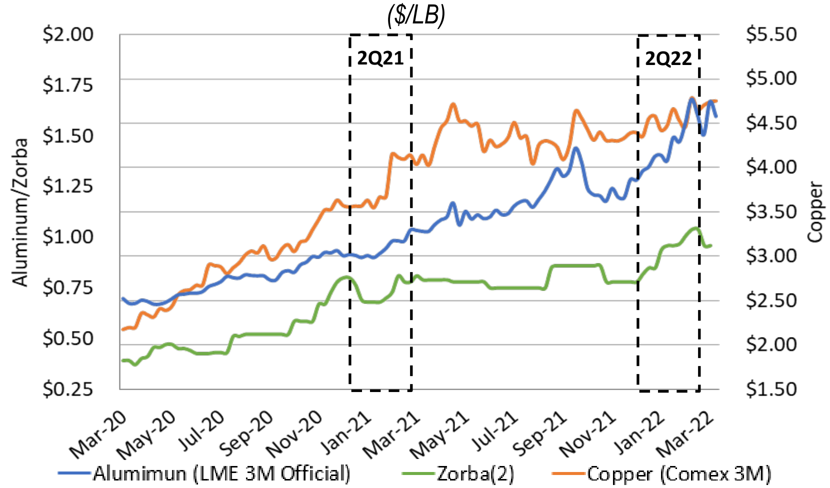
Rebar & Wire Rod Market Price Trends

($/ST)



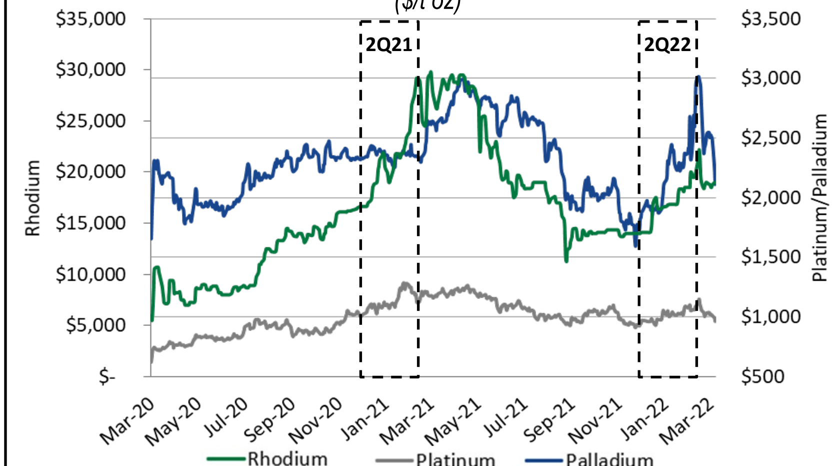
Nonferrous Market Price Trends

($/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

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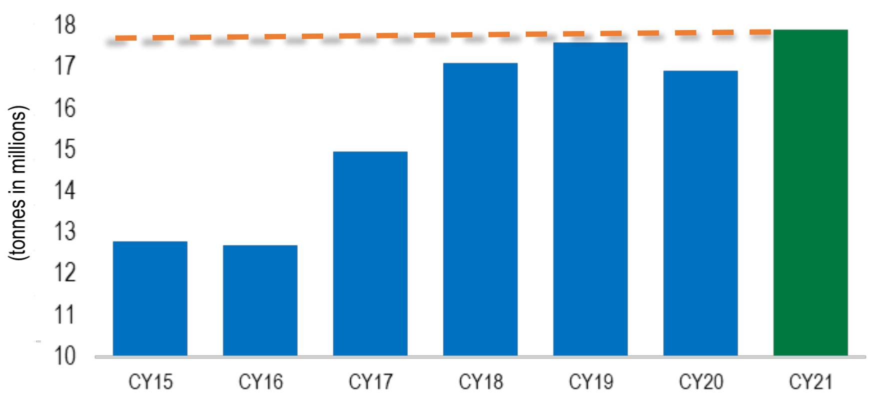
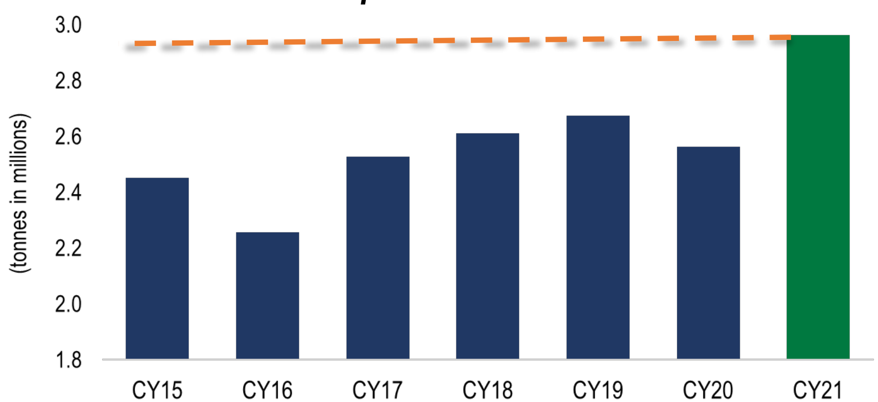
Annual U.S. Ferrous Scrap Export Volumes

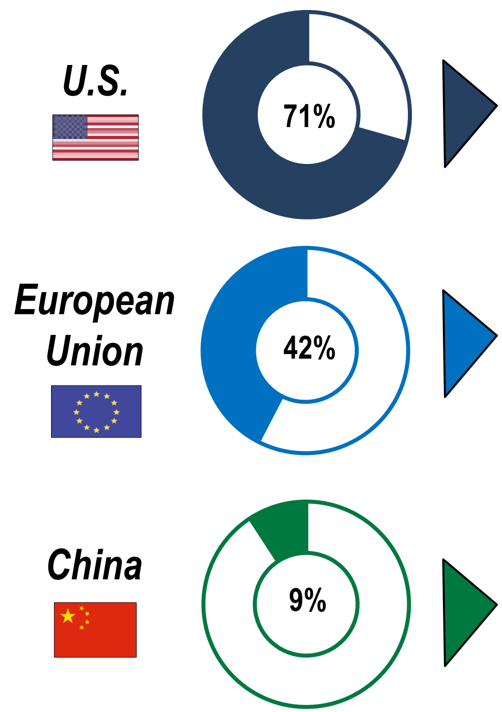


Annual U.S. Aluminum & Copper Scrap Export Volumes



EAF as a Percentage of Total Steelmaking Production

(% of Total Crude Steel Production)*



Expected Outlook

> 10Mt of new EAF capacity by 2024 announced

Renewed focus on using more scrap in EAFs powered by clean electricity, with up to 15Mt of new capacity planned

Targeting to have EAFs account for >15% of total crude steel production and scrap usage in steelmaking of 30% (~320Mt) by 2025

Decarbonization efforts also driving increased basic oxygen furnace demand for recycled ferrous

Sources: Company estimates, World Steel Association
*Based on CY2020

Strategic Actions for Continued Growth

Industry Dynamics	Increasing global demand for recycled metals, supported by decarbonization trends	Global EAF production growth	Greater customer and supplier focus on sustainability, recycling and landfill diversion	Continued focus on operational efficiency
Strategic Initiative	***Deploy Advanced Metal Recovery Technology***	***Increase Ferrous Volumes***	***Expand Products & Recycling Services***	***Implement Productivity Initiatives***
Targeted Benefits	→ Lower processing costs, higher throughput and greater metal yields → Expansion of customer base and increased product optionality	→ Increase ferrous volumes through organic and transactional investments → Ferrous sales volumes target of 5.3 million tons by end of FY23	→ Accelerate revenue growth through increased product offerings and services → Support customers in meeting their recycling and sustainability goals	→ Increase yields, reduce costs and improve efficiencies in processing, procurement and pricing
Progress	✓ Total of 13 systems: – 4 fully operational – 2 in ramp-up ✓ Targeting complete rollout by end of CY2022	✓ Annualized ferrous volume run-rate based on last 12 months of 4.7 million tons, reflecting both organic growth and the acquisition of Columbus Recycling	✓ In FY22 launched GRN Steel™, a line of net zero carbon steel products ✓ Increased nonferrous product range and optionality to reach broader customer base	✓ Achieved $19 million in realized benefits in FY21

Note: The timeline is subject to uncertainties related to the COVID-19 pandemic, including the potential impact on permitting, construction, and equipment lead times.

Advanced Metal Recovery Technology Initiatives

Technology, Product Optionality

Non-Fe Material from Shredder Production

Primary Nonferrous Recovery Systems (7)

Nonferrous Products

Zorba
Zurik
Insulated Copper Wire

Advanced Aluminum Separation Systems (2)

Advanced Copper Separation Systems (4)

Producing Higher Value Products

Twitch (Aluminum)	Brass
Copper	Stainless
Zinc	Mixed Heavies

Refinery Grade Copper
Mixed Heavies
Stainless

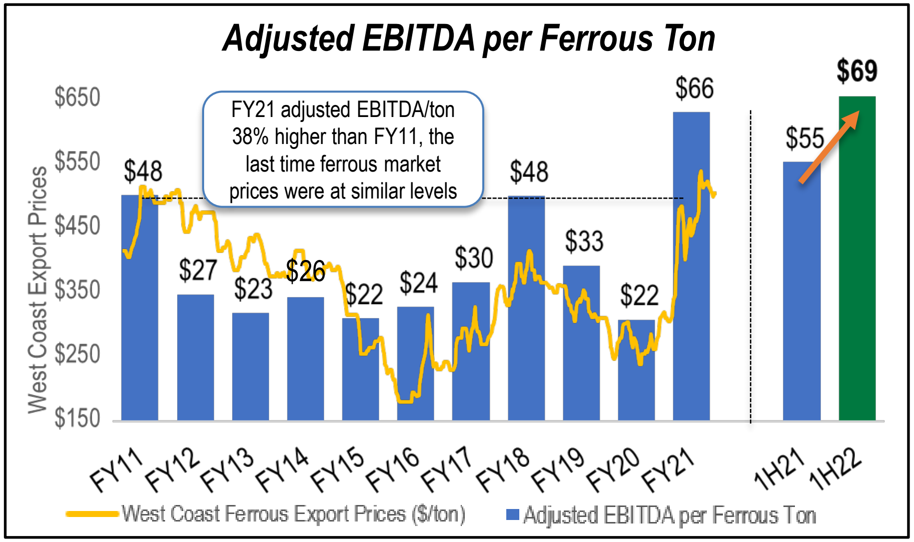
Expected Investment - Total expected investment of ~$120 million, including $95 million spent to date

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

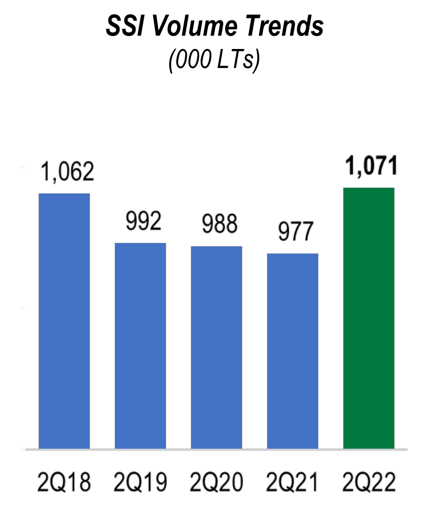
Product Enhancement & Increased Optionality - More furnace-ready products, including twitch, brass, zinc, stainless steel, copper and other metals

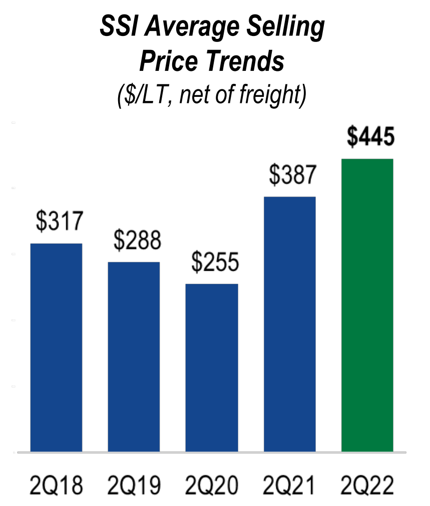
Improved Yield - Targeting 20% increase in nonferrous volumes from shredding process

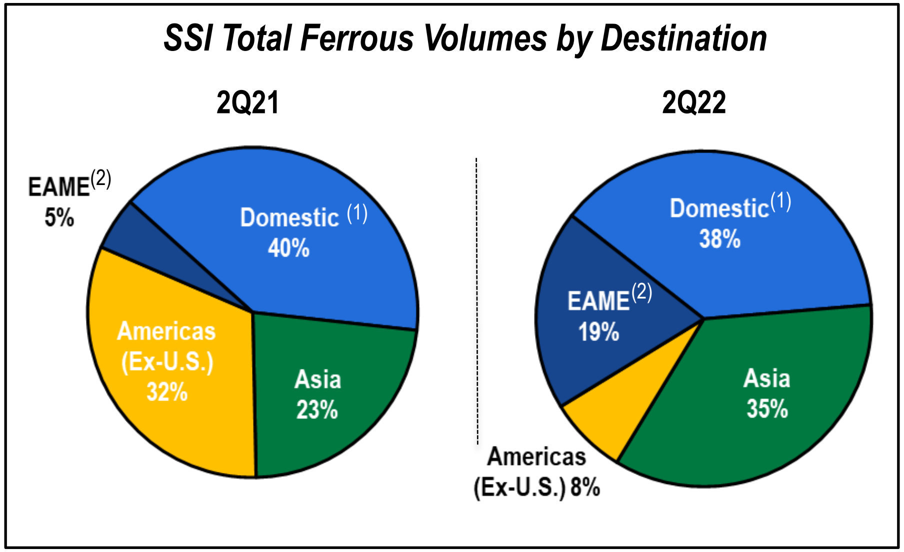
Ferrous Market Dynamics



- Adjusted EBITDA per ferrous ton of $70 in 2Q22
  - – Highest ever first half adjusted EBITDA per ferrous ton of $69
- 2Q22 ferrous volumes up 10% YoY
- Bangladesh, Turkey and Vietnam were the top export destinations for ferrous shipments in 2Q22

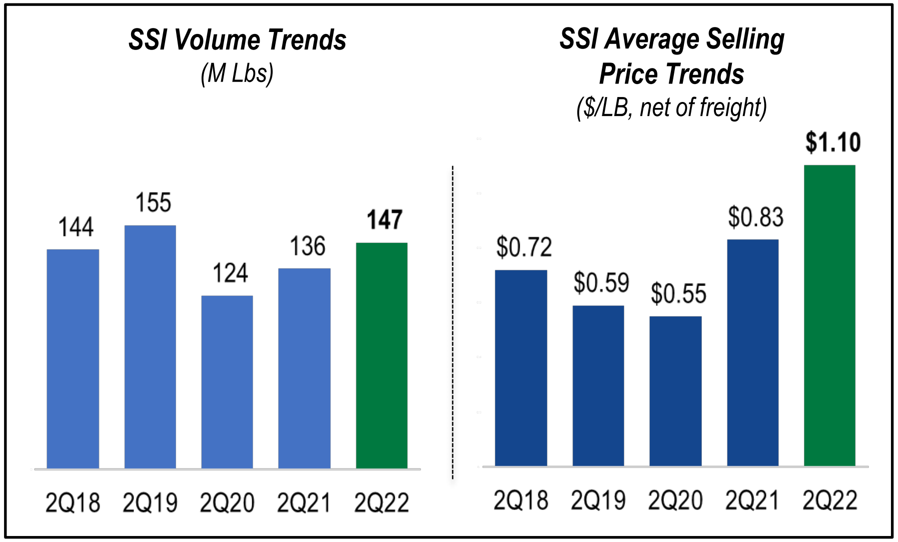


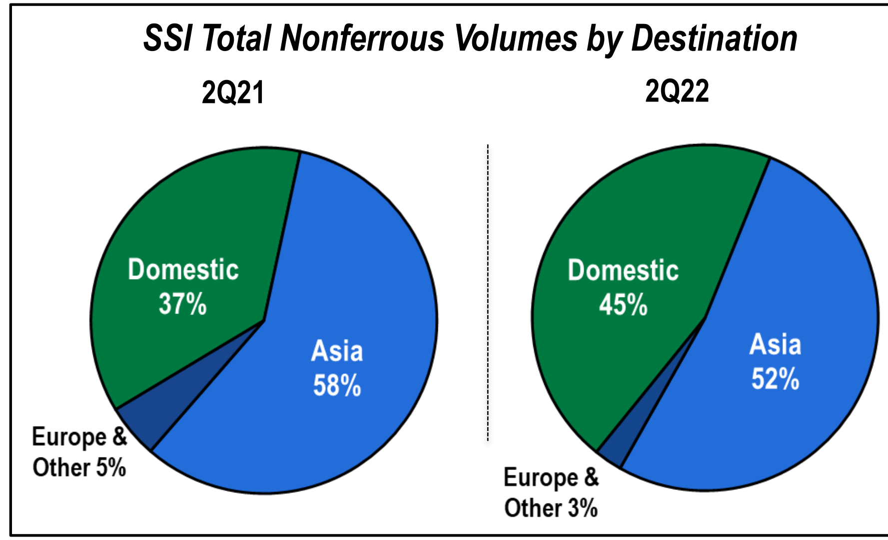


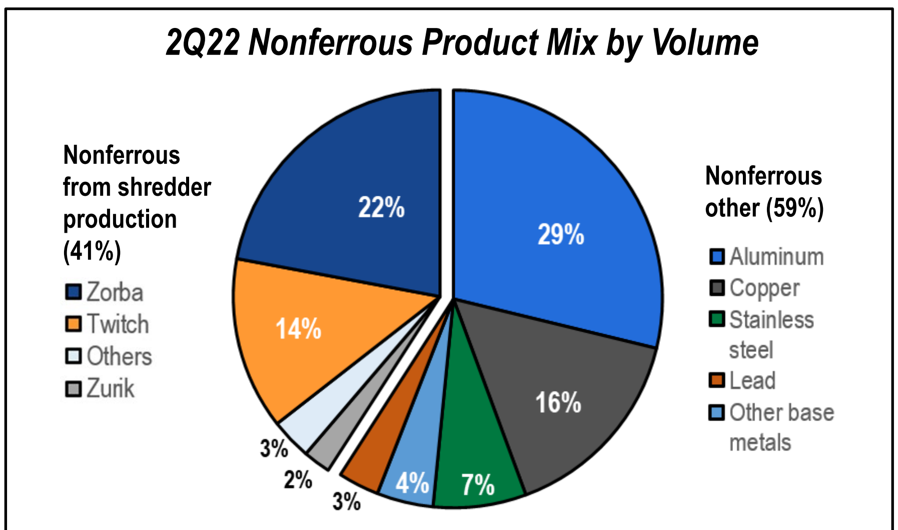


(1) Domestic includes volumes to our steel mill for finished steel production. (2) Europe (including Turkey), Africa and Middle East.
Note: For a reconciliation to U.S. GAAP of adjusted EBITDA per ferrous ton, see appendix.

Nonferrous Market Dynamics

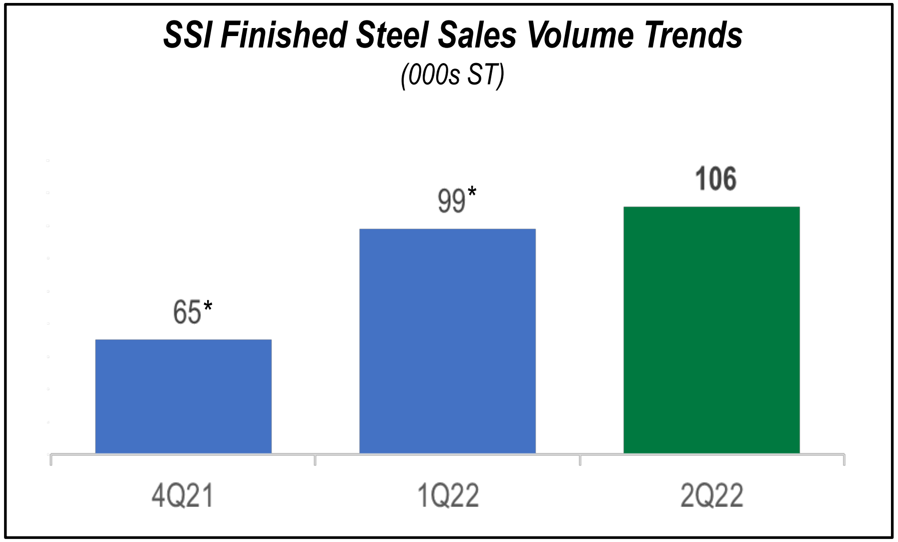


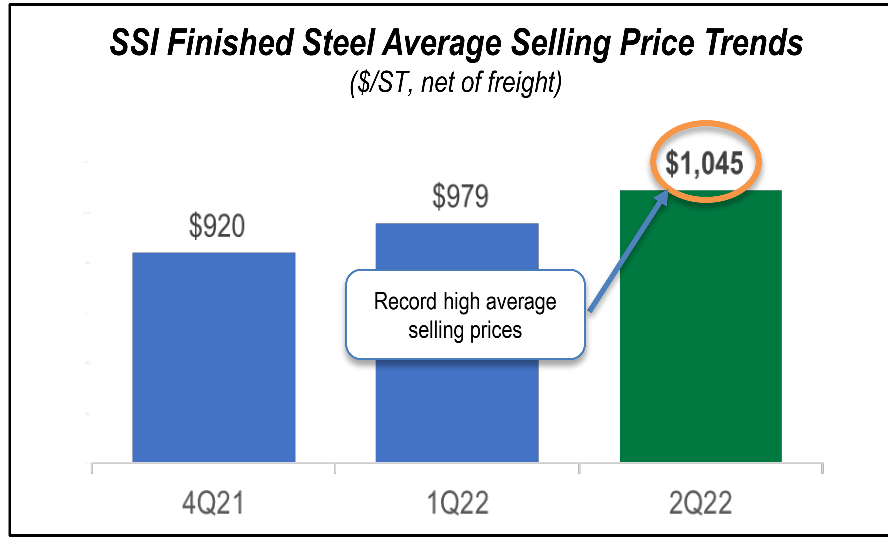


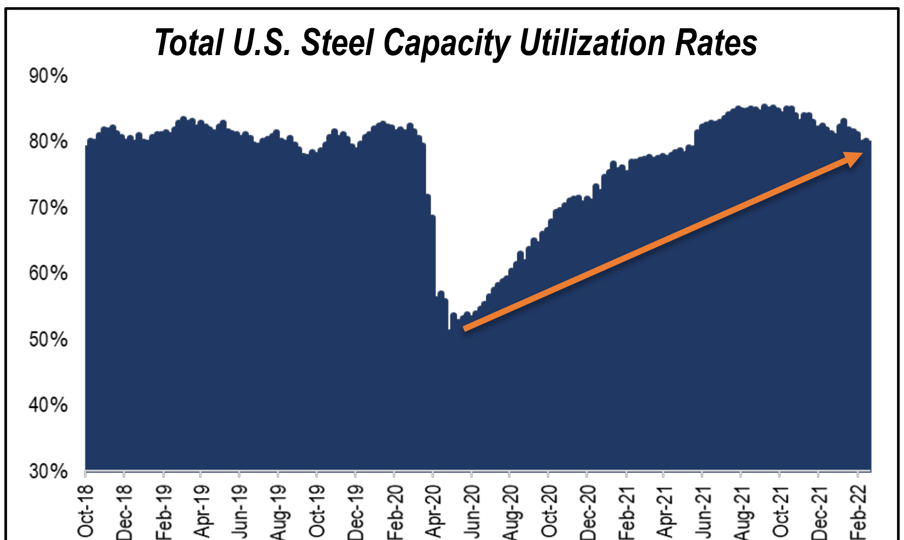


- Strong global demand pushing prices for nonferrous metals to multi-year highs
  - Average net selling prices increased 33% YoY
- Nonferrous sales volumes in 2Q22 up 8% YoY
  - Increased sales of twitch now 14% of total nonferrous volumes in 2Q22
  - Continued tight export container availability
- Sold nonferrous products to 17 countries in 2Q22

Finished Steel Market Dynamics







- Average selling prices for finished steel reached highest levels on record
- Average utilization rate of 86% in 2Q22
- 2Q22 finished steel volumes impacted by supply chain disruptions, including WA concrete industry strike
- Launched GRN Steel™, a line of net-zero carbon products

Source: American Iron and Steel Institute
*Reflects impact of mill shutdown in May 2021 and subsequent ramp-up of operations.

Strong Balance Sheet & Liquidity Position

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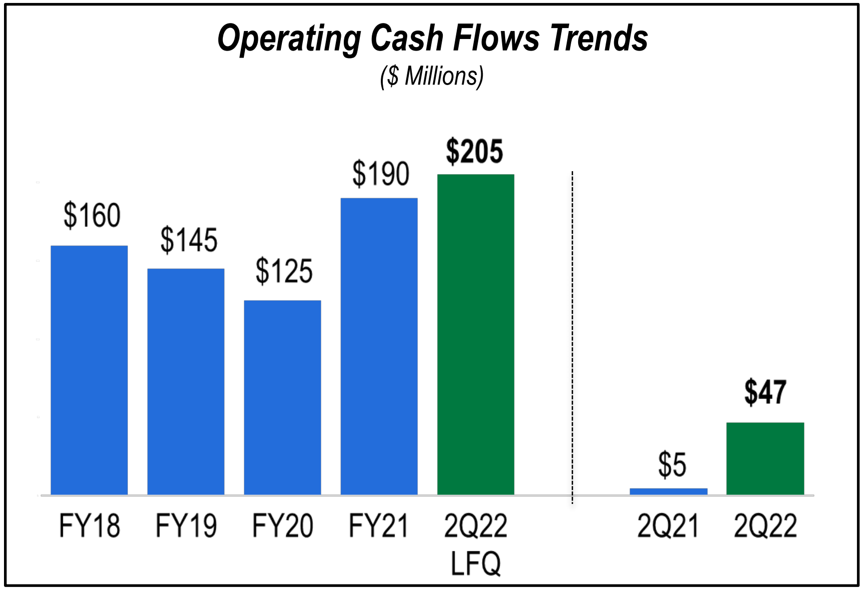

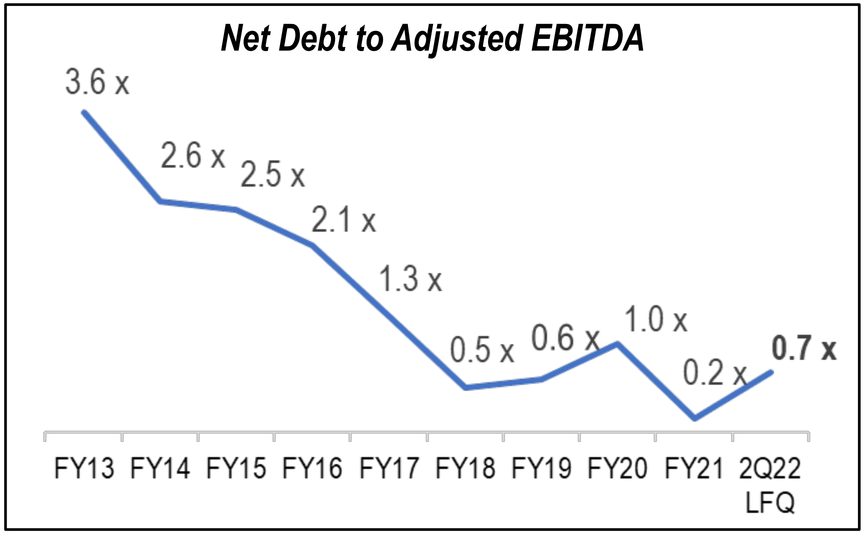

Cash Flow & Liquidity

- Strong 2Q22 operating cash flow
- $700 million credit facility matures in August 2023

Strong Balance Sheet

- Net debt to adjusted EBITDA ratio of 0.7x
- Net leverage ratio of 21%

Capital Allocation

- Capital expenditures of $30 million in 2Q22
- 112th consecutive quarterly dividend paid in 2Q22
- Repurchased 200 thousand shares or 0.7% of total outstanding shares in 2Q22

Note: Net debt is total debt, net of cash. For a reconciliation to U.S. GAAP of net debt, net debt to adjusted EBITDA and net leverage ratio, see appendix.

Delivering Value Through the Cycle

2Q22 Results	▪ **Best Q2 adjusted EBITDA in Company's history** driven by strong market conditions and benefits from strategic actions ▪ **Volume performance** reflects strong global demand despite impact of supply chain disruptions ▪ **Strong operating cash flow** performance driven by profitability
Market Outlook	▪ **Seasonally driven improvement** in supply flows and **strong global demand** expected to drive higher 3Q22 ferrous and nonferrous sales volumes ▪ **Solid demand** for finished steel products based on spring construction season and robust West Coast markets expected to drive **higher finished steel sales volumes** ▪ **Positive long-term demand trends for recycled metals,** including global EAF production growth, the transition to lower carbon and more metal intensive technologies, and a growing emphasis on recycling and landfill diversion

Note: For a reconciliation to U.S. GAAP of adjusted EBITDA, see appendix.

Q&A

APPENDIX

Non-GAAP Financial Measures

This presentation contains performance based on adjusted diluted earnings per share from continuing operations attributable to SSI shareholders, adjusted operating income (loss), 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 restructuring charges and other exit-related activities, charges related to legal settlements, (recoveries) charges for legacy environmental matters (net of recoveries), business development costs not related to ongoing operations, including pre-acquisition expenses, and the income tax (benefit) expense 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)	Quarter										Fiscal Year	
($ in thousands)	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	2021	2020
As reported	$ 52,165	$ 59,821	$ 50,995	$ 81,380	$ 58,584	$ 22,770	$ 10,779	$ (3,706)	$ 7,691	$ (7,910)	$ 213,729	$ 6,854
Charges (recoveries) for legacy environmental matters, net[1]	4,004	456	12,874	353	(2,214)	2,760	275	2,078	451	1,293	13,773	4,097
Business development costs	545	614	1,350	805	—	—	27	791	801	—	2,155	1,619
Restructuring charges and other exit-related activities	4	22	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
Other asset impairment charges	—	—	—	—	—	—	1,408	2,227	402	1,692	—	5,729
Adjusted	$ 56,718	$ 60,913	$ 65,245	$ 83,042	$ 57,184	$ 25,594	$ 13,672	$ 4,173	$ 13,978	$ (4,458)	$ 231,065	$ 27,365

(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 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 from Continuing Operations Attributable to SSI shareholders ($ in thousands)	Quarter 2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	Fiscal Year 2021
As reported	$ 37,586	$ 46,228	$ 42,806	$ 63,681	$ 44,558	$ 14,146	$ 165,191
Charges (recoveries) for legacy environmental matters, net[1]	4,004	456	12,874	353	(2,214)	2,760	13,773
Business development costs	545	614	1,350	805	—	—	2,155
Restructuring charges and other exit-related activities	4	22	26	104	814	64	1,008
Charges related to legal settlements[2]	—	—	—	400	—	—	400
Income tax (benefit) expense allocated to adjustments[3]	(1,073)	(249)	(3,057)	(340)	334	(649)	(3,712)
Adjusted	$ 41,066	$ 47,071	$ 53,999	$ 65,003	$ 43,492	$ 16,321	$ 178,815

Diluted Earnings Per Share from Continuing Operations Attributable to SSI Shareholders ($ per share)	Quarter 2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	Fiscal Year 2021
As reported	$ 1.27	$ 1.55	$ 1.43	$ 2.16	$ 1.54	$ 0.50	$ 5.66
Charges (recoveries) for legacy environmental matters, net[1]	0.13	0.02	0.43	0.01	(0.08)	0.10	0.47
Business development costs	0.02	0.02	0.05	0.03	—	—	0.07
Restructuring charges and other exit-related activities	—	—	—	—	0.03	—	0.03
Charges related to legal settlements[2]	—	—	—	0.01	—	—	0.01
Income tax (benefit) expense allocated to adjustments[3]	(0.04)	(0.01)	(0.10)	(0.01)	0.01	(0.02)	(0.13)
Adjusted[4]	$ 1.38	$ 1.58	$ 1.81	$ 2.20	$ 1.51	$ 0.57	$ 6.13

(1) Legal and environmental charges for legacy environmental matters (net of recoveries). Legacy environmental matters include charges (net of recoveries) 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.

(3) Income tax allocated to the aggregate adjustments reconciling reported and adjusted net income from continuing operations attributable to SSI shareholders and diluted earnings 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.

Non-GAAP Financial Measures

Schnitzer

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 Leverage ($ in thousands)	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21
Total Debt	$ 261,577	$ 259,716	$ 74,953	$ 153,773	$ 170,813	$ 143,343
Less cash and cash equivalents	(17,823)	(19,081)	(27,818)	(17,927)	(11,326)	(7,258)
Net Debt[1]	$ 243,754	$ 240,635	$ 47,135	$ 135,846	$ 159,487	$ 136,085
Total Debt	$ 261,577	$ 259,716	$ 74,953	$ 153,773	$ 170,813	$ 143,343
Total Equity	904,649	874,756	839,779	802,583	734,039	688,548
Total Capital	$ 1,166,226	$ 1,134,472	$ 914,732	$ 956,356	$ 904,852	$ 831,891
Less cash and cash equivalents	(17,823)	(19,081)	(27,818)	(17,927)	(11,326)	(7,258)
Net Capital[1]	$ 1,148,403	$ 1,115,391	$ 886,914	$ 938,429	$ 893,526	$ 824,633
Total Debt to Total Capital Ratio	22.4%	22.9%	8.2%	16.1 %	18.9 %	17.2 %
Impact excluding cash and cash equivalents from both Total Debt and Total Capital	(1.2)%	(1.3)%	(2.9)%	(1.6)%	(1.0)%	(0.7)%
Net Leverage Ratio[1]	21.2%	21.6%	5.3%	14.5 %	17.8 %	16.5 %

(1) May not foot due to rounding.

Non-GAAP Financial Measures

Schnitzer

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											
	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	1H22	1H21
Net income (loss)	$ 38,165	$ 47,276	$ 43,796	$ 65,436	$ 45,679	$ 15,064	$ 4,578	$ (4,717)	$ 4,504	$ (6,565)	$ 85,441	$ 60,743
Plus (income) loss from discontinued operations, net of tax	(29)	29	21	46	(30)	42	55	69	(1)	(28)	—	12
Plus interest expense	1,901	1,372	898	1,383	1,224	1,780	3,270	2,656	1,320	1,423	3,273	3,004
Plus tax expense (benefit)	12,073	11,097	6,346	14,401	11,469	5,719	2,734	(1,804)	1,770	(2,534)	23,170	17,188
Plus depreciation & amortization	18,596	17,220	14,978	14,326	14,469	14,826	14,958	14,743	14,385	14,087	35,816	29,295
Plus charges (recoveries) for legacy environmental matters, net(1)	4,004	456	12,874	353	(2,214)	2,760	275	2,078	451	1,293	4,460	546
Plus business development costs	545	614	1,350	805	—	—	27	791	801	—	1,159	—
Plus restructuring charges and other exit-related activities	4	22	26	104	814	64	1,183	2,710	4,633	467	26	878
Plus charges related to legal settlements(2)	—	—	—	400	—	—	—	73	—	—	—	—
Plus asset impairment charges	—	—	—	—	—	—	1,408	2,227	402	1,692	—	—
Adjusted EBITDA(3)	$ 75,259	$ 78,086	$ 80,289	$ 97,254	$ 71,411	$ 40,255	$ 28,488	$ 18,826	$ 28,265	$ 9,835	$ 153,345	$ 111,666
Estimated average inventory accounting impact	1,297	588	4,662	8,283	9,596	2,246	1,799	(2,580)	3,748	(4,376)	1,885	11,842
Adjusted EBITDA excluding estimated average inventory accounting	$ 73,962	$ 77,498	$ 75,627	$ 88,971	$ 61,815	$ 38,009	$ 26,689	$ 21,406	$ 24,517	$ 14,211	$ 151,460	$ 99,824
Total Ferrous Volumes (LT, in thousands)	1,071	1,148	1,163	1,215	977	1,053	1,063	927	988	976	2,220	2,030
Adjusted EBITDA per Ferrous Ton Sold ($/LT)	70	68	69	$ 80	$ 73	$ 38	$ 27	$ 20	$ 29	$ 10	69	55
Adjusted EBITDA excluding estimated average inventory accounting per Ferrous Ton Sold ($/LT)	69	67	65	$ 73	$ 63	$ 36	$ 25	$ 23	$ 25	$ 15	68	49

(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 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	LFQ	Fiscal Year										
($ in thousands)	2Q22	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Cash flows from operating activities	$ 205,388	$ 190,064	$ 124,597	$ 144,740	$ 159,676	$ 100,370	$ 99,240	$ 144,628	$ 141,252	$ 39,289	$ 244,790	$ 140,463
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	(304)	—	—	(775)	(38)	—	(710)	(3,031)	—	—	—	—
Deferred income taxes	(15,328)	(6,884)	(15,096)	(14,613)	37,995	(2,278)	(507)	1,988	3,815	59,102	(8,321)	(21,004)
Undistributed equity in earnings of joint ventures	3,652	4,006	834	1,452	1,953	3,674	819	1,490	1,196	1,183	2,307	4,622
Share-based compensation expense	(20,168)	(18,213)	(10,033)	(17,300)	(18,965)	(10,847)	(10,437)	(10,481)	(14,506)	(11,475)	(8,793)	(13,655)
Excess tax benefit from share-based payment arrangements	—	—	—	—	—	—	—	343	194	343	817	689
(Loss) gain on disposal of assets	(2,143)	(717)	(530)	1,545	(56)	(448)	465	2,875	1,126	(131)	135	(1,529)
Unrealized foreign exchange (loss) gain, net	(60)	(127)	67	(148)	104	(361)	109	1,909	(240)	(1,583)	334	(758)
Credit loss, net	50	—	(66)	(74)	(323)	(126)	(131)	264	(449)	(584)	(688)	(334)
Changes in current assets and current liabilities	91,831	72,813	(34,246)	(1,182)	34,081	10,666	(19,317)	(76,736)	(39,011)	53,654	(119,033)	93,719
Changes in other operating assets and liabilities	(3,125)	(12,368)	(2,854)	(1,901)	(6,987)	(4,958)	(405)	2,252	(2,550)	(2,699)	(375)	(3,811)
Interest expense	5,554	5,285	8,669	8,266	8,983	8,081	8,889	9,191	10,595	9,623	11,880	8,436
Tax expense (benefit)	43,917	37,935	166	17,670	(17,590)	1,322	735	(12,615)	2,583	(56,943)	14,039	57,168
Charges for legacy environmental matters, net(1)	17,687	13,773	4,097	2,419	7,268	2,648	(3,863)	(1,009)	1,750	1,759	1,480	1,166
Business development costs	3,314	2,155	1,619	—	—	—	—	—	—	—	—	—
Restructuring charges and other exit-related activities	156	1,008	8,993	365	(661)	(109)	6,782	13,008	6,830	7,906	5,012	—
Charges related to legal settlements(2)	400	400	73	2,330	—	—	—	—	—	—	—	—
Loss (gain) from discontinued operations, net of tax	67	79	95	248	(346)	390	1,348	7,227	2,809	4,242	—	101
Depreciation and amortization from discontinued operations	—	—	—	—	—	—	—	(821)	(1,335)	(861)	—	—
shipments	—	—	—	—	(417)	(1,144)	(694)	6,928	—	—	—	—
Adjusted EBITDA	$ 330,888	$ 289,209	$ 85,414	$ 143,019	$ 205,677	$ 107,287	$ 79,765	$ 80,908	$ 113,493	$ 102,825	$ 143,584	$ 265,273
Total Ferrous Volumes (LT, in thousands)	4,598	4,408	3,954	4,319	4,299	3,628	3,289	3,708	4,309	4,506	5,324	5,534
Adjusted EBITDA per Ferrous Ton Sold ($/LT)	$ 72	$ 66	$ 22	$ 33	$ 48	$ 30	$ 24	$ 22	$ 26	$ 23	$ 27	$ 48
Debt	261,577	74,953	104,419	105,096	107,376	145,124	192,518	228,156	319,365	381,837	335,312	403,930
Cash and cash equivalents	(17,823)	(27,818)	(17,887)	(12,377)	(4,723)	$ (7,287)	$ (26,819)	$ (22,755)	(25,672)	(13,481)	(89,863)	(49,462)
Net debt	$ 243,754	$ 47,135	$ 86,532	$ 92,719	$ 102,653	$ 137,837	$ 165,699	$ 205,401	$ 293,693	$ 368,356	$ 245,449	$ 354,468
Debt to cash flows from operating activities ratio	1.3	0.4	0.8	0.7	0.7	1.4	1.9	1.6	2.3	9.7	1.4	2.9
Net debt to adjusted EBITDA ratio	0.7	0.2	1.0	0.6	0.5	1.3	2.1	2.5	2.6	3.6	1.7	1.3

(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

Free Cash Flow

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

Free Cash Flow (FCF) ($ in thousands)	Quarter 2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	Fiscal Year 2021	2020
Cash flow from operating activities	$ 46,983	$ (34,269)	$ 139,470	$ 53,204	$ 4,821	$ (7,431)	$ 68,761	$ 39,183	$ 5,519	$ 11,134	$ 190,064	$ 124,597
Less: capital expenditures	(29,690)	(39,719)	(42,136)	(21,646)	(23,257)	(31,827)	(22,718)	(22,187)	(13,127)	(23,973)	(118,866)	(82,005)
Free cash flow	$ 17,293	$ (73,988)	$ 97,334	$ 31,558	$ (18,436)	$ (39,258)	$ 46,043	$ 16,996	$ (7,607)	$ (12,840)	$ 71,198	$ 42,592

Historical Segment Operating Statistics

The following provides consolidated operating statistics:

	Quarter 2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	Fiscal Year[1] 2021
Ferrous volumes (LT, in thousands)[2]							
Domestic[3]	408	430	309	412	391	388	**1,500**
Export	663	718	854	803	586	665	**2,908**
Total[5]	1,071	1,148	1,163	1,215	977	1,053	**4,408**
Ferrous selling prices ($/LT)[4]							
Domestic	$ 418	$ 431	$ 453	$ 395	$ 349	$ 242	**$ 364**
Export	$ 455	$ 450	$ 446	$ 401	$ 399	$ 276	**$ 385**
Average	$ 445	$ 446	$ 449	$ 400	$ 387	$ 269	**$ 381**
Nonferrous volumes (pounds, in thousands)[2]	147,145	153,227	163,586	155,657	135,899	138,236	**593,378**
Nonferrous average price ($/pound)[4][6]	$ 1.10	$ 1.05	$ 1.01	$ 0.97	$ 0.83	$ 0.64	**$ 0.88**
Cars purchased (in thousands)[7]	73	80	89	91	80	78	**338**
Auto part stores at period end	50	50	50	50	50	50	**50**
Finished steel average sales price ($/ST)[4]	$ 1,045	$ 979	$ 920	$ 802	$ 690	$ 621	**$ 737**
Sales volume (ST, in thousands)							
Rebar	73	74	50	106	103	94	**353**
Coiled products	32	25	14	47	32	39	**132**
Merchant bar and other	1	—	1	—	1	1	**3**
Finished steel products sold[5]	106	99	65	153	136	134	**488**
Rolling mill utilization[8]	86%	78%	28%	98%	88%	97%	78%

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.