

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 May 31, 2024
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 000-22496



OREGON

93-0341923

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

299 SW Clay Street

,

Suite 400

,

Portland

,

Oregon

97201

(Address of principal executive offices)

(Zip Code)

(503) 224-9900

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$1.00 par value	RDUS	The Nasdaq Stock Market LLC

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

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

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

☒ Accelerated filer ☐ Non-accelerated filer ☐

Large accelerated
filer

Smaller reporting company

Emerging growth company

☐☐

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

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

The registrant had

27,839,454
shares of Class A common stock, par value of \$1.00 per share, and

200,000
shares of Class B common stock, par value of \$1.00 per share, outstanding as of June 28, 2024.

RADIUS RECYCLING, INC.
FORM 10-Q
TABLE OF CONTENTS

	<u>PAGE</u>
<u>FORWARD-LOOKING STATEMENTS</u>	3
 <u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	4
<u>Unaudited Condensed Consolidated Balance Sheets as of May 31, 2024 and August 31, 2023</u>	4
<u>Unaudited Condensed Consolidated Statements of Operations for the Three and Nine Months Ended May 31, 2024 and May 31, 2023</u>	5
<u>Unaudited Condensed Consolidated Statements of Comprehensive Loss for the Three and Nine Months Ended May 31, 2024 and May 31, 2023</u>	6
<u>Unaudited Condensed Consolidated Statements of Equity for the Three and Nine Months Ended May 31, 2024 and May 31, 2023</u>	7
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months Ended May 31, 2024 and May 31, 2023</u>	9
<u>Notes to the Unaudited Condensed Consolidated Financial Statements</u>	11
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	28
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	42
<u>Item 4. Controls and Procedures</u>	43
 <u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	44
<u>Item 1A. Risk Factors</u>	44
<u>Item 5. Other Information</u>	44
<u>Item 6. Exhibits</u>	45
 <u>SIGNATURES</u>	46

FORWARD-LOOKING STATEMENTS

Statements and information included in this Quarterly Report on Form 10-Q by Radius Recycling, Inc. (formerly 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,” “Radius Recycling,” and “Radius” refer to Radius Recycling, Inc. and its consolidated subsidiaries.

Forward-looking statements in this Quarterly Report on Form 10-Q include statements regarding future events or our expectations, intentions, beliefs, and strategies regarding the future, which may include statements regarding 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, volumes, and profitability; completion of acquisitions and integration of acquired businesses; the progression and impact of investments in processing and manufacturing technology improvements and information technology systems; the impacts of supply chain disruptions, inflation, and rising interest rates; 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 impact of pandemics, epidemics, or other public health emergencies, such as the coronavirus disease 2019 (“COVID-19”) pandemic; 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; the potential impact of adopting new accounting pronouncements; 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. Examples of these risks include: potential environmental cleanup costs related to the Portland Harbor Superfund site or other locations; the impact of goodwill impairment charges; the impact of equipment upgrades, equipment failures, and facility damage on production; failure to realize or delays in realizing expected benefits from capital and other projects, including investments in processing and manufacturing technology improvements and information technology systems; the cyclicality and impact of general economic conditions; the impact of inflation, rising interest rates, and foreign currency fluctuations; changing conditions in global markets including the impact of sanctions and tariffs, quotas, and other trade actions and import restrictions; increases in the relative value of the U.S. dollar; 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; the impact of impairment of assets other than goodwill; the impact of pandemics, epidemics, or other public health emergencies, such as the COVID-19 pandemic; 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; 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 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; the impact of increasing attention to environmental, social, and governance matters; translation risks associated with fluctuation in foreign exchange rates; the impact of hedging transactions; inability to obtain or renew business licenses and permits; environmental compliance costs and potential environmental liabilities; increased environmental regulations and enforcement; 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.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

RADIUS RECYCLING, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except per share amounts)

	May 31, 2024	August 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 25,189	\$ 6,032
Accounts receivable, net of allowance for credit losses of \$ 1,762 and \$ 1,590	205,267	210,442
Inventories	334,284	278,642
Refundable income taxes	3,675	3,245
Prepaid expenses and other current assets	48,228	51,979
Total current assets	616,643	550,340
Property, plant and equipment, net of accumulated depreciation of \$ 954,965 and \$ 902,231	684,627	706,805
Operating lease right-of-use assets	122,964	115,686
Investments in joint ventures	9,298	10,750
Goodwill	13,105	229,419
Intangibles, net of accumulated amortization of \$ 15,917 and \$ 12,442	30,291	32,540
Deferred income taxes	22,383	22,713
Other assets	53,593	47,696
Total assets	\$ 1,552,904	\$ 1,715,949
Liabilities and Equity		
Current liabilities:		

Short-term borrowings	\$	5,734	\$	5,813
Accounts payable		207,989		209,423
Accrued payroll and related liabilities		22,805		35,144
Environmental liabilities		12,547		13,743
Operating lease liabilities		19,444		19,835
Accrued income taxes		19		358
Other accrued liabilities		42,880		39,614
Total current liabilities		311,418		323,930
Deferred income taxes		4,876		58,617
Long-term debt, net of current maturities		405,514		243,579
Environmental liabilities, net of current portion		52,024		53,034
Operating lease liabilities, net of current maturities		103,464		96,086
Other long-term liabilities		29,583		29,044
Total liabilities		906,879		804,290
Commitments and contingencies (Note 5)				
Radius Recycling, Inc. ("Radius") shareholders' equity:				
Preferred stock –				
20,000				
shares \$				
1.00				
par value authorized,				
none				
issued		—		—

Class A common stock –

75,000

shares \$

1.00

par value authorized,

27,839

and

27,312

shares issued and outstanding

27,839

27,312

Class B common stock –

25,000

shares \$

1.00

par value authorized,

200

and

200

shares issued and outstanding

200

200

Additional paid-in capital

26,423

26,035

Retained earnings

627,877

894,316

(

(

Accumulated other comprehensive loss

39,068

39,683

)

)

Total Radius shareholders' equity

643,271

908,180

Noncontrolling interests

2,754

3,479

Total equity

646,025

911,659

Total liabilities and equity

\$ 1,552,904

\$ 1,715,949

The accompanying Notes to the Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.

RADIUS RECYCLING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per share amounts)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2024	2023	2024	2023
Revenues	\$ 673,920	\$ 809,610	\$ 1,967,876	\$ 2,164,293
Operating expense:				
Cost of goods sold	628,390	713,685	1,842,806	1,946,633
Selling, general and administrative	62,100	68,527	187,362	196,712
(Income) from joint ventures	(300)	(285)	(1,003)	(1,386)
Goodwill impairment charges	215,941	—	215,941	—
Other asset impairment charges	—	—	1,476	—
Restructuring charges and other exit-related activities	3,275	169	6,485	2,589
Operating (loss) income	(235,486)	(27,514)	(285,191)	(19,745)
Interest expense	(7,368)	(5,146)	(17,981)	(13,378)
Other loss, net	(187)	(1,306)	(620)	(5,289)
(Loss) income from continuing operations before income taxes	(243,041)	(21,062)	(303,792)	(1,078)
Income tax benefit (expense)	(44,551)	(7,221)	(53,526)	(676)
(Loss) income from continuing operations	(198,490)	(13,841)	(250,266)	(402)
Loss from discontinued operations, net of tax	(21)	(233)	(54)	(78)
Net (loss) income	(198,511)	(13,608)	(250,320)	(324)
Net loss (income) attributable to noncontrolling interests	(121)	(148)	(13)	(299)
Net (loss) income attributable to Radius shareholders	\$ (198,390)	\$ (13,460)	\$ (250,333)	\$ 25
Net (loss) income per share attributable to Radius shareholders:				
Basic:				

	((
	6.97	0.49	8.82		
(Loss) income per share from continuing operations	\$)	\$	\$)	\$	—
	((
	6.97	0.48	8.82		
Net (loss) income per share	\$)	\$	\$)	\$	—
Diluted:					
	((
	6.97	0.48	8.82		
(Loss) income per share from continuing operations	\$)	\$	\$)	\$	—
	((
	6.97	0.47	8.82		
Net (loss) income per share	\$)	\$	\$)	\$	—
Weighted average number of common shares:					
	28,479	28,114	28,385	27,980	
Basic					
	28,479	28,659	28,385	28,646	
Diluted					

The accompanying Notes to the Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.

RADIUS RECYCLING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited, in thousands)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2024	2023	2024	2023
Net (loss) income	((((
	198,511	13,608	250,320	324
	\$)	\$)	\$)	\$)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	((((
	308	362	890	3,245
))))
Cash flow hedges, net				
	776	—	954	—
Pension obligations, net				
	148	58	551	149
Total other comprehensive income (loss), net of tax				(
	616	420	615	3,096
))))
Comprehensive (loss) income	((((
	197,895	14,028	249,705	2,772
))))
Less comprehensive loss (income) attributable to noncontrolling interests	((((
	121	148	13	299
))))
Comprehensive (loss) income attributable to Radius shareholders	((((
	197,774	13,880	249,718	3,071
	\$)	\$)	\$)	\$)

The accompanying Notes to the Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.

Table of Contents

RADIUS RECYCLING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited, in thousands, except per share amounts)

Three Months Ended May 31, 2023	Common Stock				Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Radius Shareholders' Equity	Noncontrolling Interests	Total Equity
	Class A		Class B							
	Shares	Amount	Shares	Amount						
							(
Balance as of March 1, 2023	27,255	27,255	200	200	20,831	917,266	40,605	924,947	3,491	928,438
		\$		\$	\$	\$	\$	\$	\$	\$
Net income	—	—	—	—	—	13,460	—	13,460	148	13,608
Other comprehensive income, net of tax	—	—	—	—	—	—	420	420	—	420
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	59	59
))
						((
Issuance of restricted stock	84	84	—	—	84	—	—	—	—	—
	(((((
Restricted stock withheld for taxes	28	28	—	—	774	—	—	802	—	802
)))))
Share-based compensation cost	—	—	—	—	3,314	—	—	3,314	—	3,314
Dividends (\$						(((
0.1875 per common share)	—	—	—	—	—	5,327	—	5,327	—	5,327
)))
							(
Balance as of May 31, 2023	27,311	27,311	200	200	23,287	925,399	40,185	936,012	3,580	939,592
		\$		\$	\$	\$	\$	\$	\$	\$

	Common Stock						Accumul ated	Total Radius Shareholders' Equity	Noncontr olling Interests	Total Equity
	Class A		Class B		Additiona l		Other Compr ehensive Loss			
Three Months Ended May 31, 2024	Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings				
						(
Balance as of March 1, 2024	27,782	\$ 27,782	200	\$ 200	\$ 24,503	\$ 831,636	\$ 39,684)	\$ 844,437	\$ 3,029	\$ 847,466
						((((
Net loss	—	—	—	—	—	198,390)	—	198,390)	121)	198,511)
Other comprehensive income, net of tax	—	—	—	—	—	—	616	616	—	616

									((
									154	154
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—))
					(
Issuance of restricted stock	85	85	—	—	85	—	—	—	—	—
	(((((
Restricted stock withheld for taxes	28	28	—	—	451	—	—	479	—	479
)))))
Share-based compensation cost	—	—	—	—	2,456	—	—	2,456	—	2,456
						(((
Dividends (\$										
0.1875 per common share)	—	—	—	—	—	5,369	—	5,369	—	5,369
							(
Balance as of May 31, 2024	27,839	27,839	200	200	26,423	627,877	39,068	643,271	2,754	646,025
		\$		\$	\$	\$	\$	\$	\$	\$

The accompanying Notes to the Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.

Table of Contents

RADIUS RECYCLING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited, in thousands, except per share amounts)

	Common Stock				Additional		Accumulated			
	Class A		Class B		Paid-in	Retained	Other Comprehensive	Total	Noncontrolling	Total
Nine Months Ended May 31, 2023	Shares	Amount	Shares	Amount	Capital	Earnings	Loss	Radius Shareholders' Equity	Interests	Equity
							(
Balance as of September 1, 2022	26,747	26,747	200	200	22,975	941,146	37,089	953,979	4,495	958,474
		\$		\$	\$	\$)	\$	\$	\$
Net income	—	—	—	—	—	25	—	25	299	324
							(((
Other comprehensive loss, net of tax	—	—	—	—	—	—	3,096	3,096	—	3,096
)))
									((
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	1,214	1,214
))
					(
Issuance of restricted stock	846	846	—	—	846	—	—	—	—	—
		((((
	(
Restricted stock withheld for taxes	282	282	—	—	7,329	—	—	7,611	—	7,611
)))))
Share-based compensation cost	—	—	—	—	8,487	—	—	8,487	—	8,487
Dividends (\$						(((
0.5625 per common share)	—	—	—	—	—	15,772	—	15,772	—	15,772
)))
							(
Balance as of May 31, 2023	27,311	27,311	200	200	23,287	925,399	40,185	936,012	3,580	939,592
		\$		\$	\$	\$)	\$	\$	\$

	Common Stock						Accumul ated			
	Class A		Class B		Additional		Other	Total	Noncontr	Total
Nine Months Ended May 31, 2024	Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings	Compreh ensive Loss	Radius Sharehol ders' Equity	olling Interests	Equity
							(
Balance as of September 1, 2023	27,312	27,312	200	200	26,035	894,316	39,683	908,180	3,479	911,659
		\$		\$	\$	\$	\$	\$	\$	\$
							(((
Net (loss) income	—	—	—	—	—	250,333	—	250,333	13	250,320
Other comprehensive income, net of tax	—	—	—	—	—	—	615	615	—	615

									(
									738	(
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—)	738
					()
Issuance of restricted stock	766	766	—	—	766	—	—	—	—	—
	(((((
Restricted stock withheld for taxes	239	239	—	—	5,043	—	—	5,282	—	5,282
)))))
Share-based compensation cost	—	—	—	—	6,197	—	—	6,197	—	6,197
Dividends (\$						(((
0.5625 per common share)	—	—	—	—	—	16,106	—	16,106	—	16,106
)))
							(
Balance as of May 31, 2024	<u>27,839</u>	<u>\$ 27,839</u>	<u>200</u>	<u>\$ 200</u>	<u>\$ 26,423</u>	<u>\$ 627,877</u>	<u>\$ 39,068</u>	<u>\$ 643,271</u>	<u>\$ 2,754</u>	<u>\$ 646,025</u>

The accompanying Notes to the Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.

RADIUS RECYCLING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Nine Months Ended May 31, 2024	2023
Cash flows from operating activities:		
Net (loss) income	()
	\$ 250,320	\$ 324
Adjustments to reconcile net (loss) income to cash (used in) provided by operating activities:		
Goodwill impairment charges	215,941	—
Other asset impairment charges	2,040	5,455
Exit-related asset impairments	176	254
Depreciation and amortization	72,188	66,390
Inventory write-downs		575
	—	(
Deferred income taxes	54,065	933
))
Undistributed equity in earnings of joint ventures	((
	1,003	1,386
))
Share-based compensation expense	6,197	8,438
(Gain) loss on disposal of assets, net	()
	511	10
))
Unrealized foreign exchange loss, net	463	126
Credit loss, net		
	199	195
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	((
	4,516	71,016
))
Inventories	()
	46,750	23,215
))
Income taxes		(
	171	2,992
)
Prepaid expenses and other current assets		(
	9,896	12,476
)
Other long-term assets	((
	5,797	3,868
))

Operating lease assets and liabilities	((
	440	276
))
Accounts payable		
	6,819	10,259
Accrued payroll and related liabilities	((
	12,330	30,451
))
Other accrued liabilities		
	2,836	10,381
Environmental liabilities	((
	2,180	2,542
))
Other long-term liabilities		
	1,418	2,850
Distributed equity in earnings of joint ventures		
	2,350	2,000
Net cash (used in) provided by operating activities	(
	57,218	4,532
)	
Cash flows from investing activities:		
Capital expenditures	((
	56,258	101,270
))
Acquisitions, net of acquired cash		(
		26,902
	—)
Proceeds from insurance and sale of assets		
	2,829	10,775
Purchase of investments	(
	6,000	
)	—
Net cash used in investing activities	((
	59,429	117,397
))
Cash flows from financing activities:		
Borrowings from long-term debt		
	579,500	501,761
Repayment of long-term debt	((
	421,414	403,129
))
Payment of debt issuance costs		(
		156
	—)
Taxes paid related to net share settlement of share-based payment awards	((
	5,282	7,611
))
Distributions to noncontrolling interests	((
	738	1,214
))
Dividends paid	((
	16,306	16,023
))
Net cash provided by financing activities		
	135,760	73,628

Effect of exchange rate changes on cash		(
	44	55
)
Net increase (decrease) in cash and cash equivalents		(
	19,157	39,292
)
Cash and cash equivalents as of beginning of period		
	6,032	43,803
Cash and cash equivalents as of end of period		
	25,189	4,511
	<u>\$</u>	<u>\$</u>

The accompanying Notes to the Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.

RADIUS RECYCLING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Nine Months Ended May 31,	
	2024	2023
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for:		
Interest	\$ 16,793	\$ 11,763
Income taxes, net	\$ 355	\$ 4,565
Schedule of noncash investing and financing transactions:		
Purchases of property, plant and equipment included in liabilities	\$ 5,961	\$ 12,605

The accompanying Notes to the Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies***Basis of Presentation***

The accompanying Unaudited Condensed Consolidated Financial Statements of Radius Recycling, Inc. (formerly Schnitzer Steel Industries, Inc.) and its majority-owned and wholly-owned subsidiaries (the "Company") have been prepared pursuant to generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and the rules and regulations of the United States Securities and Exchange Commission (the "SEC") for Form 10-Q, including Article 10 of Regulation S-X. The accompanying Unaudited Condensed Consolidated Financial Statements are presented in U.S. Dollars. The year-end condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. Certain information and note disclosures normally included in annual financial statements have been condensed or omitted pursuant to the rules and regulations of the SEC. In the opinion of management, all normal, recurring adjustments considered necessary for a fair statement have been included. Management suggests that these Unaudited Condensed Consolidated Financial Statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2023. The results for the three and nine months ended May 31, 2024 and May 31, 2023 are not necessarily indicative of the results of operations for the entire fiscal year.

Company Name

On July 26, 2023, the Company announced its new brand and assumed name, Radius Recycling. The Company's shareholders approved an amendment to the Company's Articles of Incorporation to change the corporate name of the Company from Schnitzer Steel Industries, Inc. to Radius Recycling, Inc. at the Annual Meeting of Shareholders held on January 30, 2024 (the "Name Change"). That same day, the Company effectuated the Name Change by filing articles of amendment of the Articles of Incorporation with the Oregon Secretary of State and amended and restated its Bylaws to reflect the Name Change.

Segment Reporting

The Company acquires and recycles ferrous and nonferrous scrap metal for sale to foreign and domestic metal producers, processors, and brokers, and it procures salvaged vehicles and sells serviceable used auto parts from these vehicles through a network of self-service auto parts stores. Most of these auto parts stores supply the Company's shredding facilities with auto bodies that are processed into saleable recycled metal products. In addition to the sale of recycled metal products processed at its facilities, the Company provides a variety of recycling and related services. The Company also produces a range of finished steel long products at its electric arc furnace ("EAF") steel mill using recycled ferrous metal sourced internally from its recycling and joint venture operations and other raw materials.

The accounting standards for reporting information about operating segments define an operating segment as a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses for which discrete financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. The Company's internal organizational and reporting structure reflects a functionally based, integrated model and includes a single operating and reportable segment.

Cash and Cash Equivalents

Cash and cash equivalents include short-term securities that are not restricted by third parties and have an original maturity date of 90 days or less. Included in accounts payable are book overdrafts representing outstanding payments in excess of funds on deposit of \$

66
million and \$

62
million as of May 31, 2024 and August 31, 2023, respectively.

Accounts Receivable, net

Accounts receivable represent amounts primarily due from customers on product and other sales. These accounts receivable, which are reduced by an allowance for credit losses, are recorded at the invoiced amount and do not bear interest. The Company extends credit to customers under contracts containing customary and explicit payment terms, and payment is generally required within 30 to 60 days of shipment. Nonferrous export sales typically require a deposit prior to shipment. Historically, almost all of the Company's ferrous export sales have been made with letters of credit. Ferrous and nonferrous metal sales to domestic customers and finished steel sales are generally made on open account, and a portion of these sales are covered by credit insurance.

RADIUS RECYCLING, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company evaluates the collectibility of its accounts receivable based on a combination of factors, including whether sales were made pursuant to letters of credit or required deposits prior to shipment, the aging of customer receivable balances, the financial condition of the Company's customers, historical collection rates, and economic trends. Management uses this evaluation to estimate the amount of customer receivables that may not be collected in the future and records a provision for expected credit losses. Accounts are written off when all efforts to collect have been exhausted.

Also included in accounts receivable are short-term advances to scrap metal suppliers used as a mechanism to acquire unprocessed scrap metal. The advances are generally repaid with scrap metal, as opposed to cash. Repayments of advances with scrap metal are treated as noncash operating activities in the Unaudited Condensed Consolidated Statements of Cash Flows and totaled \$

9
million and \$

8
million for each of the nine months ended May 31, 2024 and May 31, 2023.

Prepaid Expenses

The Company's prepaid expenses, reported within prepaid expenses and other current assets in the Unaudited Condensed Consolidated Balance Sheets, totaled \$

19
million and \$

27
million as of May 31, 2024 and August 31, 2023, respectively, and consisted primarily of deposits on capital projects and prepaid services, insurance, and property taxes.

Other Assets

The Company's other assets, exclusive of prepaid expenses and assets relating to certain employee benefit plans, consisted primarily of receivables from insurers, advances to a supplier of metals recycling equipment, cash held in a client trust account relating to a legal settlement, short-term certificates of deposit, two equity investments, capitalized implementation costs for cloud computing arrangements, major spare parts and equipment, debt issuance costs, and notes and other contractual receivables. Other assets are reported within either prepaid expenses and other current assets or other assets in the Unaudited Condensed Consolidated Balance Sheets based on their expected use either during or beyond the current operating cycle of one year from the reporting date.

Receivables from insurers represent the portion of insured losses expected to be recovered from the Company's insurers under various insurance policies or from a Qualified Settlement Fund holding settlement amounts deposited by certain insurers of claims against the Company related to the Portland Harbor Superfund site. The receivables are recorded at an amount not to exceed the recorded loss and only if the terms of legally enforceable insurance contracts support that the insurance recovery will not be disputed and is deemed collectible, or if recovery of the loss by the Company from a Qualified Settlement Fund is probable. Receivables from insurers as of each reporting date relate to environmental claims, property loss and damage and other claims in connection with the December 2021 fire at the Company's shredder facility in Everett, Massachusetts, workers' compensation claims, and third-party claims. As of May 31, 2024, receivables from insurers totaled \$

22
million, including \$

12
million relating to environmental claims. As of August 31, 2023, receivables from insurers totaled \$

14
million, including \$

10
million relating to environmental claims. See "Accounting for Impacts of Involuntary Events" below in this Note for further discussion of receivables and advance payments from insurers relating to property damage and business interruption claims.

Other assets as of May 31, 2024 and August 31, 2023 also included \$

16
million and \$

11
million, respectively, representing advances to a supplier of metals recycling equipment.

Other assets as of August 31, 2023 also included \$

7
million in connection with cash deposited into a client trust account in fiscal 2021 to fund the remediation of a site, a portion of which was previously leased to and operated by an indirect, wholly-owned subsidiary. The cash was deposited into the client trust account by other potentially liable parties pursuant to a settlement agreement resolving a lawsuit relating to allocation of the remediation costs, including agreement by the Company's subsidiary to perform certain remedial actions. In the second quarter of fiscal 2024, the \$

7
million was distributed to the Company from the client trust account for purposes of holding the funds and maximizing returns, each consistent with the terms of the settlement agreement, of which \$

6
million was held in short-term certificates of deposit and is reported within prepaid expenses and other current assets as of May 31, 2024. See "Other Legacy Environmental Loss Contingencies" within "Contingencies – Environmental" in Note 5 - Commitments and Contingencies for further

discussion of this matter.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company invested \$

6

million in the equity of a privately-held U.S. waste and recycling entity in fiscal 2017. The investment is accounted for under the guidance for investments in equity securities. During the first half of fiscal 2023, the equity investment was determined to not have a readily determinable fair value and, therefore, was carried at cost and adjusted for impairments and observable price changes. In the first quarter of fiscal 2023, the Company identified an impairment indicator for its investment and, based on its fair value measurement incorporating observable trading prices of the publicly-traded entity and unobservable inputs, recognized a \$

4

million impairment in other loss, net on the Unaudited Condensed Consolidated Statement of Operations. During the third quarter of fiscal 2023, the publicly-traded entity allowed for an exchange event, and the Company exchanged its full investment in the subsidiary's equity units for shares of the publicly-traded entity, which have a readily determinable fair value, and which the Company still held as of May 31, 2024. As of May 31, 2024 and August 31, 2023, the fair value of the investment was less than \$

1

million and \$

1

million, respectively. The investment is reported within prepaid expenses and other current assets in the Unaudited Condensed Consolidated Balance Sheets.

Other assets as of May 31, 2024 and August 31, 2023 included \$

7

million and \$

5

million, respectively, of capitalized cloud computing arrangement implementation costs. Amortization of capitalized implementation costs is recorded on a straight-line basis over the term of the cloud computing arrangement, which is the non-cancellable period of the agreement, together with periods covered by renewal options which the Company is reasonably certain to exercise. This amortization expense is reported within operating expense, separately from depreciation and amortization expense for property, plant, and equipment and intangible assets as reported on the Unaudited Condensed Consolidated Statements of Cash Flows.

Accounting for Impacts of Involuntary Events

Assets destroyed or damaged as a result of involuntary events are written off or reduced in carrying value to their salvage value. When recovery of all or a portion of the amount of property damage loss or other covered expenses through insurance proceeds is demonstrated to be probable, a receivable is recorded and offsets the loss or expense up to the amount of the total loss or expense. No gain is recorded until all contingencies related to the insurance claim have been resolved.

On May 22, 2021, the Company experienced a fire at its steel mill in McMinnville, Oregon. Direct physical loss or damage to property from the incident was limited to the mill's melt shop, with no bodily injuries and no physical loss or damage to other buildings or equipment. The Company experienced loss of business income during the shutdown of the steel mill and the subsequent ramp-up phase which was substantially completed in fiscal 2022. The Company filed insurance claims for the physical loss and damage experienced at the mill's melt shop and business income losses resulting from the matter. In the fourth quarter of fiscal 2023, the Company reached a full and final settlement with its insurers for its claims. All insurance proceeds and recovery gains in connection with the Company's claims had been received and recognized, respectively, as of August 31, 2023.

On December 8, 2021, the Company experienced a fire at its metals recycling facility in Everett, Massachusetts. Direct physical loss or damage to property from the incident was limited to the facility's shredder building and equipment, with no bodily injuries and no physical loss or damage to property reported at other buildings or equipment. As a result of the fire, shredding operations ceased, while all non-shredding operations at the facility continued, including torching, shearing, separating, and sorting purchased non-shreddable recycled ferrous metals. On January 28, 2022, shredding operations at the facility began ramping up following the replacement and repairs to shredder equipment that had been damaged. In addition, shredding operations temporarily ceased at the facility on June 18, 2022 and, following discussions with the Massachusetts Department of Environmental Protection and the Massachusetts Attorney General's office, the Company installed a temporary emission capture system and controls that allowed for the resumption of shredding operations on November 11, 2022 and for continued operation during the repair and replacement of the shredder enclosure building. Non-shredding operations at the facility continued during this period. The repair and replacement of most property that experienced physical loss or damage, primarily buildings and improvements, was substantially completed by the end of fiscal 2023. The Company filed insurance claims for the property that experienced physical loss or damage and anticipated business income losses resulting from the matter. During the third quarter and first nine months of fiscal 2023, the Company recognized \$

2

million in insurance receivable and related insurance recovery gain, reported within cost of goods sold on the Unaudited Condensed Consolidated Statements of Operations. During the first half of fiscal 2024, the Company recognized an additional \$

6

million insurance receivable and related insurance recovery gain. During the third quarter of fiscal 2024, the Company reached a full and final settlement with its insurers for its claims and recognized an additional \$

7

million insurance recovery gain, reflecting the recovery of applicable losses including business income losses incurred as a result of the fire. As of May 31, 2024, the Company had recognized, in aggregate, \$

47

million in insurance recovery gains and had received, in aggregate, advance payments from insurers totaling approximately \$

40

million towards its claims. As of May 31, 2024 and August 31, 2023, the Company had receivables from its insurers of \$

7
million and \$

1
million, respectively, reported within prepaid expenses and other current assets on the Unaudited Condensed Consolidated Balance Sheets.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Goodwill

Goodwill represents the excess of the purchase price over the net amount of identifiable assets acquired and liabilities assumed in a business combination measured at fair value. The Company evaluates goodwill for impairment annually on July 1 and upon the occurrence of certain triggering events or substantive changes in circumstances that indicate that the fair value of goodwill may be impaired. Impairment of goodwill is tested at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). A component of an operating segment is required to be identified as a reporting unit if the component is a business for which discrete financial information is available and segment management regularly reviews its operating results.

When testing goodwill for impairment, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more-likely-than-not that the estimated fair value of a reporting unit is less than its carrying amount. If the Company elects to perform a qualitative assessment and determines that an impairment is more-likely-than-not, the Company is then required to perform the quantitative impairment test, otherwise no further analysis is required. The Company also may elect not to perform the qualitative assessment and, instead, proceed directly to the quantitative impairment test. When performing the quantitative impairment test, the Company applies a one-step quantitative test and records the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

When the Company performs a quantitative goodwill impairment test, it considers both the income approach and market approach to estimate the fair value of the reporting unit. The determination of fair value involves the use of estimates and assumptions, including regarding revenue growth rates driven by future ferrous and nonferrous commodity price and sales volume expectations, gross margins, selling, general, and administrative expense relative to total revenues, capital expenditures, working capital requirements, discount rate based on a market-based weighted average cost of capital ("WACC"), tax rate, terminal growth rate, benefits associated with a taxable transaction, and synergistic benefits available to market participants. In addition, to corroborate the reporting unit's income approach valuation, as well as to estimate the fair value of the Company's other reporting units, including those with no allocated goodwill, the Company uses a market approach based on earnings multiple data, and it performs a reconciliation of its estimate of the aggregate fair value of all reporting units to the Company's market capitalization, including consideration of a control premium. See Note 4 - Goodwill for further detail including the recognition of a goodwill impairment charge of \$

216

million during the fiscal quarter ended May 31, 2024.

Business Acquisitions

The Company recognizes the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. Contingent purchase consideration is recorded at fair value at the date of acquisition. Any excess purchase price over the fair value of the net assets acquired is recorded as goodwill. Within one year from the date of acquisition, the Company may update the value allocated to the assets acquired and liabilities assumed and the resulting goodwill balance as a result of information received regarding the valuation of such assets and liabilities that was not available at the time of purchase. Measuring assets and liabilities at fair value requires the Company to determine the price that would be paid by a third-party market participant based on the highest and best use of the assets or interests acquired. Acquisition costs are expensed as incurred. See Note 3 - Business Acquisitions for further detail.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash and cash equivalents, accounts receivable, and derivative financial instruments. The majority of cash and cash equivalents is maintained with major financial institutions. Balances with these and certain other institutions exceeded the Federal Deposit Insurance Corporation insured amount of \$

250

thousand as of May 31, 2024. Concentration of credit risk with respect to accounts receivable is limited because a large number of geographically diverse customers make up the Company's customer base. The Company controls credit risk through credit approvals, credit limits, credit insurance, letters of credit or other collateral, cash deposits, and monitoring procedures. The Company is exposed to a residual credit risk with respect to open letters of credit by virtue of the possibility of the failure of a bank providing a letter of credit. The counterparties to the Company's derivative financial instruments are major financial institutions.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-07 ("ASU 2023-07"), Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, amending reportable segment disclosure requirements to include disclosure of incremental segment information on an annual and interim basis. Among the disclosure enhancements are new disclosures regarding significant segment expenses that are regularly provided to the chief operating decision-maker and included within each reported measure of segment profit or loss, as well as other segment items bridging segment revenue to each reported measure of segment profit or loss. The amendments in ASU 2023-07 are effective for the Company's fiscal 2025, and interim periods within the Company's fiscal 2026, and are applied retrospectively. Early adoption is permitted. As the amendments apply to reportable segment disclosures only, the Company does not expect adoption to have a material impact on its consolidated financial statements.

In December 2023, the FASB issued Accounting Standards Update 2023-09 ("ASU 2023-09"), Income Taxes (Topic 740): Improvement to Income Tax Disclosures, amending income tax disclosure requirements for the effective tax rate reconciliation and income taxes paid. The amendments in ASU 2023-09 are effective beginning in the Company's fiscal 2026 and are applied prospectively. Early adoption and retrospective application of the amendments are permitted. As the amendments apply to income tax disclosures only, the Company does not expect adoption to have a material impact on its consolidated financial statements.

Note 2 - Inventories

Inventories consisted of the following (in thousands):

	May 31, 2024	August 31, 2023
Processed and unprocessed scrap metal	176,987	143,986
	\$	\$
Semi-finished goods	16,867	9,959
Finished goods	72,413	60,348
Supplies	68,017	64,349
Inventories	334,284	278,642
	\$	\$

Note 3 - Business Acquisitions**Fiscal 2023 Business Acquisition**

On November 18, 2022, the Company used cash on hand and borrowings under its existing credit facilities to acquire the operating assets of ScrapSource, a recycling services company that provides solutions for industrial companies that generate scrap metal from their manufacturing process. The acquired business expands the Company's national recycling services operations, giving rise to expected benefits supporting the amount of acquired goodwill. The total purchase consideration of approximately \$

25 million was allocated to the assets acquired and liabilities assumed based on their respective estimated fair values on the date of the acquisition. The \$

13 million excess of the total purchase consideration over the fair value of the identifiable net assets acquired was recorded as goodwill. The results of operations for the acquired ScrapSource business beginning as of the November 18, 2022 acquisition date are included in the accompanying financial statements. For the three and nine months ended May 31, 2023, the revenues and net income contributed by the acquired ScrapSource business and reported in the Unaudited Condensed Consolidated Statements of Operations were not material to the financial statements taken as a whole. For the nine months ended May 31, 2023, the unaudited pro forma amounts of revenues and net income of the acquired ScrapSource business were not material to the financial statements taken as a whole; therefore, unaudited pro forma amounts for the Company are not provided.

Note 4 - Goodwill

In the third quarter of fiscal 2024, the Company identified a triggering event that indicated the goodwill allocated to certain of the Company's reporting units may be impaired. Prior to the third quarter of fiscal 2024, the Company had most recently performed the quantitative impairment test for goodwill carried by

three of its reporting units, consisting of two regional metals recycling operations and its network of auto parts stores, as of July 1, 2023. As of that date, for one of the metals recycling reporting units and the autos reporting unit subject to the quantitative impairment test, the estimated fair value of the reporting unit exceeded its carrying amount by approximately

24
% and

33
%, respectively. For the other metals recycling reporting unit, the estimated fair value of the reporting unit was less than its carrying amount, resulting in a partial impairment of goodwill of \$

39
million.

RADIUS RECYCLING, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Based primarily on the respective financial and operational performance of certain of the Company's reporting units with allocated goodwill, as well as the sustained decrease in the Company's market capitalization beginning near the end of the second fiscal quarter of fiscal 2024, and substantially maintained throughout March and April 2024, the Company identified a triggering event and performed an interim impairment test. As of the May 1, 2024 testing date, the balance of the Company's goodwill was \$

229 million, which was allocated among four reporting units. Three of the reporting units, which consist of two regional metals recycling operations and the Company's network of auto parts stores, were allocated an aggregate of \$

216 million of goodwill. The Company performed a quantitative impairment test for goodwill allocated to these three reporting units to identify potential impairment and measure an impairment loss, if necessary.

For the two metals recycling reporting units and the autos reporting unit subject to the quantitative impairment test as of May 1, 2024, the estimated fair value of each reporting unit was less than its carrying amount, resulting in full impairment of the allocated goodwill and an aggregate impairment charge of \$ 216 million.

The projections used in the income approach took into consideration, as applicable, the impact of recent and current market conditions for ferrous and nonferrous recycled metals and retail auto parts, the cost of obtaining adequate supply flows of scrap metal including end-of-life vehicles, and recent trends in production and other operating costs. The projections assumed a recovery of operating margins from the levels experienced at the measurement date over a multi-year period. The WACC rate used in the income approach valuation ranged from

14.5 % to 15.0 %. The terminal growth rate used was 2 %. A reporting-unit-specific risk premium is embedded in the WACC to reflect the perceived level of uncertainty inherent in expected future cash flows. As part of the goodwill impairment test, the Company performed a reconciliation of its market capitalization to the aggregated estimated fair value of all reporting units, including consideration of a control premium.

The remaining \$ 13 million of goodwill is carried by one reporting unit, a recycling services operation. The Company determined that there was no triggering event for this reporting unit.

The gross change in the carrying amount of goodwill for the nine months ended May 31, 2024 was as follows (in thousands):

	Goodwill
August 31, 2023	229,419
	\$
Impairments	(215,941)
Foreign currency translation adjustment	(373)
May 31, 2024	13,105
	\$

Accumulated goodwill impairment charges were \$ 726 million and \$ 510 million as of May 31, 2024 and August 31, 2023, respectively.

Note 5 - Commitments and Contingencies

Contingencies - Environmental

The Company evaluates the adequacy of its environmental liabilities on a quarterly basis. Adjustments to the liabilities are made when additional information becomes available that affects the estimated costs to study or remediate any environmental issues or expenditures are made for which liabilities were established.

Changes in the Company's environmental liabilities for the nine months ended May 31, 2024 were as follows (in thousands):

Balance as of September 1, 2023	Liabilities Established (Released), Net	Payments and Other	Balance as of May 31, 2024	Short-Term	Long-Term
		(
66,777	2,605	4,811	64,571	12,547	52,024
\$	\$	\$	\$	\$	\$

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of May 31, 2024 and August 31, 2023, the Company had environmental liabilities of \$

65
million and \$

67
million, respectively, for the potential remediation of locations where it has conducted business or has environmental liabilities from historical or recent activities. These liabilities relate to the investigation and potential remediation of waterways and soil and groundwater contamination and may also involve natural resource damages, governmental fines and penalties, and claims by third parties for personal injury and property damage. Except for Portland Harbor and certain liabilities discussed under "Other Legacy Environmental Loss Contingencies" below, such liabilities were not individually material at any site.

Portland Harbor

In December 2000, the Company was notified by the United States Environmental Protection Agency ("EPA") under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") that it is one of the potentially responsible parties ("PRPs") that own or operate or formerly owned or operated sites which are part of or adjacent to the Portland Harbor Superfund site ("Portland Harbor").

The precise nature and extent of cleanup of any specific areas within Portland Harbor, the parties to be involved, the timing of any specific remedial action and the allocation of the costs for any cleanup among responsible parties have not yet been determined. The process of site investigation, remedy selection, identification of additional PRPs, and allocation of costs has been underway for a number of years, but significant uncertainties remain. It is unclear to what extent the Company will be liable for environmental costs or third-party contribution or damage claims with respect to Portland Harbor.

From 2000 to 2017, the EPA oversaw a remedial investigation/feasibility study ("RI/FS") at Portland Harbor. The Company was not among the parties that performed the RI/FS, but it contributed to the costs through an interim settlement with the performing parties. The performing parties have indicated that they incurred more than \$

155
million in that effort.

In January 2017, the EPA issued a Record of Decision ("ROD") that identified the selected remedy for Portland Harbor. The EPA has estimated the total cost of the selected remedy at \$

1.7
billion with a net present value cost of \$

1.05
billion (at a

7
% discount rate) and an estimated construction period of 13 years following completion of the remedial designs. In the ROD, the EPA stated that the cost estimate is an order-of-magnitude engineering estimate that is expected to be within +

50
% to -

30
% of the actual project cost and that changes in the cost elements are likely to occur as a result of new information and data collected during the engineering design. Accordingly, the final cost may differ materially from that set forth in the ROD. The Company has identified a number of concerns regarding the remedy described in the ROD, which is based on data that is more than 15 years old, and the EPA's estimates for the costs and time required to implement the selected remedy. Moreover, the ROD provided only Portland Harbor site-wide cost estimates and did not provide sufficient detail to estimate costs for specific sediment management areas within Portland Harbor. In addition, the ROD did not determine or allocate the responsibility for remediation costs among the PRPs.

In the ROD, the EPA acknowledged that much of the data was more than a decade old at that time and would need to be updated with a new round of "baseline" sampling to be conducted prior to the remedial design phase. The remedial design phase is an engineering phase during which additional technical information and data are collected, identified, and incorporated into technical drawings and specifications developed for the subsequent remedial action. Following issuance of the ROD, the EPA proposed that the PRPs, or a subgroup of PRPs, perform the additional investigative work in advance of remedial design.

In December 2017, the Company and

three
other PRPs entered into an Administrative Settlement Agreement and Order on Consent with the EPA to perform such pre-remedial design investigation and baseline sampling over a two-year period. The report analyzing the results concluded that Portland Harbor conditions have improved substantially since the data forming the basis of the ROD was collected. The EPA found with a few limited corrections that the new baseline data is of suitable quality and stated that such data will be used, in addition to existing and forthcoming design-level data, to inform implementation of the ROD. However, the EPA did not agree that the data or the analysis warranted a change to the remedy at this time and reaffirmed its commitment to proceed with remedial design. The Company and other PRPs disagree with the EPA's position on use of the more recent data and will continue to pursue limited, but critical, changes to the selected remedy for Portland Harbor during the remedial design phase.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The EPA encouraged PRPs to step forward (individually or in groups) to enter into consent agreements to perform remedial design in various project areas covering Portland Harbor. While certain PRPs executed consent agreements for remedial design work, because of the EPA's refusal to date to modify the remedy to reflect the most current data on Portland Harbor conditions and because of concerns with the terms of the consent agreement, the Company elected not to enter into a consent agreement. In April 2020, the EPA issued a unilateral administrative order ("UAO") to the Company and MMGL, LLC ("MMGL"), an unaffiliated company, for the remedial design work in a portion of Portland Harbor designated as the River Mile 3.5 East Project Area. As required by the UAO, the Company notified the EPA of its intent to comply while reserving all of its sufficient cause defenses. Failure to comply with a UAO, without sufficient cause, could subject the Company to significant penalties or treble damages. Pursuant to the optimized remedial design timeline set forth in the UAO, the EPA's expected schedule for completion of the remedial design work was four years. At the time it issued the UAO in April 2020, the EPA estimated the cost of the work at approximately \$

4 million. The Company has agreed with the other respondent to the UAO, MMGL, that the Company will lead the performance and be responsible for a portion of the costs of the work for remedial design under the UAO and also entered into an agreement with another PRP pursuant to which such other PRP has agreed to fund a portion of the costs of such work. These agreements are not an allocation of liability or claims associated with Portland Harbor as between the respondents or with respect to any third party. As of May 31, 2024 and August 31, 2023, the Company had \$

2 million and \$

1 million in environmental reserves related to this matter, respectively. The Company has insurance policies and Qualified Settlement Funds ("QSFs") pursuant to which the Company is being reimbursed for the costs it has incurred for remedial design. See further discussion of the QSFs below in this Note. As of both May 31, 2024 and August 31, 2023, the Company had insurance and other receivables in the same amount as the environmental reserves for such remedial design work under the UAO. See "Other Assets" in Note 1 - Summary of Significant Accounting Policies for further discussion of insurance and other related receivables. The Company also expects to pursue in the future allocation or contribution from other PRPs for a portion of such remedial design costs. In February 2021, the EPA announced that

100 percent of Portland Harbor's areas requiring active cleanup are in the remedial design phase of the process.

Except for certain early action projects in which the Company is not involved, remediation activities at Portland Harbor are not expected to commence for a number of years. Moreover, those activities are expected to be sequenced, and the order and timing of such sequencing has not been determined. In addition, as noted above, the ROD does not determine the allocation of costs among PRPs.

The Company has joined with approximately

100 other PRPs, including the RI/FS performing parties, in a voluntary process to establish an allocation of costs at Portland Harbor, including the costs incurred in the RI/FS, ongoing remedial design costs, and future remedial action costs. The Company expects the next major stage of the allocation process to proceed in parallel with the remedial design process.

In addition to the remedial action process overseen by the EPA, the Portland Harbor Natural Resource Trustee Council ("Trustee Council") is assessing natural resource damages at Portland Harbor. In 2008, the Trustee Council invited the Company and other PRPs to participate in funding and implementing the Natural Resource Injury Assessment for Portland Harbor. The Company and other participating PRPs ultimately agreed to fund the first two phases of the three-phase assessment, which included the development of the Natural Resource Damage Assessment Plan ("AP") and implementation of the AP to develop information sufficient to facilitate early settlements between the Trustee Council and Phase 2 participants and the identification of restoration projects to be funded by the settlements. In late May 2018, the Trustee Council published notice of its intent to proceed with Phase 3, which will involve the full implementation of the AP and the final injury and damage determination. The Company is proceeding with the process established by the Trustee Council regarding early settlements under Phase 2. The Company has established an environmental reserve of approximately \$

2.3

million for this alleged natural resource damages liability as it continues to work with the Trustee Council to finalize an early settlement. As of each of May 31, 2024 and August 31, 2023, the Company had a receivable in the same amount as the environmental reserve. See "Other Assets" in Note 1 - Summary of Significant Accounting Policies for further discussion of insurance and other related receivables.

On January 30, 2017, one of the Trustees, the Confederated Tribes and Bands of the Yakama Nation, which withdrew from the council in 2009, filed a suit against approximately

30 parties, including the Company, seeking reimbursement of certain past and future response costs in connection with remedial action at Portland Harbor and recovery of assessment costs related to natural resources damages from releases at and from Portland Harbor to the Multnomah Channel and the Lower Columbia River. The parties filed various motions to dismiss or stay this suit, and in August 2019, the court issued an order denying the motions to dismiss and staying the action. The Company intends to defend against the claims in this suit and does not have sufficient information to determine the likelihood of a loss in this matter or to estimate the amount of damages being sought or the amount of such damages that could be allocated to the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company's environmental liabilities as of each of May 31, 2024 and August 31, 2023 included \$

5

million relating to the Portland Harbor matters described above.

Because the final remedial actions have not yet been designed and there has not been a determination of the allocation among the PRPs of costs of the investigations or remedial action costs, the Company believes it is not possible to reasonably estimate the amount or range of costs which it is likely to or which it is reasonably possible that it will incur in connection with Portland Harbor, although such costs could be material to the Company's financial position, results of operations, cash flows, and liquidity. Among the facts being evaluated are detailed information on the history of ownership of and the nature of the uses of and activities and operations performed on each property within Portland Harbor, which are factors that will play a substantial role in determining the allocation of investigation and remedy costs among the PRPs.

The Company has insurance policies that it believes will provide reimbursement for costs it incurs for defense, remediation, and mitigation for or settlement of natural resource damages claims in connection with Portland Harbor although there are no assurances that those policies will cover all the costs which the Company may incur. Most of these policies jointly insure the Company and MMGL, as the successor to a former subsidiary of the Company. The Company and MMGL have negotiated the settlement with certain insurers of claims against them related to Portland Harbor, continue to seek settlements with other insurers, and formed two QSFs which became operative in fiscal 2020 and the second quarter of fiscal 2023, respectively, to hold such settlement amounts until funds are needed to pay or reimburse costs incurred by the Company and MMGL in connection with Portland Harbor. These insurance policies and the funds in the QSFs may not cover all of the costs which the Company may incur. Each QSF is an unconsolidated variable interest entity ("VIE") with no primary beneficiary. Two managers unrelated to each other, one appointed by the Company and one appointed by MMGL, share equally the power to direct the activities of each VIE that most significantly impact its economic performance. The Company's appointee to co-manage each VIE is an executive officer of the Company. Neither MMGL nor its appointee to co-manage each VIE is a related party of the Company for the purpose of the primary beneficiary assessment or otherwise.

The Oregon Department of Environmental Quality is separately providing oversight of investigations and source control activities by the Company at various sites adjacent to Portland Harbor that are focused on controlling any current "uplands" releases of contaminants into the Willamette River. The Company has accrued liabilities for source control and related work at two sites, reflecting estimated costs of primarily investigation and design, which costs have not been material in the aggregate to date. No liabilities have been established in connection with investigations for any other sites because the extent of contamination, required source control work, and the Company's responsibility for the contamination and source control work, in each case if any, have not yet been determined. The Company believes that, pursuant to its insurance policies and agreements with other third parties, it will be reimbursed for the costs it incurs for required source control evaluation and remediation work; however, the Company's insurance policies and agreements with other third parties may not cover all the costs which the Company incurs. As of both May 31, 2024 and August 31, 2023, the Company had an insurance receivable in the same amount as the environmental reserve for such source control work.

Other Legacy Environmental Loss Contingencies

The Company's environmental loss contingencies as of May 31, 2024 and August 31, 2023, other than Portland Harbor, include actual or possible investigation and remediation costs from historical contamination at sites currently or formerly owned or formerly operated by the Company or at other sites where the Company may have responsibility for such costs due to past disposal or other activities ("legacy environmental loss contingencies"). These legacy environmental loss contingencies relate to the potential remediation of waterways and soil and groundwater contamination and may also involve natural resource damages, governmental fines and penalties, and claims by third parties for personal injury and property damage. The Company has been notified that it is or may be a potentially responsible party at certain of these sites, and investigation and remediation activities are ongoing or may be required in the future. The Company recognizes a liability for such matters when the loss is probable and can be reasonably estimated. When investigation, allocation, and remediation activities are ongoing or where the Company has not yet been identified as having responsibility or the contamination has not yet been identified, it is reasonably possible that the Company may need to recognize additional liabilities in connection with such sites but the Company cannot currently reasonably estimate the possible loss or range of loss absent additional information or developments. Such additional liabilities, individually or in the aggregate, may have a material adverse effect on the Company's results of operations, financial condition, or cash flows.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In fiscal 2018, the Company accrued \$

4

million for the estimated costs related to remediation of shredder residue disposed of in or around the 1970s at third-party sites located near each other. Investigation activities have been conducted under oversight of the applicable state regulatory agency. As of each of May 31, 2024 and August 31, 2023, the Company had \$

4

million accrued for this matter. It is reasonably possible that the Company may recognize additional liabilities in connection with this matter at the time such losses are probable and can be reasonably estimated. The Company previously estimated a range of reasonably possible losses related to this matter in excess of current accruals at between

zero
and \$

28

million based on a range of remedial alternatives and subject to development and approval by regulators of specific remedy implementation plans. However, subsequent to the development of those remedial alternatives, the Company performed additional investigative activities under new state requirements that are likely to impact the required remedial actions and associated cost estimates, but the scope of such impacts and the amount or the range of the additional associated costs are not reasonably estimable at this time and are subject to further investigation, analysis, and discussion by the Company and regulators. The Company is investigating whether a portion or all of the current and future losses related to this matter, if incurred, are covered by existing insurance coverage or may be offset by contributions from other responsible parties.

In addition, the Company's loss contingencies as of May 31, 2024 and August 31, 2023 included \$

3
million and \$

5

million, respectively, for the estimated costs related to environmental matters in connection with a closed facility owned and previously operated by an indirect, wholly-owned subsidiary, including monitoring and remediation of soil and groundwater conditions and funding for wellhead treatment facilities. In the third quarter and first nine months of fiscal 2023, the Company accrued an incremental \$

6
million and \$

7

million, respectively, for certain soil remediation activities based on additional information related to estimated costs to complete. Investigation and remediation activities have been conducted under the oversight of the applicable state regulatory agency and are on-going, and the Company's subsidiary has also been working with state and local officials with respect to the protection of public and private water supplies. As part of its activities relating to the protection of public water supplies, the Company's subsidiary agreed to reimburse the municipality for certain studies and plans and to provide funding for the construction and operation by the municipality of wellhead treatment facilities. It is reasonably possible that the Company may recognize additional liabilities in connection with this matter at the time such additional losses are probable and can be reasonably estimated. However, the Company cannot reasonably estimate at this time the possible additional loss or range of possible additional losses associated with this matter pending the on-going implementation of the approved remediation plans for soil and groundwater conditions and completion and operation of the wellhead treatment facilities.

In addition, the Company's loss contingencies as of each of May 31, 2024 and August 31, 2023 included \$

10

million for the estimated costs related to remediation of a site a portion of which was previously leased to and operated by an indirect, wholly-owned subsidiary. In connection with settlement of a lawsuit relating to allocation of the remediation costs, the Company's subsidiary agreed to perform the remedial action related to metals contamination on the site initially estimated to cost approximately \$

7.9

million, and another potentially liable party agreed to perform the remedial action related to creosote contamination at the site. As part of the settlement, other potentially liable parties agreed to make payments totaling approximately \$

7.6

million to fund the remediation of the metals contamination at the site in exchange for a release and indemnity. This amount was fully funded in fiscal 2021. In the fourth quarter of fiscal 2023, the Company increased its estimate of the cost to perform the remedial action by approximately \$

3

million. It is reasonably possible that the Company may recognize additional liabilities in connection with this matter at the time such additional losses are probable and can be reasonably estimated. The Company estimates the reasonably possible additional losses associated with this matter to range from

zero
to \$

10

million as of May 31, 2024, pending completion, approval, and implementation of the remediation action plan.

Summary - Environmental Contingencies

With respect to environmental contingencies other than the Portland Harbor Superfund site and the Other Legacy Environmental Loss Contingencies,

which are discussed separately above, management currently believes that adequate provision has been made for the potential impact of its environmental contingencies. Historically, the amounts the Company has ultimately paid for such remediation activities have not been material in any given period, but there can be no assurance that such amounts paid will not be material in the future.

Contingencies – Other

In addition to legal proceedings relating to the contingencies described above, the Company is a party to various legal proceedings arising in the normal course of business. The Company recognizes a liability for such matters when the loss is probable and can be reasonably estimated. The Company does not anticipate that the liabilities arising from such legal proceedings in the normal course of business, after taking into consideration expected insurance recoveries, will have a material adverse effect on its results of operations, financial condition, or cash flows.

RADIUS RECYCLING, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On June 28, 2024, the Alameda County Criminal Grand Jury returned an indictment against the Company and

two

operations employees alleging felony and misdemeanor environmental regulatory violations for mishandling hazardous waste, including destruction of evidence, arising from the August 2023 scrap metal fire at the Company's Oakland, CA facility and the Company's subsequent shredding of the burned material. The Company disputes the allegations and intends to vigorously defend itself in connection with these allegations. The Company does not anticipate that the ultimate outcome of this matter will have a material adverse effect on its results of operations, financial condition, or cash flows.

Note 6 - Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss, net of tax, comprise the following (in thousands):

	Three Months Ended May 31, 2024				Three Months Ended May 31, 2023			
	Foreign Currency Translation Adjustments	Cash Flow Hedges, Net	Pension Obligations, Net	Total	Foreign Currency Translation Adjustments	Pension Obligations, Net	Total	
	((((((((
Balances - March 1 (Beginning of period)	\$ 37,922	\$ 126	\$ 1,636	\$ 39,684	\$ 38,286	\$ 2,319	\$ 40,605	
	((((((((
Other comprehensive (loss) income before reclassifications	308	1,346	—	1,038	362	—	362	
	((((((((
Income tax expense	—	303	—	303	—	—	—	
	((((((((
Other comprehensive (loss) income before reclassifications, net of tax	308	1,043	—	735	362	—	362	
	((((((((
Amounts reclassified from accumulated other comprehensive loss	—	344	191	153	—	75	75	
	((((((((
Income tax expense (benefit)	—	77	43	34	—	17	17	
	((((((((
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	267	148	119	—	58	58	
	((((((((
Net periodic other comprehensive (loss) income	308	776	148	616	362	58	420	
	((((((((
Balances - May 31, respectively (End of period)	\$ 38,230	\$ 650	\$ 1,488	\$ 39,068	\$ 37,924	\$ 2,261	\$ 40,185	

	Nine Months Ended May 31, 2024				Nine Months Ended May 31, 2023			
	Foreign Currency Translation Adjustments	Cash Flow Hedges, Net	Pension Obligations, Net	Total	Foreign Currency Translation Adjustments	Pension Obligations, Net	Total	
	((((((((
Balances - September 1 (Beginning of period)	\$ 37,340	\$ 304	\$ 2,039	\$ 39,683	\$ 34,679	\$ 2,410	\$ 37,089	
	((((((((
Other comprehensive (loss) income before reclassifications	890	2,254	178	1,542	3,245	34	3,279	
	((((((((
Income tax (expense) benefit	—	507	40	547	—	8	8	

	(((
	(1,747			3,245	(3,271
Other comprehensive (loss) income before reclassifications, net of tax	890		138	995		26	
))))
	((
Amounts reclassified from accumulated other comprehensive loss	—	1,023	533	490	—	226	226
))			
	((((
Income tax expense (benefit)	—	230	120	110	—	51	51
)))
	((
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	793	413	380	—	175	175
))			
	((((
Net periodic other comprehensive (loss) income	890	954	551	615	3,245	149	3,096
)))
	((((((
Balances - May 31, respectively (End of period)	38,230	650	1,488	39,068	37,924	2,261	40,185
	\$	\$	\$	\$	\$	\$	\$

Reclassifications from accumulated other comprehensive loss to earnings, both individually and in the aggregate, were not material to the impacted captions in the Unaudited Condensed Consolidated Statements of Operations in all periods presented.

RADIUS RECYCLING, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Revenue
Disaggregation of Revenues

The table below illustrates the Company's revenues disaggregated by major product and sales destination (in thousands):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2024	2023	2024	2023
Major product information:				
Ferrous revenues	\$ 334,425	\$ 405,350	\$ 999,419	\$ 1,101,201
Nonferrous revenues	184,127	222,904	517,902	580,234
Steel revenues ⁽¹⁾	108,259	137,426	322,511	369,766
Retail and other revenues	47,109	43,930	128,044	113,092
Total revenues	\$ 673,920	\$ 809,610	\$ 1,967,876	\$ 2,164,293
Revenues based on sales destination:				
Foreign	\$ 348,503	\$ 413,815	\$ 1,023,799	\$ 1,122,718
Domestic	325,417	395,795	944,077	1,041,575
Total revenues	\$ 673,920	\$ 809,610	\$ 1,967,876	\$ 2,164,293

(1) Steel revenues include predominantly sales of finished steel products, in addition to sales of semi-finished goods (billets) and steel manufacturing scrap.

Receivables from Contracts with Customers

The revenue accounting standard defines a receivable as an entity's right to consideration that is unconditional, meaning that only the passage of time is required before payment is due. As of May 31, 2024 and August 31, 2023, receivables from contracts with customers, net of an allowance for credit losses, totaled \$

203
million and \$

208
million, respectively, representing

99

% of total accounts receivable reported in the Unaudited Condensed Consolidated Balance Sheets at each reporting date.

Contract Liabilities

Contract consideration received from a customer prior to revenue recognition is recorded as a contract liability and is recognized as revenue when the Company satisfies the related performance obligation under the terms of the contract. The Company's contract liabilities, which consist almost entirely of customer deposits for recycled metal and finished steel sales contracts, are reported within accounts payable in the Unaudited Condensed Consolidated Balance Sheets and totaled \$

8
million and \$

7
million as of May 31, 2024 and August 31, 2023, respectively. Unsatisfied performance obligations reflected in these contract liabilities relate to contracts with original expected durations of one year or less and, therefore, are not disclosed. The substantial majority of outstanding contract liabilities are reclassified to revenues within three months of the reporting date as a result of satisfying performance obligations.

Note 8 - Share-Based Compensation

In the first quarter of fiscal 2024, as part of the annual awards under the Company's Long-Term Incentive Plan, the Compensation Committee of the Company's Board of Directors granted

290,461
restricted stock units ("RSUs") and

293,239
performance share awards to the Company's key employees and officers under the Company's 1993 Amended and Restated Stock Incentive Plan (the "1993 Plan").

The RSUs have a five-year term and vest

20
% per year commencing October 31, 2024. The aggregate fair value of all the RSUs granted was based on the market closing price of the underlying Class A common stock on the grant date and totaled \$

7
million. The compensation expense associated with the RSUs is recognized over the requisite service period of the awards, net of forfeitures, which for participants who were retirement eligible as of the grant date or who will become retirement eligible during the five-year term of the awards is the longer of two years or the period ending on the date retirement eligibility is achieved.

RADIUS RECYCLING, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The performance share awards granted in the first quarter of 2024 comprise two separate and distinct awards with different vesting conditions. Awards vest if the threshold level under the specified metric is met at the end of the approximately three-year performance period. The performance metrics are (1) the Company's total shareholder return ("TSR") based on the Company's average TSR percentile rank relative to a designated peer group and (2) the Company's recycled metal volume growth. Award share payouts depend on the extent to which the performance goals have been achieved. The number of shares that a participant receives is equal to the number of performance shares granted multiplied by a payout factor, which ranges from a threshold of

50
% to a maximum of

200
%. The TSR award stipulates certain limitations to the payout in the event the payout reaches a defined ceiling level or the Company's TSR is negative.

During the first quarter of fiscal 2024, the Company granted

148,032
performance share awards based on its relative TSR metric over an approximately three-year performance period ending August 31, 2026. The Company estimated the fair value of TSR awards granted in the first quarter of fiscal 2024 using a Monte-Carlo simulation model utilizing several key assumptions, including the following:

	Percentage
Expected share price volatility (Radius)	47.9 %
Expected share price volatility (Peer group)	46.6 %
Expected correlation to peer group companies	46.6 %
Risk-free rate of return	4.82 %

The estimated aggregate fair value of the TSR-based performance share awards at the date of grant was \$

3
million. The compensation expense for these awards based on the grant-date fair value, net of estimated forfeitures, is recognized over the requisite service period (or to the date a qualifying employment termination event entitles the recipient to a prorated award, if before the end of the service period), regardless of whether the market condition has been or will be satisfied.

During the first quarter of fiscal 2024, the Company granted

145,207
performance share awards based on its recycled metal volume growth for the three-year performance period consisting of the Company's 2024, 2025 and 2026 fiscal years. The fair value of the awards granted was based on the market closing price of the underlying Class A common stock on the grant date and totaled \$

3
million.

The Company accrues compensation cost for the performance share awards related to recycled metal volume growth based on the probable outcome of achieving specified performance conditions, net of estimated forfeitures, over the requisite service period (or to the date a qualifying employment termination event entitles the recipient to a prorated award, if before the end of the service period). The Company reassesses whether achievement of the performance conditions is probable at each reporting date. If it is probable that the actual performance results will exceed the stated target performance conditions, the Company accrues additional compensation cost for the additional performance shares to be awarded. If, upon reassessment, it is no longer probable that the actual performance results will exceed the stated target performance conditions, or it is no longer probable that the target performance conditions will be achieved, the Company reverses any recognized compensation cost for shares no longer probable of being issued. If the performance conditions are not achieved at the end of the performance period, all related compensation cost previously recognized is reversed.

Performance share awards will be paid in Class A common stock as soon as practicable after the end of the requisite service period and vesting date of October 31, 2026.

On January 30, 2024, the Company's shareholders approved the Radius Recycling, Inc. 2024 Omnibus Incentive Plan (the "2024 Omnibus Incentive Plan"). The 2024 Omnibus Incentive Plan authorizes the Compensation Committee of the Board of Directors of the Company to grant to directors, officers, employees, consultants, and advisors of the Company incentive compensation, including share-based compensation. The 2024 Omnibus Incentive Plan provides for

3.0
million shares of the Company's common stock to be available for issuance and replaces and supersedes the remaining shares available for grant under the 1993 Plan.

In the second quarter of fiscal 2024, the Company granted deferred stock units ("DSUs") to each of its non-employee directors under the Company's 2024 Omnibus Incentive Plan. Each DSU gives the director the right to receive

one
share of Class A common stock at a future date. The grant included an aggregate of

26,400

shares that will vest in full on the day before the Company's 2025 annual meeting of shareholders, subject to continued Board service. The total fair value of these awards at the grant date was \$

1
million.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 9 - Derivative Financial Instruments**Interest Rate Swaps**

The Company is exposed to interest rate risk on its debt and may enter interest rate swap contracts to effectively manage the impact of interest rate changes on its outstanding debt, which has predominantly floating interest rates. The Company does not enter interest rate swap transactions for trading or speculative purposes.

In the fourth quarter of fiscal 2023, the Company entered three pay-fixed interest rate swap transactions, each with a different major financial institution counterparty and designated as a cash flow hedge, to hedge the variability in interest cash flows associated with the Company's variable-rate loans under its bank revolving credit facilities. The interest rate swaps involve the receipt of variable-rate amounts from the counterparty in exchange for the Company making fixed-rate payments over the life of the agreement without exchange of the underlying notional amount. These contracts mature in August 2026. As of both May 31, 2024 and August 31, 2023, the total notional amount of these interest rate swaps was \$

150

million. The fair values of the interest rate swaps are based upon inputs corroborated by observable market data which is considered Level 2 of the fair value hierarchy.

The fair value of derivative instruments in the Unaudited Condensed Consolidated Balance Sheet as of May 31, 2024 and August 31, 2023 is as follows (in thousands):

		Asset (Liability) Derivatives	
Balance Sheet Location		May 31, 2024	August 31, 2023
Interest rate swap contracts	Prepaid expenses and other current assets	990	1,163
		\$	\$
		((
Interest rate swap contracts	Other long-term liabilities	149	1,555
		\$	\$
))

See Note 6 - Accumulated Other Comprehensive Loss for tabular presentation of the effects of interest rate swap derivative cash flow hedges on other comprehensive income. All related cash flow hedge amounts reclassified from accumulated other comprehensive income ("AOCI") were recorded in interest expense on the Unaudited Condensed Consolidated Statement of Operations for the three and nine months ended May 31, 2024, which reclassified amounts totaled less than \$

1
million and \$

1
million, respectively. Total interest expense was \$

7
million and \$

18
million, respectively, for the three and nine months ended May 31, 2024. There was no hedge ineffectiveness with respect to the Company's interest rate swap cash flow hedges for the three and nine months ended May 31, 2024.

Note 10 - Income Taxes**Effective Tax Rate**

The Company's effective tax rate from continuing operations for the third quarter and first nine months of fiscal 2024 was a benefit on pre-tax loss of

18.3
% and

17.6
%, respectively, compared to an expense on pre-tax income of

34.3
% and

62.7
%, respectively, for the comparable prior year periods. The Company's effective tax rate from continuing operations for the third quarter and first nine months of fiscal 2024 was lower than the U.S. federal statutory rate of

21
% primarily due to the effect of permanent differences from non-deductible expenses and the recognition of a valuation allowance against deferred tax assets in the Company's U.S. federal, state and Canadian tax jurisdictions. For the third quarter of fiscal 2023, the Company's effective tax rate from continuing operations was significantly different than the U.S. federal statutory rate of

21
% primarily due to the aggregate effect of permanent differences from non-deductible expenses and also unrecognized tax benefits on intra-period allocation. For the first nine months of fiscal 2023, the higher-than-statutory effective tax rate primarily reflected the Company's near-breakeven financial performance for the period.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Valuation Allowances

The Company assesses the realizability of its deferred tax assets on a quarterly basis through an analysis of potential sources of future taxable income, including prior year taxable income available to absorb a carryback of tax losses, reversals of existing taxable temporary differences, tax planning strategies, and forecasts of taxable income. The Company considers and weighs all positive and negative evidence to determine if valuation allowances against deferred tax assets are required. The goodwill impairment charge recognized in the third quarter of fiscal 2024 led to a significant increase in the Company's deferred tax assets, and as a result, the future reversal of existing taxable temporary differences as a source of income does not support the full realization of deferred tax assets. On the basis of this evaluation, the Company determined that it is more likely than not that the associated tax benefits will not be realized and recorded a \$

4

million valuation allowance against deferred tax assets in the Company's U.S. federal, state and Canadian tax jurisdictions. The amount of the deferred tax asset considered realizable could be adjusted if estimates of future taxable income change. The Company continues to maintain a valuation allowance against its deferred tax assets in Puerto Rico. Canadian deferred tax assets which the Company continues to maintain valuation allowances against relate to goodwill treated as an indefinite-lived asset for Canadian tax purposes.

The Company files federal and state income tax returns in the U.S. and foreign tax returns in Puerto Rico and Canada. For U.S. federal income tax returns, fiscal years 2021 to 2023 remain subject to examination under the statute of limitations.

Note 11 - Net (Loss) Income Per Share

The following table sets forth the information used to compute basic and diluted net (loss) income per share attributable to Radius shareholders (in thousands):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2024	2023	2024	2023
	((
(Loss) income from continuing operations	\$ 198,490)	\$ 13,841	\$ 250,266)	\$ 402
		((
Net loss (income) attributable to noncontrolling interests	121	148)	13	299)
	((
(Loss) income from continuing operations attributable to Radius shareholders	\$ 198,369)	\$ 13,693	\$ 250,279)	\$ 103
	((((
Loss from discontinued operations, net of tax	21)	233)	54)	78)
	((
Net (loss) income attributable to Radius shareholders	\$ 198,390)	\$ 13,460	\$ 250,333)	\$ 25
Computation of shares:				
Weighted average common shares outstanding, basic	28,479	28,114	28,385	27,980
Incremental common shares attributable to dilutive performance share awards, RSUs and DSUs	—	545	—	666
Weighted average common shares outstanding, diluted	28,479	28,659	28,385	28,646

Common stock equivalent shares of

632,821
and

368,521

were considered antidilutive and were excluded from the calculation of diluted net (loss) income per share for the three and nine months ended May 31, 2024, respectively, compared to

54,512
and

52,258

for the three and nine months ended May 31, 2023, respectively.

RADIUS RECYCLING, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 12 - Related Party Transactions

The Company purchases recycled metal from one of its joint venture operations at prices that approximate fair market value. These purchases totaled \$

5

million for both the three months ended May 31, 2024 and May 31, 2023, and \$

13

million for both the nine months ended May 31, 2024 and May 31, 2023.

Note 13 - Debt

Debt consisted of the following as of May 31, 2024 and August 31, 2023 (in thousands):

	May 31, 2024	August 31, 2023
Bank revolving credit facilities, interest primarily at SOFR or LIBOR plus a spread	\$ 390,000	\$ 230,000
Finance lease liabilities	9,078	7,200
Other debt obligations	12,170	12,192
Total debt	411,248	249,392
Less current maturities	(5,734)	(5,813)
Debt, net of current maturities	<u>\$ 405,514</u>	<u>\$ 243,579</u>

The Company's senior secured revolving credit facilities provide for \$

800
million and C\$

15
million in revolving loans maturing in August 2027. The \$

800
million credit facility includes a \$

50
million sublimit for letters of credit, a \$

25
million sublimit for swing line loans, and a \$

50
million sublimit for multicurrency borrowings. On June 17, 2024, the Company and certain of its subsidiaries entered into the Fourth Amendment (the "Fourth Amendment") to its Third Amended and Restated Credit Agreement, dated as of April 6, 2016, by and among the Company, as the U.S. Borrower, Schnitzer Steel Canada, Ltd., as the Canadian Borrower, the subsidiaries of the Company party thereto (the "Guarantors"), Bank of America N.A., as administrative agent and the other lenders party thereto (as amended prior to the Fourth Amendment, the "Existing Credit Agreement", the Existing Credit Agreement, as amended pursuant to the Fourth Amendment, the "Amended Credit Agreement").

The principal changes to the Existing Credit Agreement effected by the Fourth Amendment are (i) the removal of the consolidated fixed charge coverage ratio for each of the fiscal quarters ending May 31, 2024 through February 28, 2025, (ii) the introduction of a minimum consolidated interest coverage ratio of

2.00
to 1.00 for the fiscal quarter ending May 31, 2024, and

1.25
to 1.00 for the fiscal quarter ending February 28, 2025, and (iii) the introduction of a minimum consolidated asset coverage ratio of

1.00

to

1.00

for each of the fiscal quarters ending May 31, 2024 through February 28, 2025. The Company incurred \$

2

million in debt issuance costs in connection with the Amended Credit Agreement, which are amortized to interest expense over the remaining term of the arrangement.

The Fourth Amendment also revised the applicable interest rates under the facility which are based, at the Company's option, on either the Secured Overnight Financing Rate ("SOFR") (or the Term Canadian Overnight Repo Rate Average "CORRA" for C\$ loans), plus a spread of between

1.50

% and

2.50

%, with the amount of the spread based on a pricing grid tied to the Company's ratio of consolidated net funded debt to EBITDA (as defined by the credit agreement), or the greater of (a) the prime rate, (b) the federal funds rate plus

0.50

% or (c) the daily rate equal to Term SOFR plus

1.00

%, in each case, plus a spread of between

0.50

% and

1.50

% based on a pricing grid tied to the Company's consolidated net funded debt to EBITDA ratio. In addition, commitment fees are payable on the unused portion of the credit facilities at rates between

0.175

% and

0.350

% based on a pricing grid tied to the Company's ratio of consolidated net funded debt to EBITDA.

As of May 31, 2024 and August 31, 2023, borrowings outstanding under the credit facilities were \$

390

million and \$

230

million, respectively. The weighted average interest rate on amounts outstanding under the credit facilities was

7.17

% as of both May 31, 2024 and August 31, 2023.

The credit agreement contains various representations and warranties, events of default, and financial and other customary covenants which limit (subject to certain exceptions) the Company's ability to, among other things, incur or suffer to exist certain liens, make investments, incur or guaranty additional indebtedness, enter into consolidations, mergers, acquisitions, and sales of assets, make distributions and other restricted payments, change the nature of the business, engage in transactions with affiliates, and enter into restrictive agreements, including agreements that restrict the ability of the subsidiaries to make distributions. The financial covenants under the credit agreement included (a) a consolidated fixed charge coverage ratio, defined as the four-quarter rolling sum of consolidated EBITDA less defined maintenance capital expenditures and certain environmental expenditures divided by consolidated fixed charges which, for the fiscal quarters ending May 31, 2024 through February 28, 2025, has been replaced with maintenance covenants during that period requiring compliance with a minimum permitted interest coverage ratio and a minimum permitted asset coverage ratio as per the Fourth Amendment as described above and (b) a consolidated leverage ratio, defined as consolidated funded

RADIUS RECYCLING, INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

indebtedness divided by the sum of consolidated net worth and consolidated funded indebtedness. The Company's obligations under the credit agreement are guaranteed by substantially all of its subsidiaries. The credit facilities and the related guarantees are secured by senior first priority liens on certain of the Company's and its subsidiaries' assets, including equipment, inventory, and accounts receivable. The Fourth Amendment expanded the collateral package provided to the lenders to include most other personal property and equity interests held by the Company and the Guarantors in their respective subsidiaries.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section includes a discussion of our operations for the three and nine months ended May 31, 2024 and May 31, 2023. The following discussion and analysis provide information which management believes is relevant to an assessment and understanding of our financial condition and results of operations. The discussion should be read in conjunction with our Annual Report on Form 10-K for the year ended August 31, 2023, and the Unaudited Condensed Consolidated Financial Statements and the related Notes thereto included in Part I, Item 1 of this report.

General

Founded in 1906, Radius Recycling, Inc., formerly known as Schnitzer Steel Industries, Inc., is one of North America's largest recyclers of ferrous and nonferrous metal, including end-of-life vehicles, and a manufacturer of finished steel products. As a vertically integrated organization, we offer a range of products and services to meet global demand through our network that includes 50 retail self-service auto parts stores, 54 metals recycling facilities, and an electric arc furnace ("EAF") steel mill. Our internal organizational and reporting structure includes a single operating and reportable segment.

We sell recycled ferrous and nonferrous metal in both foreign and domestic markets. We also sell a range of finished steel long products produced at our steel mill. We acquire, process, and recycle end-of-life (salvaged) vehicles, rail cars, home appliances, industrial machinery, manufacturing scrap, and construction and demolition scrap through our facilities. Our retail self-service auto parts stores located across the United States ("U.S.") and Western Canada, which operate under the commercial brand-name Pick-n-Pull, procure the significant majority of our salvaged vehicles and sell serviceable used auto parts from these vehicles. Upon acquiring a salvaged vehicle, we remove catalytic converters, aluminum wheels, and batteries for separate processing and sale prior to placing the vehicle in our retail lot. After retail customers have removed desired parts from a vehicle, we may remove remaining major component parts containing ferrous and nonferrous metals, which are primarily sold to wholesalers. The remaining auto bodies are crushed and shipped to our metals recycling facilities to be shredded or sold to third parties when geographically more economical. At our metals recycling facilities, we process mixed and large pieces of scrap metal into smaller pieces by crushing, torching, shearing, shredding, separating, and sorting, resulting in recycled ferrous, nonferrous, and mixed metal pieces of a size, density, and metal content required by customers to meet their production needs. Each of our shredding, nonferrous processing, and separation systems is designed to optimize the recovery of valuable recycled metal. We also purchase nonferrous metal directly from industrial vendors and other suppliers and aggregate and prepare this metal for shipment to customers by ship, rail, or truck. In addition to the sale of recycled metal processed at our facilities, we also provide a variety of recycling and related services including brokering the sale of ferrous and nonferrous scrap metal generated by industrial entities and demolition projects to customers in the domestic market, among other services. Our steel mill produces semi-finished goods (billets) and finished goods, consisting of rebar, coiled rebar, wire rod, merchant bar, and other specialty products, using recycled ferrous metal sourced internally from our recycling and joint venture operations and other raw materials.

We operate seven deepwater port locations, six of which are equipped with large-scale shredders. Our deepwater port facilities on both the East and West Coasts of the U.S. (in Everett, Massachusetts; Providence, Rhode Island; Oakland, California; Tacoma, Washington; and Portland, Oregon) and access to public deepwater port facilities (in Kapolei, Hawaii and Salinas, Puerto Rico) allow us to ship bulk cargoes of processed recycled ferrous metal to steel manufacturers located in Europe, Africa, the Middle East, Asia, North America, Central America, and South America. Our exports of nonferrous recycled metal are shipped in containers through various public docks to specialty steelmakers, foundries, aluminum sheet and ingot manufacturers, copper refineries and smelters, brass and bronze ingot manufacturers, wire and cable producers, wholesalers, and other recycled metal processors globally. We also transport both ferrous and nonferrous metals by truck, rail, and barge in order to transfer scrap metal between our facilities for further processing, to load shipments at our export facilities, and to meet regional domestic demand.

Our results of operations depend in large part on the demand and prices for recycled metal in foreign and domestic markets and on the supply of raw materials, including end-of-life vehicles, available to be processed at our facilities. Our results of operations also depend substantially on our operating leverage from processing and selling higher volumes of recycled metal as well as our ability to efficiently extract ferrous and nonferrous metals from the shredding process. We respond to changes in selling prices for processed metal by seeking to adjust purchase prices for unprocessed scrap metal in order to manage the impact on our operating results. The spread between selling prices for processed metal and the cost of purchased scrap metal (metal spread) is subject to a number of factors, including differences in the market conditions between the domestic regions where scrap metal is acquired and the areas in the world to which the processed metals are sold, market volatility from the time the selling price is agreed upon with the customer until the time the scrap metal is purchased, changes in the availability of scrap metal including the volume generated by source and grade, and changes in transportation costs. We believe we generally benefit from sustained periods of stable or rising recycled metal selling prices, which allow us to better maintain or increase both operating results and unprocessed scrap metal flow into our facilities. When recycled metal selling prices decline, either sharply or for a sustained period, our operating margins typically compress. With respect to finished steel products produced at our steel mill, our results of operations are impacted by demand and prices for these products, which are sold to customers located primarily in the Western U.S. and Western Canada.

Our quarterly operating results fluctuate based on a variety of factors including, but not limited to, changes in market conditions for recycled ferrous and nonferrous metal and finished steel products, the supply of scrap metal in our domestic markets, varying demand for used auto parts from our self-service retail stores, the efficiency of our supply chain, and variations in production and other operating costs. Certain of these factors are influenced, to a degree, by the impact of seasonal changes including severe weather conditions, which can impact the timing of shipments and inhibit construction activity utilizing our products, scrap metal collection and production levels at our facilities, and retail admissions and parts sales at our auto parts stores. Further, sanctions, trade actions, and licensing, product quality, and inspection requirements can impact the level of profitability on sales of our products and, in certain cases, impede or restrict our ability to sell to certain export markets or require us to direct our sales to alternative market destinations, which can cause our quarterly operating results to fluctuate.

Steel Mill Fire

On May 22, 2021, we experienced a fire at our steel mill in McMinnville, Oregon. Direct physical loss or damage to property from the incident was limited to the mill's melt shop, with no bodily injuries and no physical loss or damage to other buildings or equipment. We experienced loss of business income during the shutdown of the steel mill and the subsequent ramp-up phase which was substantially completed in fiscal 2022. We have insurance that is fully applicable to the losses and filed insurance claims, which are subject to deductibles and various conditions, exclusions, and limits, for the property that experienced physical loss or damage and business income losses resulting from the matter. In the fourth quarter of fiscal 2023, we reached a full and final settlement with our insurers for our claims. All insurance proceeds and recovery gains in connection with our claims had been received and recognized, respectively, as of August 31, 2023.

Everett Facility Shredder Fire

On December 8, 2021, we experienced a fire at our metals recycling facility in Everett, Massachusetts. Direct physical loss or damage to property from the incident was limited to the facility's shredder building and equipment, with no bodily injuries and no physical loss or damage to property reported at other buildings or equipment. As a result of the fire, shredding operations ceased, while all non-shredding operations at the facility continued, including torching, shearing, separating, and sorting purchased non-shreddable recycled ferrous metals. On January 28, 2022, shredding operations at the facility began ramping up following the replacement and repairs to shredder equipment that had been damaged. In addition, shredding operations temporarily ceased at the facility on June 18, 2022 and, following discussions with the Massachusetts Department of Environmental Protection and the Massachusetts Attorney General's office, we installed a temporary emission capture system and controls that allowed for us to resume shredding operations on November 11, 2022 and for continued operation during the repair and replacement of the shredder enclosure building. Non-shredding operations at the facility continued during this period. The repair and replacement of most property that experienced physical loss or damage, primarily buildings and improvements, was substantially completed by the end of fiscal 2023. We have insurance that we believe is fully applicable to the losses, including but not limited to the costs of installing the temporary capture and controls system and any associated loss of business income, and filed insurance claims, which are subject to deductibles and various conditions, exclusions, and limits, for the property damage or loss and business income losses resulting from the matter. During the third quarter and first nine months of fiscal 2023, we recognized \$2 million in insurance receivable and related insurance recovery gain, reported within cost of goods sold on the Unaudited Condensed Consolidated Statements of Operations. During the first half of fiscal 2024, we recognized an additional \$6 million insurance receivable and related insurance recovery gain. During the third quarter of fiscal 2024, we reached a full and final settlement with our insurers for our claims and recognized an additional \$7 million insurance recovery gain, reflecting the recovery of applicable losses including business income losses incurred as a result of the fire. As of May 31, 2024, we had recognized, in aggregate, \$47 million in insurance recovery gains and had received, in aggregate, advance payments from insurers totaling approximately \$40 million towards our claims. As of May 31, 2024 and August 31, 2023, we had receivables from our insurers of \$7 million and \$1 million, respectively, reported within prepaid expenses and other current assets on the Unaudited Condensed Consolidated Balance Sheets.

Use of Non-GAAP Financial Measures

In this management's discussion and analysis, we use supplemental measures of our performance, liquidity, and capital structure which are derived from our consolidated financial information, but which are not presented in our consolidated financial statements prepared in accordance with GAAP. We believe that providing these non-GAAP financial measures adds a meaningful presentation of our operating and financial performance, liquidity, and capital structure. For example, we use adjusted EBITDA as one of the measures to compare and evaluate financial performance. Adjusted EBITDA is the sum of our net income before results from discontinued operations, interest expense, income taxes, depreciation and amortization, goodwill impairment charges, restructuring charges and other exit-related activities, charges for legacy environmental matters (net of recoveries), amortization of capitalized cloud computing implementation costs, other asset impairment charges, business development costs not related to ongoing operations including pre-acquisition expenses, and other items which are not related to underlying business operational performance. See the reconciliations of supplemental financial measures, including adjusted EBITDA, in Non-GAAP Financial Measures at the end of this Item 2.

Our non-GAAP financial measures should be considered in addition to, but not as a substitute for, the most directly comparable GAAP measures. Although we find these non-GAAP financial measures useful in evaluating the performance of our business, our reliance on these measures is limited because they often materially differ from our consolidated financial statements presented in accordance with GAAP. Therefore, we typically use these adjusted amounts in conjunction with our GAAP results to address these limitations. Our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes.

Financial Highlights of Results of Operations for the Third Quarter of Fiscal 2024

- Diluted loss per share from continuing operations attributable to Radius shareholders in the third quarter of fiscal 2024 was \$(6.97), driven primarily by a goodwill impairment charge of \$216 million or \$(6.21) per share, net of tax. Diluted earnings per share was \$0.48 in the prior year quarter.
- Adjusted diluted loss per share from continuing operations attributable to Radius shareholders in the third quarter of fiscal 2024 was (\$0.59), compared to adjusted diluted earnings per share of \$0.67 in the prior year quarter.
- Net loss in the third quarter of fiscal 2024 was \$199 million, compared to net income of \$14 million in the prior year quarter.
- Adjusted EBITDA in the third quarter of fiscal 2024 was \$9 million, compared to \$56 million in the prior year quarter.

Market conditions for recycled metals diverged in the third quarter of fiscal 2024, with nonferrous demand and prices strengthening throughout the quarter, while demand for ferrous was weaker globally, due in part to elevated levels of Chinese steel exports. Sales volumes of recycled metals benefited from seasonality in supply flows. Finished steel volumes and mill utilization expanded sequentially driven by seasonally stronger construction activity.

Compared to the prior year third quarter, market conditions for ferrous recycled metal and finished steel were softer, leading to lower ferrous average net selling prices, compressed recycled metal spreads due to persistently tight supply conditions for scrap metal, and lower finished steel selling prices. Average net selling prices for our ferrous products for the third quarter of fiscal 2024 decreased 15% year-over-year as a result of weaker demand, due in part to elevated levels of Chinese steel exports. The strength in demand for nonferrous products in the third quarter of fiscal 2024 led to 3% higher average net selling prices for our nonferrous products compared to the prior year quarter, while nonferrous sales volumes were 12% lower due to lower supply flows and lower purchases of third party material for further processing and separation. For the third quarter of fiscal 2024, average net selling prices for our finished steel products were 12% lower than the prior year quarter, which contributed to lower metal spreads, and finished steel sales volumes were 11% lower including due to a slow start to the construction season in our West Coast markets due to the impact of weather in early spring. Our results in the third quarter of fiscal 2024 also reflected the impact of lower year-over-year platinum group metals (PGM) prices, an unfavorable impact from average inventory accounting in the lower ferrous price environment, higher insurance recovery gains reflecting final settlement of a prior period property damage and business interruption matter, and the impact of inflation. Contributions from productivity and cost reduction initiatives identified and commenced in fiscal 2024, helped to offset the effects of inflationary pressure on operating costs.

In the third quarter of fiscal 2024, based on financial and operational performance factors and the sustained decrease in our market capitalization, we identified a triggering event requiring the performance of a quantitative goodwill impairment test as of May 1, 2024 which resulted in a non-cash goodwill impairment charge of \$216 million.

Selling, general, and administrative ("SG&A") expense in the third quarter of fiscal 2024 decreased 9% compared to the prior year quarter, driven primarily by cost reduction measures implemented in the current fiscal year which more than offset the impact of inflation and higher costs for legal matters.

The following items further highlight selected liquidity and capital structure metrics:

- For the first nine months of fiscal 2024, net cash used in operating activities was \$57 million, compared to net cash provided by operating activities of \$5 million in the prior year comparable period.
- Debt was \$411 million as of May 31, 2024, compared to \$249 million as of August 31, 2023, as a result of increased borrowings from our credit facilities primarily to fund working capital needs and capital expenditures.
- Debt, net of cash, was \$386 million as of May 31, 2024, compared to \$243 million as of August 31, 2023.

See the reconciliations of adjusted diluted earnings per share from continuing operations attributable to Radius shareholders, adjusted EBITDA, and debt, net of cash in Non-GAAP Financial Measures at the end of this Item 2.

Results of Operations
Selected Financial Measures and Operating Statistics

	Three Months Ended May 31,			Nine Months Ended May 31,		
(\$ in thousands, except for prices and per share amounts)	2024	2023	%	2024	2023	%
Ferrous revenues	\$ 334,425	\$ 405,350	(17)%	\$ 999,419	\$ 1,101,201	(9)%
Nonferrous revenues	184,127	222,904	(17)%	517,902	580,234	(11)%
Steel revenues ⁽¹⁾	108,259	137,426	(21)%	322,511	369,766	(13)%
Retail and other revenues	47,109	43,930	7%	128,044	113,092	13%
Total revenues	673,920	809,610	(17)%	1,967,876	2,164,293	(9)%
Cost of goods sold	628,390	713,685	(12)%	1,842,806	1,946,633	(5)%
Gross margin (total revenues less cost of goods sold)	\$ 45,530	\$ 95,925	(53)%	\$ 125,070	\$ 217,660	(43)%
Gross margin (%)	6.8%	11.8%	(43)%	6.4%	10.1%	(37)%
Selling, general and administrative expense	\$ 62,100	\$ 68,527	(9)%	\$ 187,362	\$ 196,712	(5)%
Diluted (loss) income per share from continuing operations attributable to Radius shareholders:						
Reported	\$ (6.97)	\$ 0.48	(NM)	\$ (8.82)	\$ —	(NM)
Adjusted ⁽²⁾	\$ (0.59)	\$ 0.67	(NM)	\$ (2.28)	\$ 0.38	(NM)
Net (loss) income	\$ (198,511)	\$ 13,608	(NM)	\$ (250,320)	\$ 324	(NM)
Adjusted EBITDA ⁽²⁾	\$ 8,618	\$ 55,610	(85)%	\$ 12,475	\$ 95,822	(87)%
Average ferrous recycled metal sales prices (\$/LT) ⁽³⁾ :						
Domestic	\$ 341	\$ 414	(18)%	\$ 357	\$ 365	(2)%
Foreign	\$ 354	\$ 414	(14)%	\$ 364	\$ 380	(4)%
Average	\$ 350	\$ 413	(15)%	\$ 361	\$ 376	(4)%
Ferrous volumes (LT, in thousands):						
Domestic ⁽⁴⁾	528	548	(4)%	1,546	1,424	9%
Foreign	584	609	(4)%	1,698	1,846	(8)%
Total ferrous volumes (LT, in thousands) ⁽⁴⁾ (8)	1,112	1,157	(4)%	3,244	3,270	(1)%
Average nonferrous sales price (\$/pound) ⁽³⁾⁽⁵⁾	\$ 1.04	\$ 1.01	3%	\$ 0.97	\$ 0.97	(—)%
Nonferrous volumes (pounds, in thousands) ⁽⁴⁾⁽⁵⁾	183,230	207,714	(12)%	541,435	535,230	1%
Finished steel average sales price (\$/ST) ⁽³⁾	\$ 817	\$ 924	(12)%	\$ 827	\$ 959	(14)%
Finished steel sales volumes (ST, in thousands)	126	142	(11)%	369	369	(—)%
Cars purchased (in thousands) ⁽⁶⁾	64	78	(18)%	195	219	(11)%
Number of auto parts stores at period end	50	50	(—)%	50	50	(—)%
Rolling mill utilization ⁽⁷⁾	88%	97%	(9)%	88%	84%	5%

NM = Not Meaningful

LT = Long Ton, which is equivalent to 2,240 pounds. ST = Short Ton, which is equivalent to 2,000 pounds.

(1) Steel revenues include predominantly sales of finished steel products, in addition to sales of semi-finished goods (billets) and steel manufacturing scrap.

(2) See the reconciliations of Non-GAAP Financial Measures at the end of this Item 2.

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

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

(5) Average sales price and volume information excludes PGMs in catalytic converters.

(6) Cars purchased by auto parts stores only.

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

(8) May not foot due to rounding.

Revenues

Revenues in the third quarter and first nine months of fiscal 2024 decreased 17% and 9%, respectively, compared to the prior year periods. In the third quarter and first nine months of fiscal 2024, the average net selling prices for our ferrous products decreased 15% and 4%, respectively, compared to the prior year periods due to softer demand including as a result of continued elevated levels of Chinese steel exports. Global nonferrous demand strengthened throughout the third quarter of fiscal 2024, leading to a 3% increase in average net selling prices for our nonferrous products compared to the prior year period, while remaining relatively consistent for the first nine months, comparatively. Our ferrous and nonferrous sales volumes in the third quarter of fiscal 2024 decreased 4% and 12%, respectively, compared to the prior year quarter, reflecting the impact of persistently tight supply conditions for scrap metal due to low levels of U.S. manufacturing activity and lower end-of-life vehicles turnover, and, for nonferrous, lower purchases of third party material for further processing and separation. Our ferrous and nonferrous sales volumes in the first nine months of fiscal 2024 remained relatively consistent with the prior year and also reflected additional volumes arising from the ScrapSource business acquired near the end of the first quarter of fiscal 2023, as well as the adverse impact in the prior year period of disruptions related to an extended shredder outage at the Everett metals recycling facility and a regulatory issue limiting operations at our shredder facility in California, both of which were resolved near the end of the first quarter of fiscal 2023. Finished steel average selling prices in the third quarter and first nine months of fiscal 2024 were 12% and 14% lower, respectively, compared to the prior year periods, while finished steel sales volumes decreased 11% in the third quarter and remained flat for the first nine months, compared to the prior year periods.

Operating Performance

Net loss in the third quarter and first nine months of fiscal 2024 was \$199 million and \$250 million, respectively, compared to net income of \$14 million and near breakeven, respectively, in the prior year periods. Adjusted EBITDA in the third quarter and first nine months of fiscal 2024 was \$9 million and \$12 million, respectively, compared to \$56 million and \$96 million, respectively, in the prior year periods. The combination of significantly lower third quarter ferrous sales prices and year-over-year PGM prices, lower year-over-year finished steel prices, as well as higher production and other operating costs, had a significant adverse impact on our operating margins in the third quarter and first nine months of fiscal 2024. Compared to the prior year period, ferrous metal spreads in the third quarter of fiscal 2024 decreased 19%, while ferrous metal spreads in the first nine months of fiscal 2024 decreased 11% relative to the first nine months of fiscal 2023. Finished steel metal spreads were also lower in the third quarter and first nine months of fiscal 2024 primarily driven by the decreases in average net selling prices. Our results in the third quarter of fiscal 2024 also reflected an unfavorable impact from average inventory accounting compared to a favorable impact in the prior year quarter, and the impact of inflation. In addition, our results in the third quarter and first nine months of fiscal 2024 included \$7 million and \$13 million, respectively, in insurance recovery gains associated with the resolution of property damage and business interruption claims related to the Everett facility shredder fire that occurred in 2021.

In the third quarter of fiscal 2024, based on financial and operational performance factors and the sustained decrease in our market capitalization, we identified a triggering event requiring the performance of a quantitative goodwill impairment test as of May 1, 2024 which resulted in a non-cash goodwill impairment charge of \$216 million, representing the full carrying amount of goodwill allocated to three of our reporting units. The remaining \$13 million of goodwill, which is carried by one reporting unit, a recycling services operation, was deemed not to be impaired. See further discussion in Note 4 - Goodwill in the Notes to the Condensed Consolidated Financial Statements in Part I, Item 1 of this report.

SG&A expense in the third quarter and first nine months of fiscal 2024 decreased 9% and 5%, respectively, compared to the prior year periods, reflecting benefits from cost reduction measures implemented during fiscal 2024 which more than offset the impact of inflation and higher costs for legal matters. In addition, legacy environmental expenses were lower in the third quarter of fiscal 2024 compared to the prior year period.

During the first quarter of fiscal 2024 we began implementing productivity and cost reduction initiatives with an aggregate targeted annual benefit of approximately \$30 million through a combination of increased yields, efficiencies in processing, transportation and procurement, and reduced costs including from headcount reductions. We achieved substantially the full quarterly run rate of benefits from these initiatives in the second quarter of fiscal 2024.

During the second quarter of fiscal 2024, we expanded our initiatives to include a reduction of SG&A expense by 10% and further production cost efficiencies with a targeted annual benefit of approximately \$40 million through a combination of reductions in headcount and other employee-related expenses, as well as decreases in non-trade procurement spend, transportation and logistics, and other outside services. In the third quarter of fiscal 2024, we achieved approximately three-quarters of the quarterly run rate of the combined \$70 million in targeted annual benefits associated with our fiscal 2024 initiatives. During the first nine months of fiscal 2024, we incurred \$6 million of restructuring charges and other exit-related costs in connection with these plans, of which \$3 million was incurred during the third quarter of fiscal 2024. Contributions from productivity and cost reduction initiatives implemented throughout fiscal 2023, as well as new initiatives implemented in the first and second quarters of fiscal 2024, helped to offset the effects of inflationary pressure on operating costs.

See the reconciliation of adjusted EBITDA in Non-GAAP Financial Measures at the end of this Item 2.

Interest Expense

Interest expense was \$7 million and \$18 million, respectively, for the third quarter and first nine months of fiscal 2024, compared to \$5 million and \$13 million for the same periods in the prior year. The increase in interest expense was primarily due to higher interest rates on amounts outstanding under our bank credit facilities, as well as increased average borrowings, compared to the prior year periods.

Income Tax

The effective tax rate from continuing operations for the third quarter and first nine months of fiscal 2024 was a benefit on pre-tax loss of 18.3% and 17.6%, respectively, compared to an expense on pre-tax income of 34.3% and 62.7%, respectively, for the comparable prior year periods. Our effective tax rate from continuing operations for the third quarter and first nine months of fiscal 2024 was lower than the U.S. federal statutory rate of 21% primarily due to the effect of permanent differences from non-deductible expenses and the recognition of a \$4 million valuation allowance against deferred tax assets in our U.S. federal, state and Canadian tax jurisdictions. We recognized this valuation allowance as a result of negative evidence, including recent losses and goodwill impairments in the respective tax jurisdictions, outweighing the more subjective positive evidence, indicating that it is more likely than not that the associated tax benefits will not be fully realized. For the third quarter of fiscal 2023, our effective tax rate from continuing operations was significantly different than the U.S. federal statutory rate of 21% primarily due to the aggregate effect of permanent differences from non-deductible expenses and also unrecognized tax benefits on intra-period allocation. For the first nine months of fiscal 2023, the higher-than-statutory effective tax rate primarily reflected our near-breakeven financial performance for the period.

Liquidity and Capital Resources

We rely on cash provided by operating activities as a primary source of liquidity, supplemented by current cash on hand and borrowings under our existing credit facilities.

Sources and Uses of Cash

We had cash balances of \$25 million and \$6 million as of May 31, 2024 and August 31, 2023, respectively. Cash balances are intended to be used primarily for working capital, capital expenditures, dividends, share repurchases, investments, and acquisitions. We use excess cash on hand to reduce amounts outstanding under our credit facilities. As of May 31, 2024, debt was \$411 million compared to \$249 million as of August 31, 2023, and debt, net of cash, was \$386 million as of May 31, 2024, compared to \$243 million as of August 31, 2023. The increase in debt was primarily due to increased borrowings from our credit facilities mainly to fund working capital needs and capital expenditures. See the reconciliation of debt, net of cash, in Non-GAAP Financial Measures at the end of this Item 2.

Operating Activities

Net cash used in operating activities in the first nine months of fiscal 2024 was \$57 million, compared to net cash provided by operating activities of \$5 million in the first nine months of fiscal 2023.

Sources of cash in the first nine months of fiscal 2024 included a \$10 million decrease in prepaid expenses and other current assets primarily due to a decrease in prepaid insurance premiums. Uses of cash in the first nine months of fiscal 2024 included a \$47 million increase in inventories primarily due to timing of purchases and sales including the delay of certain bulk shipments at period-end, and a \$12 million decrease in accrued payroll and related liabilities primarily due to the payment of incentive compensation in the first quarter of fiscal 2024 previously accrued under our fiscal 2023 plans.

Sources of cash in the first nine months of fiscal 2023 included a \$23 million decrease in inventories primarily due to lower raw material purchase costs and the timing of purchases and sales, a \$10 million increase in accounts payable primarily due to the timing of purchases and payments, and a \$10 million increase in other accrued liabilities due in part to receipt of additional advance payments from insurers towards our claims arising from the May 2021 steel mill fire. Uses of cash in the first nine months of fiscal 2023 included a \$71 million increase in accounts receivable primarily due to the timing of sales and collections and a \$30 million decrease in accrued payroll and related liabilities primarily due to the payment of incentive compensation in the first quarter of fiscal 2023 previously accrued under our fiscal 2022 plans.

Investing Activities

Net cash used in investing activities was \$59 million in the first nine months of fiscal 2024, compared to \$117 million in the first nine months of fiscal 2023.

Cash used in investing activities in the first nine months of fiscal 2024 included capital expenditures of \$56 million to upgrade our equipment and infrastructure and for investments in advanced metals recovery technology, information technology systems, and environmental and safety-related assets, compared to \$101 million in the prior year period.

Cash used in investing activities in the first nine months of fiscal 2023 included \$25 million paid to acquire the assets of the ScrapSource business on November 18, 2022. We funded the acquisition using cash on hand and borrowings under our existing credit facilities. Cash flows from investing activities in the first nine months of fiscal 2023 also included proceeds of \$8 million representing the portion of advance payments from insurers deemed a recovery of capital purchases incurred for repair and replacement of damaged property arising from the December 2021 Everett facility shredder fire.

Financing Activities

Net cash provided by financing activities in the first nine months of fiscal 2024 was \$136 million, compared to \$74 million in the first nine months of fiscal 2023.

Cash flows from financing activities in the first nine months of fiscal 2024 included \$158 million in net borrowings of debt, compared to \$99 million in the prior year period (refer to Non-GAAP Financial Measures at the end of this Item 2). Uses of cash in the first nine months of fiscal 2024 and 2023 included \$5 million and \$8 million, respectively, for payment of employee tax withholdings resulting from vesting of share-based awards and \$16 million in each period for the payment of dividends.

Debt

Our senior secured revolving credit facilities provide for revolving loans of \$800 million and C\$15 million, which mature in August 2027. On June 17, 2024, we and certain of our subsidiaries entered into the Fourth Amendment (the "Fourth Amendment") to our Third Amended and Restated Credit Agreement, dated as of April 6, 2016, by and among the Company, as the U.S. Borrower, Schnitzer Steel Canada, Ltd., as the Canadian Borrower, the subsidiaries of the Company party thereto (the "Guarantors"), Bank of America N.A., as administrative agent and the other lenders party thereto (as amended prior to the Fourth Amendment, the "Existing Credit Agreement", the Existing Credit Agreement, as amended pursuant to the Fourth Amendment, the "Amended Credit Agreement"). The principal changes to the Existing Credit Agreement effected by the Fourth Amendment are (i) the removal of the consolidated fixed charge coverage ratio for each of the fiscal quarters ending May 31, 2024 through February 28, 2025, (ii) the introduction of a minimum consolidated interest coverage ratio of 2.00 to 1.00 for the fiscal quarter ending May 31, 2024, and 1.25 to 1.00 for the fiscal quarter ending February 28, 2025, and (iii) the introduction of a minimum consolidated asset coverage ratio of 1.00 to 1.00 for each of the fiscal quarters ending May 31, 2024 through February 28, 2025.

The Fourth Amendment also revised the applicable interest rates under the facility which, starting June 17, 2024, are based, at our option, on either the Secured Overnight Financing Rate ("SOFR") (or the Term Canadian Overnight Repo Rate Average "CORRA" for C\$ loans), plus a spread of between 1.50% and 2.50%, with the amount of the spread based on a pricing grid tied to our ratio of consolidated net funded debt to EBITDA (as defined by the credit agreement), or the greater of (a) the prime rate, (b) the federal funds rate plus 0.50% or (c) the daily rate equal to Term SOFR plus 1.00%, in each case, plus a spread of between 0.50% and 1.50% based on a pricing grid tied to our consolidated net funded debt to EBITDA ratio. In addition, commitment fees are payable on the unused portion of the credit facilities at rates between 0.175% and 0.350% based on a pricing grid tied to our ratio of consolidated net funded debt to EBITDA.

Our obligations under our credit agreement are guaranteed by substantially all of our subsidiaries. The credit facilities and the related guarantees are secured by senior first priority liens on certain of our and our subsidiaries' assets, including equipment, inventory, and accounts receivable. The Fourth Amendment expanded the collateral package provided to the lenders to include most other personal property and equity interests held by the Company and the Guarantors in their respective subsidiaries.

We had borrowings outstanding under our credit facilities of \$390 million as of May 31, 2024 and \$230 million as of August 31, 2023. The weighted average interest rate on amounts outstanding under our credit facilities was 7.17% as of both May 31, 2024 and August 31, 2023, respectively.

We use the credit facilities to fund working capital, capital expenditures, dividends, share repurchases, investments, and acquisitions. Our credit agreement contains various representations and warranties, events of default, and financial and other customary covenants which limit (subject to certain exceptions) our ability to, among other things, incur or suffer to exist certain liens, make investments, incur or guaranty additional indebtedness, enter into consolidations, mergers, acquisitions, and sales of assets, make distributions and other restricted payments, change the nature of our business, engage in transactions with affiliates, and enter into restrictive agreements, including agreements that restrict the ability of our subsidiaries to make distributions. The financial covenants under the credit agreement include (a) a consolidated fixed charge coverage ratio, defined as the four-quarter rolling sum of consolidated EBITDA less defined maintenance capital expenditures and certain environmental expenditures divided by consolidated fixed charges which, for the fiscal quarters ending May 31, 2024 through February 28, 2025, has been replaced with maintenance covenants during that period requiring compliance with a minimum permitted interest coverage ratio and a minimum permitted asset coverage ratio as per the Fourth Amendment as described above, and (b) a consolidated leverage ratio, defined as consolidated funded indebtedness divided by the sum of consolidated net worth and consolidated funded indebtedness.

As of May 31, 2024, we were in compliance with the applicable financial covenants under our Amended Credit Agreement. The consolidated interest coverage ratio was required to be no less than 2.00 to 1.00 and was 3.71 to 1.00 as of May 31, 2024. The consolidated asset coverage ratio was required to be no less than 1.00 to 1.00 and was 1.26 to 1.00 as of May 31, 2024. The consolidated leverage ratio was required to be no more than 0.55 to 1.00 and was 0.39 to 1.00 as of May 31, 2024.

While we expect to remain in compliance with the financial covenants under the credit agreement, we may not be able to do so in the event market conditions or other factors have a significant adverse impact on our results of operations and financial position. If we do not maintain compliance with our financial covenants and are unable to obtain an amendment or waiver from our lenders, a breach of a financial covenant would constitute an event of default and allow the lenders to exercise remedies under the agreements, the most severe of which is the termination of the credit facility under our committed bank credit agreement and acceleration of the amounts owed under the agreement. In such case, we would be required to evaluate available alternatives and take appropriate steps to obtain alternative funds. We cannot assure that any such alternative funds, if sought, could be obtained or, if obtained, would be adequate or on acceptable terms.

Other debt obligations, which totaled \$12 million as of each of May 31, 2024 and August 31, 2023, respectively, primarily relate to equipment purchases, the contract consideration for which includes an obligation to make future monthly payments to the vendor in the form of licensing fees. For accounting purposes, such obligations are treated as a partial financing of the purchase price by the equipment vendor. Monthly payments commence when the equipment is placed in service and achieves specified minimum operating metrics, with payments continuing for a period of four years thereafter.

Capital Expenditures

Capital expenditures totaled \$56 million for the first nine months of fiscal 2024, compared to \$101 million for the prior year period. We currently plan to invest approximately \$75 million to \$80 million in capital expenditures in fiscal 2024. These capital expenditures include investments in growth, including new nonferrous processing technologies, and to support volume initiatives as well as post-acquisition and other growth projects, and investments to upgrade our equipment, infrastructure, and information technology systems, and for environmental and safety-related assets, using cash generated from operations and available credit facilities. Supply chain disruptions have contributed to some delays in construction activities and equipment deliveries related to our capital projects, and to the time required to obtain permits from government agencies, resulting in the deferral of certain capital expenditures. Given the continually evolving nature of such disruptions and other factors impacting the timing of project completion, the extent to which forecasted capital expenditures could be deferred is uncertain.

Environmental Compliance

Building on our commitment to recycling and operating our business in an environmentally responsible manner, we continue to invest in facilities that improve our environmental presence in the communities in which we operate. As part of our capital expenditures discussed in the prior paragraph, we invested approximately \$13 million in capital expenditures for environmental projects in the first nine months of fiscal 2024, and we currently plan to invest approximately \$20 million for such projects in fiscal 2024. These projects include investments in equipment to ensure ongoing compliance with air quality and other environmental regulations and storm water systems.

We have been identified by the United States Environmental Protection Agency as one of the potentially responsible parties that own or operate or formerly owned or operated sites which are part of or adjacent to the Portland Harbor Superfund site ("Portland Harbor"). See Note 5 - Commitments and Contingencies in the Notes to the Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of this matter, as well as other legacy environmental loss contingencies. We believe it is not possible to reasonably estimate the amount or range of costs which we are likely to or which it is reasonably possible that we will incur in connection with Portland Harbor, although such costs could be material to our financial position, results of operations, cash flows, and liquidity. We have insurance policies and Qualified Settlement Funds ("QSFs") that we believe will provide reimbursement for costs we incur for defense, remediation, and mitigation for natural resource damages claims in connection with Portland Harbor, although there are no assurances that those policies and the QSFs will cover all of the costs which we may incur. Significant cash outflows in the future related to Portland Harbor, as well as related to other legacy environmental loss contingencies, could reduce the amounts available for borrowing that could otherwise be used for working capital, capital expenditures, dividends, share repurchases, investments, and acquisitions and could result in our failure to maintain compliance with certain covenants in our debt agreements, and could adversely impact our liquidity.

Dividends

On April 4, 2024, our Board of Directors declared a dividend for the third quarter of fiscal 2024 of \$0.1875 per common share, which equates to an annual cash dividend of \$0.75 per common share. The dividend was paid on May 6, 2024.

Share Repurchase Program

As of May 31, 2024, pursuant to our board-authorized share repurchase programs, we had remaining authorization to repurchase up to 2.8 million shares of our Class A common stock when we deem such repurchases to be appropriate. We may repurchase our common stock for a variety of reasons, such as to optimize our capital structure and to offset dilution related to share-based compensation arrangements. We consider several factors in determining whether to make share repurchases including, among other things, our cash needs, the availability of funding, our future business plans, and the market price of our stock. We did not repurchase any of our common stock during the third quarter of fiscal 2024.

Assessment of Liquidity and Capital Resources

Historically, our available cash resources, internally generated funds, credit facilities, and equity offerings have financed our acquisitions, capital expenditures, working capital, and other financing needs.

We generally believe our current cash resources, internally generated funds, existing credit facilities, and access to the capital markets will provide adequate short-term and long-term liquidity needs for working capital, capital expenditures, dividends, investments and acquisitions, joint ventures, debt service requirements, environmental obligations, share repurchases, and other contingencies. However, in the event of a sustained market deterioration, we may need additional liquidity which would require us to evaluate available alternatives and take appropriate steps to obtain sufficient additional funds. There can be no assurances that any such supplemental funding, if sought, could be obtained or, if obtained, would be adequate or on acceptable terms.

Contractual Obligations

There were no material changes related to contractual obligations and commitments from the information provided in our Annual Report on Form 10-K for the fiscal year ended August 31, 2023.

We maintain stand-by letters of credit to provide support for certain obligations, including workers' compensation and performance bonds. As of May 31, 2024, we had \$7 million outstanding under these arrangements.

Critical Accounting Estimates

There were no material changes to our critical accounting estimates as described in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K for the year ended August 31, 2023, except as follows:

Goodwill

We evaluate goodwill for impairment annually on July 1 and upon the occurrence of certain triggering events or substantive changes in circumstances that indicate that the fair value of goodwill may be impaired. Impairment of goodwill is tested at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component").

When testing goodwill for impairment, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more-likely-than-not that the estimated fair value of a reporting unit is less than its carrying amount. If we elect to perform a qualitative assessment and determine that an impairment is more-likely-than-not, we are then required to perform the quantitative impairment test, otherwise no further analysis is required. We also may elect not to perform the qualitative assessment and, instead, proceed directly to the quantitative impairment test. When performing the quantitative impairment test, we apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Our quantitative impairment assessment considers both the income approach and the market approach to estimate a reporting unit's fair value. Assumptions primarily include revenue growth rates driven by future ferrous and nonferrous commodity price and sales volume expectations, gross margins, selling, general and administrative expense relative to total revenues, capital expenditures, working capital requirements, discount rates based on a reporting unit's weighted average cost of capital ("WACC"), tax rate, terminal growth rate, benefits associated with a taxable transaction, and synergistic benefits available to market participants. We test the reasonableness of the inputs and outcomes of our discounted cash flow analysis against available market data. These estimates change from period to period based on operating results, market conditions, and other factors and could materially affect the determination of the fair value and potential goodwill impairment for each reporting unit. Our quantitative assessment is sensitive to changes in underlying estimates and assumptions including the level of margin recovery, the discount rate and terminal growth rate.

In the third quarter of fiscal 2024, we identified a triggering event that indicated that the goodwill allocated to certain of our reporting units may be impaired. For the two metals recycling reporting units and the autos reporting unit subject to the quantitative impairment test, the estimated fair value of each reporting unit was less than its carrying amount, resulting in full impairment of the allocated goodwill and an aggregate impairment charge of \$216 million.

The remaining \$13 million of goodwill is carried by one reporting unit, a recycling services operation. We determined that there was no triggering event for this reporting unit.

See Note 4 - Goodwill in the Notes to the Condensed Consolidated Financial Statements in Part I, Item 1 of this report for further detail.

Recently Issued Accounting Standards

For a description of recent accounting pronouncements that may have an impact on our financial condition, results of operations, or cash flows, see "Recent Accounting Pronouncements" in Note 1 - Summary of Significant Accounting Policies in the Notes to the Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this report.

Non-GAAP Financial Measures***Debt, net of cash***

Debt, net of cash is the difference between (i) the sum of long-term debt and short-term borrowings (i.e., total debt) and (ii) cash and cash equivalents. 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.

RADIUS RECYCLING, INC.

The following is a reconciliation of debt, net of cash (in thousands):

	May 31, 2024	August 31, 2023
Short-term borrowings	\$ 5,734	\$ 5,813
Long-term debt, net of current maturities	405,514	243,579
Total debt	411,248	249,392
Less cash and cash equivalents	25,189	6,032
Total debt, net of cash	<u>\$ 386,059</u>	<u>\$ 243,360</u>

Net borrowings (repayments) of debt

Net borrowings (repayments) of debt is the sum of borrowings from long-term debt and repayments of long-term debt. We present this amount as the net change in our borrowings (repayments) for the period because we believe it is useful for investors as a meaningful presentation of the change in debt.

The following is a reconciliation of net borrowings (repayments) of debt (in thousands):

	Nine Months Ended May 31,	
	2024	2023
Borrowings from long-term debt	\$ 579,500	\$ 501,761
Repayments of long-term debt	(421,414)	(403,129)
Net borrowings (repayments) of debt	<u>\$ 158,086</u>	<u>\$ 98,632</u>

Adjusted EBITDA, adjusted selling, general, and administrative expense, adjusted (loss) income from continuing operations attributable to Radius shareholders, and adjusted diluted (loss) earnings per share from continuing operations attributable to Radius shareholders

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, asset impairment charges, amortization of capitalized cloud computing implementation costs, 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 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.

Following are reconciliations of net (loss) income to adjusted EBITDA and adjusted selling, general, and administrative expense (in thousands):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2024	2023	2024	2023
Reconciliation of adjusted EBITDA:				
Net (loss) income	\$ (198,511)	\$ 13,608	\$ (250,320)	\$ 324
Loss from discontinued operations, net of tax	21	233	54	78
Interest expense	7,368	5,146	17,981	13,378
Income tax (benefit) expense	(44,551)	7,221	(53,526)	676
Depreciation and amortization	24,406	22,540	72,188	66,390
Goodwill impairment charges	215,941	—	215,941	—
Restructuring charges and other exit-related activities	3,275	169	6,485	2,589
Charges for legacy environmental matters, net ⁽¹⁾	304	5,167	783	6,523
Amortization of cloud computing software costs ⁽²⁾	237	—	564	—
Other asset impairment charges ⁽³⁾	73	1,455	2,040	5,455
Business development costs	55	71	285	409
Adjusted EBITDA	<u>\$ 8,618</u>	<u>\$ 55,610</u>	<u>\$ 12,475</u>	<u>\$ 95,822</u>
Selling, general and administrative expense:				
As reported	\$ 62,100	\$ 68,527	\$ 187,362	\$ 196,712
Charges for legacy environmental matters, net ⁽³⁾	(304)	(5,167)	(783)	(6,523)
Business development costs	(55)	(71)	(285)	(409)
Adjusted	<u>\$ 61,741</u>	<u>\$ 63,289</u>	<u>\$ 186,294</u>	<u>\$ 189,780</u>

(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. See Note 5 - Commitments and Contingencies, "Portland Harbor" and "Other Legacy Environmental Loss Contingencies" in the Notes to the Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this report.

(2) Amortization of cloud computing software costs consists of expense recognized in cost of goods sold and selling, general, and administrative expense resulting from amortization of capitalized implementation costs for cloud computing IT systems. This expense is not included in depreciation and amortization. No amortization of cloud computing software costs was incurred prior to the first quarter of fiscal 2024; therefore, prior period Adjusted EBITDA amounts are not impacted.

(3) For the three months ended May 31, 2024 and 2023, other asset impairment charges included \$73 thousand and \$1 million, respectively, reported within "Other loss, net" on the Unaudited Condensed Consolidated Statement of Operations. For the nine months ended May 31, 2024 and 2023, asset impairment charges included \$564 thousand and \$5 million, respectively, reported within "Other loss, net" on the Unaudited Condensed Consolidated Statement of Operations.

RADIUS RECYCLING, INC.

Following are reconciliations of adjusted net (loss) income from continuing operations attributable to Radius shareholders and adjusted diluted (loss) earnings per share from continuing operations attributable to Radius shareholders (in thousands, except per share data):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2024	2023	2024	2023
<u>(Loss) income from continuing operations attributable to Radius shareholders:</u>				
As reported	\$ (198,369)	\$ 13,693	\$ (250,279)	\$ 103
Goodwill impairment charges	215,941	—	215,941	—
Restructuring charges and other exit-related activities	3,275	169	6,485	2,589
Charges for legacy environmental matters, net ⁽¹⁾	304	5,167	783	6,523
Other asset impairment charges ⁽²⁾	73	1,455	2,040	5,455
Business development costs	55	71	285	409
Income tax benefit allocated to adjustments ⁽³⁾	(38,204)	(1,324)	(39,880)	(4,189)
Adjusted	<u>\$ (16,925)</u>	<u>\$ 19,231</u>	<u>\$ (64,625)</u>	<u>\$ 10,890</u>

Diluted (loss) income per share from continuing operations attributable to Radius shareholders:

As reported	\$ (6.97)	\$ 0.48	\$ (8.82)	\$ —
Goodwill impairment charges, per share	7.58	—	7.61	—
Restructuring charges and other exit-related activities, per share	0.11	0.01	0.23	0.09
Charges for legacy environmental matters, net, per share ⁽¹⁾	0.01	0.18	0.03	0.23
Other asset impairment charges, per share ⁽²⁾	—	0.05	0.07	0.19
Business development costs, per share	—	—	0.01	0.01
Income tax benefit allocated to adjustments, per share ⁽³⁾	(1.34)	(0.05)	(1.40)	(0.15)
Adjusted ⁽⁴⁾	<u>\$ (0.59)</u>	<u>\$ 0.67</u>	<u>\$ (2.28)</u>	<u>\$ 0.38</u>

(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. See Note 5 - Commitments and Contingencies, "Portland Harbor" and "Other Legacy Environmental Loss Contingencies" in the Notes to the Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this report.

(2) For the three months ended May 31, 2024 and 2023, asset impairment charges included \$73 thousand (\$0.00 per share) and \$1 million (\$0.05 per share), respectively, reported within "Other loss, net" on the Unaudited Condensed Consolidated Statement of Operations. For the nine months ended May 31, 2024 and 2023, asset impairment charges included \$564 thousand (\$0.02 per share) and \$5 million (\$0.19 per share), respectively, reported within "Other loss, net" on the Unaudited Condensed Consolidated Statement of Operations.

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

(4) May not foot due to rounding.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**Commodity Price Risk**

We are exposed to commodity price risk, mainly associated with variations in the market price for ferrous and nonferrous metals, including scrap metal, finished steel products, auto bodies and other commodities. The timing and magnitude of industry cycles are difficult to predict and are impacted by general economic conditions as well as other factors including political and military events. We respond to increases and decreases in forward selling prices by adjusting purchase prices. We actively manage our exposure to commodity price risk and monitor the actual and expected spread between forward selling prices and purchase costs and processing and shipping expense. Sales contracts are based on prices negotiated with our customers, and generally orders are placed 30 to 60 days ahead of the shipment date. However, financial results may be negatively impacted when forward selling prices fall more quickly than we can adjust purchase prices or when customers fail to meet their contractual obligations. We assess the net realizable value of inventory ("NRV") each quarter based upon contracted sales orders and estimated future selling prices. Based on contracted sales and estimates of future selling prices, a 10% decrease in the estimated selling price of inventory would not have had a material NRV impact as of May 31, 2024.

Interest Rate Risk

There have been no material changes to our disclosure regarding interest rate risk set forth in Item 7A. Quantitative and Qualitative Disclosures About Market Risk included in our Annual Report on Form 10-K for the year ended August 31, 2023.

Credit Risk

Credit risk relates to the risk of loss that might occur as a result of non-performance by counterparties of their contractual obligations to take delivery of scrap metal and finished steel products and to make financial settlements of these obligations, or to provide sufficient quantities of scrap metal or payment to settle advances, loans and other contractual receivables in connection with demolition and scrap extraction projects. We manage our exposure to credit risk through a variety of methods, including shipping ferrous scrap metal exports under letters of credit, collection of deposits prior to shipment for certain nonferrous export customers, establishment of credit limits for certain sales on open terms, credit insurance and designation of collateral and financial guarantees securing advances, loans, and other contractual receivables. We have experienced reductions in the availability of credit insurance that we have historically used to cover a portion of our recycled metal and finished steel sales to domestic customers, which reduced availability may increase our exposure to customer credit risk. In addition, in higher or rising commodity price environments, we have experienced proportionately lower credit insurance coverage of applicable customer credit limits, which may increase our exposure to customer credit risk.

Historically, we have shipped almost all of our large shipments of ferrous scrap metal to foreign customers under contracts supported by letters of credit issued or confirmed by banks deemed creditworthy. The letters of credit ensure payment by the customer. As we generally sell export recycled ferrous metal under contracts or orders that generally provide for shipment within 30 to 60 days after the price is agreed, our customers typically do not have difficulty obtaining letters of credit from their banks in periods of rising ferrous prices, as the value of the letters of credit are collateralized by the value of the inventory on the ship. However, in periods of significantly declining prices, our customers may not be able to obtain letters of credit for the full sales value of the inventory to be shipped.

As of May 31, 2024 and August 31, 2023, 50% and 38%, respectively, of our accounts receivable balance was covered by letters of credit, and the amount of past due receivables was not material.

Foreign Currency Exchange Rate Risk

We are exposed to foreign currency exchange rate risk, mainly associated with sales transactions and related accounts receivable denominated in the U.S. Dollar by our Canadian subsidiary with a functional currency of the Canadian Dollar.

ITEM 4. CONTROLS AND PROCEDURES**Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives. Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, has completed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of May 31, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended May 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding reportable legal proceedings is contained in Part I, "Item 3. Legal Proceedings" in our Annual Report on Form 10-K for the fiscal year ended August 31, 2023; and in Part II, "Item 1. Legal Proceedings" in our Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2023. Also see Note 5 - Commitments and Contingencies in the Notes to the Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, incorporated by reference herein, except as follows:

On June 28, 2024, the Alameda County Criminal Grand Jury returned an indictment against the Company and two operations employees alleging felony and misdemeanor environmental regulatory violations for mishandling hazardous waste, including destruction of evidence, arising from the August 2023 scrap metal fire at the Company's Oakland, CA facility and the Company's subsequent shredding of the burned material. We understand the indictment alleges that the post-fire shredding of burned material constituted destruction of evidence. The Company disputes the allegations. The Company asserts that it does not store or treat hazardous waste and did not destroy any evidence. The District Attorney's office was at the Company's facility the day the fire was extinguished, along with representatives from the California Department of Toxic Substances Control, the Bay Area Air Quality Management District and other state and federal regulatory agencies, and they found no evidence of hazardous waste. All regulators were permitted to inspect the burned scrap metal and other fire debris and take photographs and samples. The Company advised all regulators that they would start shredding the burned material later that day to eliminate any risk of further fire consistent with safety protocol and industry practice. Neither the Alameda County District Attorney nor any other regulator objected to the processing of the burned material. The Company intends to vigorously defend itself in connection with these allegations.

ITEM 1A. RISK FACTORS

There have been no material changes to our risk factors reported or new risk factors identified since the filing of our Annual Report on Form 10-K for the year ended August 31, 2023.

ITEM 5. OTHER INFORMATION

During the three months ended May 31, 2024, no one of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended), adopted, terminated, or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

On July 2, 2024, the Company announced that Richard D. Peach plans to retire from his position as the Company's Executive Vice President and Chief Strategy Officer, effective July 2, 2024.

On July 1, 2024, the Company and Mr. Peach entered into a Consulting and Release Agreement (the "Consulting Agreement") under which Mr. Peach will provide consulting services following his termination of employment through December 31, 2024, with respect to certain strategic projects and to help facilitate the transition of his duties and responsibilities. In consideration of Mr. Peach's consulting services, the Company will provide Mr. Peach with continued "retirement vesting" of all of his outstanding restricted stock units, without regard to the normal limitation under his award agreements that would have limited the beneficial retirement vesting to awards that have been outstanding for at least two years. Mr. Peach's retirement vesting benefit is contingent upon his continued compliance with certain restrictive covenants, including a 6-month noncompete following his termination of employment. The Consulting Agreement also provides that Mr. Peach will be entitled to receive a pro-rated annual bonus for the 2024 fiscal year based on the Company's performance for the 2024 fiscal year under the Company's FY24 Annual Incentive Compensation Plan.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement.

RADIUS RECYCLING, INC.

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.

RADIUS RECYCLING, INC.
(Registrant)

Date: July 2, 2024

By: /s/ Tamara L. Lundgren
Tamara L. Lundgren
Chairman, President and Chief Executive Officer

Date: July 2, 2024

By: /s/ Stefano R. Gaggini
Stefano R. Gaggini
Senior Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Tamara L. Lundgren, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Radius Recycling, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 2, 2024

/s/ Tamara L. Lundgren

Tamara L. Lundgren
Chairman, President and Chief Executive Officer

CERTIFICATION PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Stefano R. Gaggini, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Radius Recycling, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 2, 2024

/s/ Stefano R. Gaggini

Stefano R. Gaggini
Senior Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Radius Recycling, Inc. (the "Company") on Form 10-Q for the quarter ended May 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 2, 2024

/s/ Tamara L. Lundgren

Tamara L. Lundgren

Chairman, President and Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Radius Recycling, Inc. (the "Company") on Form 10-Q for the quarter ended May 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Senior Vice President and Chief Financial Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 2, 2024

/s/ Stefano R. Gaggini

Stefano R. Gaggini

Senior Vice President and Chief Financial Officer
