10-Q Q20001968487false--05-312025December 31, 2024December 31, 2025December 31, 2024April 30, 2025June 30, 2024September 30,
2025http://fasb.org/us-gaap/2024#OtherComprehensiveIncomeLossCashFlowHedgeGainLossAfterReclassificationAndTaxParenthttp://fasb.org/us-
gaap/2024#OtherComprehensiveIncomeLossCashFlowHedgeGainLossAfterReclassificationAndTaxParenthttp://fasb.org/us-
gaap/2024#OtherComprehensiveIncomeLossCashFlowHedgeGainLossAfterReclassificationAndTaxParenthttp://fasb.org/us-
gaap/2024#OtherComprehensiveIncomeLossCashFlowHedgeGainLossAfterReclassificationAndTaxParentDecember 31, 2024January 31, 2026June 30,
2024March 31, 20250001968487ws:NetInvestmentByFormerParentMember2023-05-310001968487ws:ReceivablesMemberus-
gaap:DesignatedAsHedgingInstrumentMemberus-gaap:CommodityContractMember2024-11-300001968487us-gaap:RevolvingCreditFacilityMember2024-05-
310001968487ws:NetInvestmentByFormerParentMember2024-05-310001968487 2025-01-060001968487us-gaap:NoncontrollingInterestMember2024-05-
310001968487us-gaap:NoncontrollingInterestMember2024-08-310001968487ws:RetainedEarningsExcludingNetInvestmentByFormerParentMember2023-05-
310001968487ws:NetInvestmentByFormerParentMember2024-08-310001968487us-gaap:RelatedPartyMember2024-06-012024-11-
300001968487srt:MinimumMemberus-gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMember2024-06-012024-11-300001968487us-
gaap:AccumulatedGainLossNetCashFlowHedgeParentMember2023-06-012023-11-300001968487us-gaap:StandbyLettersOfCreditMember2024-11-
3000019684872023-06-012024-05-3100019684872023-08-310001968487ws:ReceivablesMember2024-05-310001968487us-
gaap:StandbyLettersOfCreditMember2024-06-012024-11-300001968487ws:ServiaceroPlanosSDeCVMember2023-09-012023-11-300001968487us-
gaap:AdditionalPaidInCapitalMember2024-11-300001968487ws:RetainedEarningsExcludingNetInvestmentByFormerParentMember2023-11-
3000019684872023-12-010001968487us-gaap:RelatedPartyMember2023-09-012023-11-300001968487us-gaap:ParentMember2024-05-310001968487us-
gaap:ParentMember2023-06-012023-08-310001968487us-gaap:ParentMember2023-05-310001968487ws:SteelProcessingMemberws:DirectMember2024-06-
012024-11-300001968487us-gaap:RelatedPartyMember2023-06-012023-11-300001968487us-gaap:AccumulatedOtherComprehensiveIncomeMember2023-06-
012023-08-3100019684872024-06-012024-08-310001968487us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2023-11-300001968487us-
gaap:NondesignatedMemberus-gaap:OtherAssetsMemberus-gaap:CommodityContractMember2024-05-310001968487us-gaap:RelatedPartyMember2024-05-
310001968487us-gaap:SalesRevenueNetMemberus-gaap:ProductConcentrationRiskMemberws:EndMarketAutomotiveMember2024-09-012024-11-
300001968487us-gaap:FairValueMeasurementsRecurringMember2024-11-300001968487ws:TollMemberws:SteelProcessingMember2023-06-012023-11-
300001968487us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2023-05-310001968487us-gaap:AccumulatedTranslationAdjustmentMember2024-06-
012024-11-300001968487us-gaap:DesignatedAsHedgingInstrumentMemberus-gaap:OtherAssetsMemberus-gaap:CommodityContractMember2024-11-
300001968487us-gaap:RelatedPartyMember2024-09-012024-11-300001968487ws:SeniorSecuredRevolvingCreditFacilityMember2023-11-302023-11-
300001968487us-gaap:SalesRevenueNetMemberus-gaap:ProductConcentrationRiskMemberws:LargestAutomotiveCustomerMember2024-06-012024-11-
300001968487us-gaap:DesignatedAsHedgingInstrumentMember2024-11-3000019684872023-06-012023-08-310001968487us-
gaap:RevolvingCreditFacilityMember2024-11-300001968487ws:NetInvestmentByFormerParentMember2023-09-012023-11-
300001968487srt:MinimumMemberus-gaap:CashFlowHedgingMemberus-gaap:CommodityContractMember2023-06-012024-05-310001968487us-
gaap:NondesignatedMemberus-gaap:CommodityContractMemberus-gaap:OtherLiabilitiesMember2024-11-
300001968487ws:ServiaceroPlanosSDeCVMember2024-06-012024-11-300001968487us-gaap:CommodityContractMember2023-06-012023-11-300001968487us-
gaap:CashFlowHedgingMemberus-gaap:CommodityContractMember2024-05-310001968487us-gaap:NondesignatedMemberus-
gaap:CommodityContractMember2024-11-300001968487ws:FacilityTwoAndThreeMemberws:TempelChinaMember2024-06-012024-11-300001968487us-
gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMember2024-11-300001968487us-gaap:ParentMember2023-09-012023-11-300001968487us-
gaap:NoncontrollingInterestMember2023-08-310001968487us-gaap:CommonStockMember2023-11-300001968487us-gaap:NondesignatedMemberus-
gaap:AccountsPayableMemberus-gaap:CommodityContractMember2024-05-310001968487us-gaap:ParentMember2024-09-012024-11-
300001968487ws:VoestalpineAutomotiveComponentsNagoldGmbhAndCoKgMemberus-gaap:GoodwillMember2023-11-160001968487us-
gaap:FairValueMeasurementsNonrecurringMember2024-05-310001968487ws:ServiaceroPlanosSDeCVMember2023-06-012023-11-300001968487us-
gaap:CommonStockMember2024-05-310001968487us-gaap:AdditionalPaidInCapitalMember2024-05-310001968487us-
gaap:AccumulatedGainLossNetCashFlowHedgeParentMember2024-06-012024-11-300001968487ws:FacilityOneMemberws:TempelIndiaMember2024-06-
012024-11-300001968487us-gaap:CommodityContractMemberus-gaap:CostOfSalesMember2024-09-012024-11-300001968487us-
gaap:SalesRevenueNetMemberus-gaap:ProductConcentrationRiskMemberws:LargestAutomotiveCustomerMember2024-09-012024-11-
300001968487ws:SeniorSecuredRevolvingCreditFacilityMember2024-06-012024-11-300001968487ws:ReceivablesMemberus-gaap:NondesignatedMemberus-
gaap:ForeignExchangeContractMember2024-11-300001968487us-gaap:AccumulatedOtherComprehensiveIncomeMember2024-08-310001968487us-
gaap:NoncontrollingInterestMember2023-09-012023-11-300001968487us-gaap:CorporateJointVentureMember2024-11-
300001968487ws:TempelChinaMemberws:FacilityOneMember2024-11-300001968487us-gaap:AccumulatedGainLossNetCashFlowHedgeParentMember2023-05-
310001968487ws:TempelChinaMemberws:FacilityOneMember2024-06-012024-11-300001968487srt:MinimumMemberus-gaap:NondesignatedMemberus-
gaap:CommodityContractMember2024-06-012024-11-300001968487ws:RetainedEarningsExcludingNetInvestmentByFormerParentMember2024-09-012024-11-
300001968487ws:NetInvestmentByFormerParentMember2023-08-310001968487ws:ReceivablesMemberus-gaap:DesignatedAsHedgingInstrumentMemberus-
gaap:ForeignExchangeContractMember2024-11-300001968487ws:RetainedEarningsExcludingNetInvestmentByFormerParentMember2024-06-012024-08-
310001968487us-gaap:DesignatedAsHedgingInstrumentMemberus-gaap:ForeignExchangeContractMemberus-gaap:AccountsPayableMember2024-11-
300001968487us-gaap:AccumulatedOtherComprehensiveIncomeMember2023-08-
310001968487ws:VoestalpineAutomotiveComponentsNagoldGmbhAndCoKgMember2023-11-162023-11-160001968487us-
gaap:AdditionalPaidInCapitalMember2024-09-012024-11-300001968487us-gaap:AccumulatedGainLossNetCashFlowHedgeParentMember2024-05-
310001968487ws:TempelChinaMember2024-11-300001968487us-gaap:ParentMember2023-08-310001968487ws:TWBTermLoanMember2024-05-
310001968487ws:RetainedEarningsExcludingNetInvestmentByFormerParentMember2023-08-310001968487us-gaap:FairValueInputsLevel2Memberus-
gaap:FairValueMeasurementsRecurringMember2024-11-300001968487us-gaap:AccumulatedOtherComprehensiveIncomeMember2023-06-012023-11-
300001968487ws:SeniorSecuredRevolvingCreditFacilityMember2024-05-
310001968487ws:RetainedEarningsExcludingNetInvestmentByFormerParentMember2024-08-310001968487us-
gaap:DesignatedAsHedgingInstrumentMemberus-gaap:CommodityContractMember2024-05-310001968487us-gaap:NondesignatedMemberus-
gaap:CommodityContractMember2024-05-310001968487us-gaap:ParentMember2023-11-300001968487ws:FacilityTwoMemberws:TempelChinaMember2024-
06-012024-11-300001968487us-gaap:CommonStockMember2023-05-310001968487us-gaap:DesignatedAsHedgingInstrumentMemberws:ReceivablesMemberus-
gaap:CommodityContractMember2024-05-3100019684872024-05-310001968487ws:SeniorSecuredRevolvingCreditFacilityMember2024-11-300001968487us-
gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:DerivativeMember2024-05-
310001968487ws:FacilityTwoAndThreeMemberws:TempelChinaMember2023-06-012024-05-310001968487us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2024-06-012024-11-300001968487us-gaap:CommodityContractMember2024-06-012024-11-
300001968487srt:MinimumMemberus-gaap:CashFlowHedgingMemberus-gaap:CommodityContractMember2024-06-012024-11-300001968487us-
gaap:ForeignExchangeContractMember2024-09-012024-11-300001968487us-gaap:AccumulatedOtherComprehensiveIncomeMember2024-05-310001968487us-
gaap:DesignatedAsHedgingInstrumentMemberus-gaap:CommodityContractMemberus-gaap:OtherLiabilitiesMember2024-11-300001968487us-
gaap:RelatedPartyMemberws:TWBTermLoanMember2023-09-012023-11-300001968487us-gaap:ParentMember2024-08-3100019684872024-08-
310001968487ws:SwingLoanMemberws:SeniorSecuredRevolvingCreditFacilityMember2024-05-310001968487us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2024-11-300001968487ws:TempelIndiaMember2024-05-310001968487us-
gaap:SalesRevenueNetMemberus-gaap:ProductConcentrationRiskMemberws:EndMarketAutomotiveMember2023-06-012023-11-300001968487us-
gaap:DesignatedAsHedgingInstrumentMemberus-gaap:AccountsPayableMemberus-gaap:CommodityContractMember2024-05-
310001968487ws:ServiaceroPlanosSDeCVMember2023-09-012023-11-300001968487us-gaap:RelatedPartyMemberws:TWBTermLoanMember2023-11-
300001968487us-gaap:CorporateJointVentureMemberws:SpartanSteelCoatingLlcMember2024-11-300001968487us-gaap:NondesignatedMember2024-11-
300001968487us-gaap:SalesRevenueNetMemberus-gaap:ProductConcentrationRiskMemberws:EndMarketAutomotiveMember2024-06-012024-11-
300001968487ws:FacilityTwoAndThreeMemberws:TempelChinaMember2024-05-310001968487ws:TempelIndiaMemberus-gaap:LineOfCreditMember2024-05-
310001968487us-gaap:AccumulatedOtherComprehensiveIncomeMember2024-06-012024-08-310001968487ws:TWBTermLoanMember2021-06-082021-06-
080001968487us-gaap:DesignatedAsHedgingInstrumentMemberus-gaap:OtherAssetsMemberus-gaap:CommodityContractMember2024-05-310001968487us-
gaap:CashFlowHedgingMembersrt:MaximumMemberus-gaap:CommodityContractMember2023-06-012024-05-310001968487us-
gaap:FairValueMeasurementsNonrecurringMember2024-11-300001968487us-gaap:AccumulatedTranslationAdjustmentMember2023-06-012023-11-
300001968487ws:ServiaceroPlanosSDeCVMember2024-05-310001968487us-gaap:FairValueInputsLevel2Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:DerivativeMember2024-11-300001968487us-gaap:CostOfSalesMemberus-
gaap:CommodityContractMember2023-09-012023-11-300001968487us-gaap:CommonStockMember2023-08-310001968487ws:TempelChinaMember2024-05-
310001968487us-gaap:AccumulatedTranslationAdjustmentMember2024-05-310001968487us-gaap:FairValueMeasurementsRecurringMemberus-
gaap:DerivativeMember2024-11-300001968487us-gaap:AccumulatedOtherComprehensiveIncomeMember2023-09-012023-11-
300001968487ws:FacilityTwoMemberws:TempelIndiaMember2024-06-012024-11-300001968487us-gaap:AdditionalPaidInCapitalMember2023-08-
310001968487us-gaap:AccumulatedOtherComprehensiveIncomeMember2023-11-300001968487us-gaap:FairValueMeasurementsRecurringMemberus-
gaap:DerivativeMember2024-05-310001968487ws:ServiaceroPlanosSDeCVMember2024-09-012024-11-300001968487us-
gaap:FairValueMeasurementsRecurringMember2024-05-310001968487us-gaap:NoncontrollingInterestMember2024-09-012024-11-300001968487us-
gaap:NoncontrollingInterestMember2024-06-012024-08-310001968487us-gaap:CostOfSalesMemberus-gaap:CommodityContractMember2023-06-012023-11-
300001968487ws:NetInvestmentByFormerParentMember2023-11-300001968487ws:AccountsReceivableSecuritizationFacilityMember2023-06-
290001968487ws:RetainedEarningsExcludingNetInvestmentByFormerParentMember2024-05-310001968487us-gaap:CashFlowHedgingMember2024-06-
012024-11-300001968487us-gaap:LineOfCreditMemberws:TempelIndiaMember2024-11-300001968487us-gaap:SubsequentEventMember2024-12-
180001968487us-gaap:AccumulatedGainLossNetCashFlowHedgeParentMember2024-11-300001968487us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2023-06-012023-11-300001968487us-gaap:AccumulatedOtherComprehensiveIncomeMember2024-09-
012024-11-300001968487srt:MinimumMemberus-gaap:NondesignatedMemberus-gaap:CommodityContractMember2023-06-012024-05-310001968487us-
gaap:SalesRevenueNetMemberus-gaap:ProductConcentrationRiskMemberws:EndMarketAutomotiveMember2023-09-012023-11-
300001968487ws:ServiaceroPlanosSDeCVMember2024-06-012024-11-300001968487us-gaap:AccumulatedTranslationAdjustmentMember2023-11-

300001968487ws:TempelSteelCompanyMemberws:SitemGroupMemberus-gaap:SubsequentEventMember2024-12-032024-12-030001968487us-
gaap:NoncontrollingInterestMember2023-11-300001968487us-gaap:NondesignatedMemberus-gaap:ForeignExchangeContractMemberus-
gaap:AccountsPayableMember2024-11-300001968487us-gaap:AccumulatedOtherComprehensiveIncomeMember2024-06-012024-11-300001968487us-
gaap:CorporateJointVentureMemberws:WorthingtonSamuelCoilProcessingLlcMember2024-11-300001968487us-
gaap:NondesignatedMembersrt:MaximumMemberus-gaap:CommodityContractMember2023-06-012024-05-
310001968487ws:ServiaceroPlanosSDeCVMember2024-11-300001968487us-gaap:RelatedPartyMember2024-11-300001968487us-
gaap:NoncontrollingInterestMember2023-05-310001968487us-gaap:CommodityContractMember2024-09-012024-11-300001968487us-
gaap:AdditionalPaidInCapitalMember2023-11-300001968487us-gaap:AccumulatedOtherComprehensiveIncomeMember2024-11-
300001968487ws:VoestalpineAutomotiveComponentsNagoldGmbhAndCoKgMemberus-gaap:PropertyPlantAndEquipmentMember2023-11-1600019684872024-
11-300001968487us-gaap:SalesRevenueNetMemberus-gaap:ProductConcentrationRiskMemberws:LargestAutomotiveCustomerMember2023-09-012023-11-
300001968487ws:SeniorSecuredRevolvingCreditFacilityMember2023-11-3000019684872023-11-300001968487us-gaap:CommonStockMember2024-06-012024-
08-310001968487us-gaap:CashFlowHedgingMemberus-gaap:CommodityContractMember2024-11-300001968487us-
gaap:AccumulatedOtherComprehensiveIncomeMember2023-05-310001968487ws:ReceivablesMemberus-gaap:NondesignatedMemberus-
gaap:CommodityContractMember2024-11-300001968487us-gaap:CommodityContractMember2023-09-012023-11-300001968487us-
gaap:AdditionalPaidInCapitalMember2023-05-310001968487ws:ServiaceroPlanosSDeCVMember2023-06-012023-11-300001968487us-
gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMembersrt:MaximumMember2024-06-012024-11-300001968487us-
gaap:SalesRevenueNetMemberus-gaap:ProductConcentrationRiskMemberws:LargestAutomotiveCustomerMember2023-06-012023-11-
300001968487ws:TempelChinaMemberws:FacilityThreeMember2024-06-012024-11-300001968487us-gaap:AdditionalPaidInCapitalMember2024-06-012024-08-
310001968487ws:SteelProcessingMemberws:DirectMember2024-09-012024-11-300001968487ws:TempelSteelCompanyMember2024-11-
300001968487ws:ServiaceroPlanosSDeCVMember2024-09-012024-11-300001968487ws:SteelProcessingMemberws:DirectMember2023-09-012023-11-
3000019684872024-02-290001968487ws:VoestalpineAutomotiveComponentsNagoldGmbhAndCoKgMemberws:NetWorkingCapitalMember2023-11-
160001968487ws:TollMemberws:SteelProcessingMember2023-09-012023-11-300001968487us-gaap:AdditionalPaidInCapitalMember2024-08-310001968487us-
gaap:CommonStockMember2024-09-012024-11-300001968487ws:ReceivablesMember2024-11-300001968487us-gaap:NondesignatedMemberus-
gaap:CommodityContractMember2023-06-012024-05-310001968487us-gaap:CostOfSalesMemberus-gaap:CommodityContractMember2024-06-012024-11-
300001968487us-gaap:ParentMember2024-06-012024-08-310001968487us-
gaap:SecuredOvernightFinancingRateSofrOvernightIndexSwapRateMemberws:SeniorSecuredRevolvingCreditFacilityMember2024-06-012024-11-
300001968487us-gaap:CommonStockMember2024-11-300001968487us-gaap:DesignatedAsHedgingInstrumentMemberus-gaap:AccountsPayableMemberus-
gaap:CommodityContractMember2024-11-300001968487ws:VoestalpineAutomotiveComponentsNagoldGmbhAndCoKgMember2023-11-1600019684872023-05-
310001968487us-gaap:ForeignExchangeContractMember2024-06-012024-11-300001968487ws:SeniorSecuredRevolvingCreditFacilityMember2023-06-012024-
05-310001968487ws:TWBTermLoanMember2024-06-012024-11-300001968487us-gaap:CashFlowHedgingMembersrt:MaximumMemberus-
gaap:CommodityContractMember2024-06-012024-11-300001968487us-gaap:NondesignatedMemberus-gaap:CommodityContractMemberus-
gaap:OtherLiabilitiesMember2024-05-310001968487ws:WorthingtonSpecialtyProcessingMemberus-gaap:CorporateJointVentureMember2024-11-
3000019684872024-09-012024-11-300001968487ws:NetInvestmentByFormerParentMember2024-11-300001968487us-
gaap:AccumulatedDefinedBenefitPlansAdjustmentMember2024-05-310001968487us-gaap:CommonStockMember2024-08-310001968487us-
gaap:NondesignatedMemberus-gaap:AccountsPayableMemberus-gaap:CommodityContractMember2024-11-300001968487ws:TempelIndiaMember2024-11-
300001968487ws:TollMemberws:SteelProcessingMember2024-09-012024-11-
300001968487ws:SwingLoanMemberws:SeniorSecuredRevolvingCreditFacilityMember2024-11-
300001968487ws:RetainedEarningsExcludingNetInvestmentByFormerParentMember2024-11-300001968487ws:SteelProcessingMemberws:DirectMember2023-
06-012023-11-300001968487ws:TWBTermLoanMember2021-06-080001968487us-gaap:DesignatedAsHedgingInstrumentMemberus-
gaap:CommodityContractMemberus-gaap:OtherLiabilitiesMember2024-05-310001968487ws:TwbCompanyLLCMemberus-
gaap:CorporateJointVentureMember2024-11-3000019684872023-06-012023-11-300001968487us-gaap:FairValueInputsLevel2Memberus-
gaap:FairValueMeasurementsRecurringMember2024-05-310001968487ws:ReceivablesMemberus-gaap:NondesignatedMemberus-
gaap:CommodityContractMember2024-05-3100019684872024-06-012024-11-300001968487us-gaap:RelatedPartyMemberws:TWBTermLoanMember2023-06-
012023-11-300001968487us-gaap:AccumulatedTranslationAdjustmentMember2024-11-300001968487us-
gaap:AccumulatedGainLossNetCashFlowHedgeParentMember2023-11-300001968487ws:TempelSteelCompanyMember2024-09-012024-11-
300001968487ws:TollMemberws:SteelProcessingMember2024-06-012024-11-3000019684872023-09-012023-11-300001968487us-
gaap:NondesignatedMemberus-gaap:OtherAssetsMemberus-gaap:CommodityContractMember2024-11-300001968487us-
gaap:NondesignatedMembersrt:MaximumMemberus-gaap:CommodityContractMember2024-06-012024-11-300001968487us-gaap:NondesignatedMemberus-
gaap:CommodityContractMember2024-06-012024-11-300001968487us-gaap:NoncontrollingInterestMember2024-11-300001968487us-
gaap:DesignatedAsHedgingInstrumentMemberus-gaap:CommodityContractMember2024-11-300001968487ws:NetInvestmentByFormerParentMember2023-06-
012023-08-310001968487us-gaap:ParentMember2024-11-300001968487ws:ServiaceroPlanosSDeCVMember2024-11-
300001968487ws:FacilityTwoAndThreeMemberws:TempelChinaMember2024-11-300001968487us-gaap:NoncontrollingInterestMember2023-06-012023-08-
310001968487us-gaap:AccumulatedTranslationAdjustmentMember2023-05-
31iso4217:EURxbrli:purews:Loanws:Jointventurexbrli:sharesws:Beneficiaryiso4217:CNYws:CreditArrangementsiso4217:INRiso4217:USDiso4217:USDxbrli:shares
Table of Contents Â UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 FORM 10-Q Â (Mark One) Â â˜’ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 Â For the quarterly period ended November 30, 2024 Â or Â â˜ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 Â For the transition period from ___________ to ___________ Â Commission File Number: 001-41830 Â WORTHINGTON STEEL, INC. (Exact name of registrant as specified in its charter) Ohio Â 92-2632000 (State or other jurisdiction of incorporation or organization) Â (I.R.S. Employer Identification No.) Â Â Â 100 W. Old Wilson Bridge Road, Columbus, Ohio Â 43085 (Address of principal executive offices) Â (Zip Code) Â (614) 840-3462 (Registrantâ€™s telephone number, including area code) Â Not Applicable (Former name, former address and former fiscal year, if changed since last report) Â Securities registered pursuant to Section 12(b) of the Act: Â Title of each class Â Trading Symbol(s) Â Name of each exchange on which registered Common Shares, Without Par Value Â WS Â New York Stock Exchange Â 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 â˜’ No â˜ 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 (Â§ 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 â˜’ No â˜ 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 â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and â€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act. Â Large accelerated filer â˜ Â Accelerated filer â˜ Non-accelerated filer â˜’ Â Smaller reporting company â˜ Â Â Â Emerging growth company â˜ Â 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. â˜ Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes â˜ No â˜’ Â APPLICABLE ONLY TO CORPORATE ISSUERS: On January 6, 2025, the number of common shares, without par value, of the registrant issued and outstanding was 50,753,704. Â Table of Contents Â TABLE OF CONTENTS Â Â Â Page Â Â Â Cautionary Note Regarding Forward-Looking Statements Â ii Â Â Â Part I. Financial Information Â Â Â Â Â Â Â Â Item 1. Financial Statements Â Â Â Â Â Â Â Â Consolidated Balance Sheets â€“ November 30, 2024 and May 31, 2024 Â 1 Â Â Â Â Â Â Consolidated and Combined Statements of Earnings â€“ Three Months and Six Months Ended November 30, 2024, and November 30, 2023 Â 2 Â Â Â Â Â Â Consolidated and Combined Statements of Comprehensive Income â€“ Three Months and Six Months Ended November 30, 2024, and November 30, 2023 Â 3 Â Â Â Â Â Â Consolidated and Combined Statements of Cash Flows â€“ Six Months Ended November 30, 2024, and November 30, 2023 Â 4 Â Â Â Â Â Â Â Consolidated and Combined Statements of Equity â€“ Six Months Ended November 30, 2024, and November 30, 2023 Â 5 Â Â Â Â Â Â Condensed Notes to Consolidated and Combined Financial Statements Â 6 Â Â Â Â Â Â Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations Â 22 Â Â Â Â Â Â Item 3. Quantitative and Qualitative Disclosures About Market Risk Â 35 Â Â Â Â Â Â Item 4. Controls and Procedures Â 35 Â Â Â Part II. Other Information Â Â Â Â Â Â Â Â Item 1. Legal Proceedings Â 36 Â Â Â Â Â Item 1A. Risk Factors Â 36 Â Â Â Â Â Â Item 2. Unregistered Sales of Equity Securities and Use of Proceeds Â 36 Â Â Â Â Â Â Item 3. Defaults Upon Senior Securities Â 36 Â Â Â Â Â Â Item 4. Mine Safety Disclosures Â 36 Â Â Â Â Â Â Item 5. Other Information Â 37 Â Â Â Â Â Â Item 6. Exhibits Â 37 Â Â Â Signatures Â 38 Â i Table of Contents Â CAUTIONARY NOTE REGARDING FORWARD-LOOKING StatementS Selected statements made by Worthington Steel, Inc. (â€œWorthington Steelâ€ and, together with its consolidated subsidiaries, the â€œCompany,â€ â€œwe,â€ â€œus,â€ or â€œourâ€) contained in this Quarterly Report on Form 10-Q (this â€œForm 10-Qâ€), including, without limitation, in â€œPART I â€“ Item 1. â€“ Note 5 â€“ Contingent Liabilities and Commitmentsâ€ and in â€œPART I â€“ Item 2. â€“ Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations,â€ constitute â€œforward-looking statements,â€ as that term is used in the Private Securities Litigation Reform Act of 1995, as amended (the â€œPSLRAâ€). Forward-looking statements reflect the Companyâ€™s current expectations, estimates or projections concerning future results or events. These statements are often identified by the use of forward-looking words or phrases such as â€œbelieve,â€ â€œexpect,â€ â€œanticipate,â€ â€œmay,â€ â€œcould,â€ â€œshould,â€ â€œwould,â€ â€œintend,â€ â€œplan,â€ â€œwill,â€ â€œlikely,â€ â€œestimate,â€ â€œproject,â€ â€œposition,â€ â€œstrategy,â€ â€œtarget,â€ â€œaim,â€ â€œseek,â€ â€œforesee,â€ or other similar words or phrases. These forward-looking statements include, without limitation, statements relating to: â€¢future or expected cash positions, liquidity and ability to access financial markets and capital; â€¢outlook, strategy or business plans; â€¢anticipated benefits of Worthington Enterprises, Inc.â€™s separation of its steel processing business into Worthington Steel as a stand-alone, publicly traded company on December 1, 2023 (the â€œSeparationâ€); â€¢expected financial and operational performance, and future opportunities subsequent to the Separation; â€¢the tax treatment of the Separation; â€¢future or expected growth, growth potential, forward momentum, performance, competitive position, sales, volumes, cash flows, earnings, margins, balance sheet strengths, debt, financial condition or other financial measures; â€¢pricing trends for raw materials and finished goods and the impact of pricing changes; â€¢the ability to improve or maintain margins; â€¢expected demand or demand trends; â€¢additions to product lines and opportunities to participate in new markets; â€¢expected benefits from transformation and innovation efforts; â€¢the ability to improve performance and competitive position; â€

¢anticipated working capital needs, capital expenditures and asset sales; â€¢anticipated improvements and efficiencies in costs, operations, sales, inventory management, sourcing and the supply chain and the results thereof; â€¢projected profitability potential; â€¢the ability to make acquisitions, form joint ventures and consolidate operations, and the projected timing, results, benefits, costs, charges and expenditures related to acquisitions, joint ventures, headcount reductions and facility dispositions, shutdowns and consolidations; â€¢projected capacity and the alignment of operations with demand; â€¢the ability to operate profitably and generate cash in down markets; â€¢the ability to capture and maintain market share and to develop or take advantage of future opportunities, customer initiatives, new businesses, new products and new markets; â€¢expectations for inventories, jobs and orders; â€¢expectations for the economy and markets or improvements therein; â€¢expectations for generating improving and sustainable earnings, earnings potential, margins or shareholder value; â€¢effects of judicial rulings, laws and regulations; â€¢effects of cybersecurity breaches and other disruptions to information technology infrastructure; â€¢effects of public health emergencies and the various responses of governmental and nongovernmental authorities thereto on economies and markets, and the Companyâ€™s customers, counterparties, and employees and third-party service providers; and â€¢other non-historical matters. ii Table of Contents Â Because they are based on beliefs, estimates and assumptions, forward-looking statements are inherently subject to risks and uncertainties that could cause actual results to differ materially from those projected. Any number of factors could affect actual results, including, without limitation, those that follow: â€¢the uncertainty of obtaining regulatory approvals in connection with the Separation, including rulings from the Internal Revenue Service; â€¢the ability to successfully realize the anticipated benefits of the Separation; â€¢the effect of conditions in national and worldwide financial markets, including inflation, increases in interest rates, and economic recession, and with respect to the ability of financial institutions to provide capital; â€¢the risks, uncertainties and impacts related to public health emergencies â€“ the duration, extent and severity of which are impossible to predict, and actions taken by governmental authorities or others in connection therewith; â€¢changing commodity prices and/or supply; â€¢product demand and pricing; â€¢changes in product mix, product substitution and market acceptance of the Companyâ€™s products; â€¢volatility or fluctuations in the pricing, quality or availability of raw materials (particularly steel), supplies, transportation, utilities, labor and other items required by operations; â€¢effects of sourcing and supply chain constraints; â€¢the outcome of adverse claims experience with respect to workersâ€™ compensation, product recalls or product liability, casualty events or other matters; â€¢effects of critical equipment failures, facility closures and the consolidation of operations; â€¢the effect of financial difficulties, consolidation and other changes within the steel, automotive, construction, and other industries in which the Company participates; â€¢failure to maintain appropriate levels of inventories; â€¢financial difficulties (including bankruptcy filings) of original equipment manufacturers, end-users and customers, suppliers, joint venture partners and others with whom the Company does business; â€¢the ability to realize targeted expense reductions from headcount reductions, facility closures and other cost reduction efforts; â€¢the ability to realize cost savings and operational, sales and sourcing improvements and efficiencies, and other expected benefits from transformation initiatives, on a timely basis; â€¢the overall success of, and the ability to integrate, newly acquired businesses and joint ventures, maintain and develop their customers, and achieve synergies and other expected benefits and cost savings therefrom; â€¢capacity levels and efficiencies, within facilities, within major product markets and within the industries in which the Company participates as a whole; â€¢the effect of disruption in the business of suppliers, customers, facilities and shipping operations due to adverse weather, casualty events, equipment breakdowns, labor shortages, interruption in utility services, civil unrest, international conflicts, terrorist activities, or other causes; â€¢changes in customer demand, inventories, spending patterns, product choices, and supplier choices; â€¢risks associated with doing business internationally, including economic, political and social instability, foreign currency exchange rate exposure and the acceptance of the Companyâ€™s products in global markets; â€¢the effect of national, regional and global economic conditions generally and within major product markets, including significant economic disruptions from public health emergencies, the actions taken in connection therewith and the implementation of related fiscal stimulus packages; â€¢the impact of tariffs, the adoption of trade restrictions affecting the Companyâ€™s products or suppliers, a United States (â€œU.S.â€) withdrawal from or significant renegotiation of trade agreements, the occurrence of trade wars, the closing of border crossings, and other changes in trade regulations or relationships; â€¢the ability to improve and maintain processes and business practices to keep pace with the economic, competitive and technological environment; iii Table of Contents Â â€¢the effect of inflation, interest rate increases and economic recession, which may negatively impact the Companyâ€™s operations and financial results; â€¢deviation of actual results from estimates and/or assumptions used by the Company in the application of its significant accounting policies; â€¢impairment of the recorded value of inventory, equity investments, fixed assets, goodwill and other long-lived assets; â€¢competitive pressure on sales and pricing, including pressure from imports and substitute materials; â€¢the level of imports and import prices in the Companyâ€™s markets and the foreign currency exchange rate exposure; â€¢the impact of environmental laws and regulations or the actions of the U.S. Environmental Protection Agency or similar regulators which increase costs or limit the Companyâ€™s ability to use or sell certain products; â€¢the impact of increasing environmental, greenhouse gas emission and sustainability regulations; â€¢the impact of judicial rulings and governmental regulations, both in the U.S. and abroad, including those adopted by the U.S. Securities and Exchange Commission (the â€œSECâ€) and other governmental agencies as contemplated by the Coronavirus Aid, Relief and Economic Security (CARES) Act, the Consolidated Appropriations Act, 2021, the American Rescue Plan Act of 2021, and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; â€¢the effect of healthcare laws in the U.S. and potential changes for such laws, which may increase the Companyâ€™s healthcare and other costs and negatively impact the Companyâ€™s operations and financial results; â€¢the effect of tax laws in the U.S. and potential changes for such laws, which may increase the Companyâ€™s costs and negatively impact its operations and financial results; â€¢cyber security risks; â€¢the effects of privacy and information security laws and standards; â€¢the cyclical nature of the steel industry; â€¢the Companyâ€™s safety performance; and â€¢other risks described from time to time in the Worthington Steelâ€™s filings with the SEC, including those described in â€œPart I â€“ Item 1A. â€“ Risk Factorsâ€ of the annual report on Form 10-K of Worthington Steel for the fiscal year ended May 31, 2024 (the â€œ2024 Form 10-Kâ€). The Company notes these risk factors for investors as contemplated by the PSLRA. Forward-looking statements should be construed in the light of such risks. It is impossible to predict or identify all potential risk factors. Consequently, readers should not consider the foregoing list to be a complete set of all potential risks and uncertainties. Readers are cautioned not to place undue reliance on any forward-looking statements. Any forward-looking statements in this Form 10-Q are based on current information as of the date of this Form 10-Q, and the Company assumes no obligation to correct or update any forward-looking statements, whether as a results of new information, future developments or otherwise, except as required by applicable law. iv Table of Contents Â PART I. FINANCIAL INFORMATION Item 1. â€“ Financial Statements WORTHINGTON STEEL, INC. CONSOLIDATED BALANCE SHEETS (In millions, except share amounts) Â Â Â (Unaudited) Â Â Â Â Â Â November 30, Â Â May 31, Â Â Â 2024 Â Â 2024 Â Assets Â Â Â Â Â Â Current assets: Â Â Â Â Â Â Cash and cash equivalents Â $ 52.0 Â Â $ 40.2 Â Receivables, less allowances of $4.9Â and $3.2, respectively Â Â 372.9 Â Â Â 472.6 Â Inventories: Â Â Â Â Raw materials Â Â 135.9 Â Â Â 150.2 Â Work in process Â Â 127.5 Â Â Â 176.8 Â Finished products Â Â 79.6 Â Â Â 78.3 Â Total inventories Â Â 343.0 Â Â Â 405.3 Â Income taxes receivable Â Â 9.2 Â Â Â 4.2 Â Assets held for sale Â Â 1.8 Â Â Â 2.9 Â Prepaid expenses and other current assets Â Â 78.5 Â Â Â 76.6 Â Total current assets Â Â 857.4 Â Â Â 1,001.8 Â Investment in unconsolidated affiliate Â Â 130.4 Â Â Â 135.0 Â Operating lease assets Â Â 68.8 Â Â Â 72.9 Â Goodwill Â Â 79.5 Â Â Â 79.6 Â Other intangible assets, net of accumulated amortization of $48.4Â and $45.3, respectively Â Â 73.9 Â Â Â 77.0 Â Deferred income taxes Â Â 8.5 Â Â Â 8.5 Â Other assets Â Â 15.6 Â Â Â 16.8 Â Property, plant and equipment: Â Â Â Â Â Â Land Â Â 37.7 Â Â Â 37.9 Â Buildings and improvements Â Â 178.3 Â Â Â 177.1 Â Machinery and equipment Â Â 924.0 Â Â Â 893.8 Â Construction in progress Â Â 110.0 Â Â Â 83.6 Â Total property, plant and equipment Â Â 1,250.0 Â Â Â 1,192.4 Â Less: accumulated depreciation Â Â 744.8 Â Â Â 717.6 Â Total property, plant and equipment, net Â Â 505.2 Â Â Â 474.8 Â Total assets Â $ 1,739.3 Â Â $ 1,866.4 Â Â Â Â Â Â Â Â Liabilities and equity Â Â Â Â Â Â Current liabilities: Â Â Â Â Â Â Accounts payable Â $ 285.5 Â Â $ 380.4 Â Short-term borrowings Â Â 115.0 Â Â Â 148.0 Â Accrued compensation, contributions to employee benefit plans and related taxes Â Â 34.1 Â Â Â 52.8 Â Dividends payable Â Â 9.0 Â Â Â 8.7 Â Other accrued items Â Â 15.5 Â Â Â 15.7 Â Current operating lease liabilities Â Â 7.4 Â Â Â 7.6 Â Income taxes payable Â Â 1.2 Â Â Â 5.2 Â Total current liabilities Â Â 467.7 Â Â Â 618.4 Â Other liabilities Â Â 35.3 Â Â Â 34.3 Â Noncurrent operating lease liabilities Â Â 64.6 Â Â Â 68.3 Â Deferred income taxes, net Â Â 26.6 Â Â Â 27.9 Â Total liabilities Â Â 594.2 Â Â Â 748.9 Â Preferred shares, withoutÂ par value; authorized â€“ 1,000,000Â shares; issued or outstanding â€“ 0Â shares Â Â - Â Â Â - Â Common shares, withoutÂ par value; authorized â€“ 150,000,000Â shares; issued Â Â Â Â Â and outstanding â€“ 49,482,982Â shares and 49,331,514Â shares, respectively Â Â - Â Â Â - Â Additional Paid-in Capital Â Â 909.6 Â Â Â 905.3 Â Retained Earnings Â Â 111.0 Â Â Â 86.1 Â Accumulated other comprehensive income (loss), net of taxes of $(1.5) and $(1.7), respectively Â Â (9.8) Â Â (6.1) Total Shareholdersâ€™ equity â€“ controlling interest Â Â 1,010.8 Â Â Â 985.3 Â Noncontrolling interests Â Â 134.3 Â Â Â 132.2 Â Total equity Â Â 1,145.1 Â Â Â 1,117.5 Â Total liabilities and equity Â $ 1,739.3 Â Â $ 1,866.4 Â Â See condensed notes to consolidated and combined financial statements. 1 Table of Contents Â WORTHINGTON STEEL, INC. CONSOLIDATED AND COMBINED STATEMENTS OF EARNINGS (In millions, except per common share amounts) (Unaudited) Â Â Three Months Ended Â Â Six Months Ended Â Â November 30, Â Â November 30, Â Â November 30, Â Â November 30, Â Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Net sales $ 739.0 Â Â $ 808.0 Â Â $ 1,573.0 Â Â $ 1,713.8 Â Cost of goods sold Â 659.0 Â Â Â 747.8 Â Â Â 1,392.6 Â Â Â 1,525.1 Â Gross margin Â 80.0 Â Â Â 60.2 Â Â Â 180.4 Â Â Â 188.7 Â Selling, general and administrative expense Â 61.1 Â Â Â 54.1 Â Â Â 118.1 Â Â Â 107.9 Â Impairment of long-lived assets Â - Â Â Â - Â Â Â - Â Â Â 1.4 Â Separation costs Â - Â Â Â 14.9 Â Â Â - Â Â Â 18.5 Â Operating income (loss) Â 18.9 Â Â Â (8.8) Â Â 62.3 Â Â Â 60.9 Â Other income (expense): Â Â Â Â Â Â Â Â Â Â Â Â Miscellaneous income (expense), net Â 3.8 Â Â Â 0.6 Â Â Â (2.1) Â Â 1.5 Â Interest expense, net Â (2.1) Â Â (0.2) Â Â (4.7) Â Â (0.7) Equity in net income (loss) of unconsolidated affiliate Â (0.9) Â Â 3.8 Â Â Â 0.4 Â Â Â 12.8 Â Earnings (loss) before income taxes Â 19.7 Â Â Â (4.6) Â Â 55.9 Â Â Â 74.5 Â Income tax expense (benefit) Â 3.6 Â Â Â (2.5) Â Â 7.6 Â Â Â 14.5 Â Net earnings (loss) Â 16.1 Â Â Â (2.1) Â Â 48.3 Â Â Â 60.0 Â Net earnings attributable to noncontrolling interests Â 3.3 Â Â Â 3.9 Â Â Â 7.1 Â Â Â 7.5 Â Net earnings (loss) attributable to controlling interest $ 12.8 Â Â $ (6.0) Â $ 41.2 Â Â $ 52.5 Â Â Â Â Â Â Â Â Â Â Â Â Basic Â Â Â Â Â Â Â Â Â Â Â Â Weighted average common shares outstanding(1) Â 49.5 Â Â Â 49.3 Â Â Â 49.4 Â Â Â 49.3 Â Earnings (loss) per common share attributable to controlling interest $ 0.26 Â Â $ (0.12) Â $ 0.83 Â Â $ 1.07 Â Â Â Â Â Â Â Â Â Â Â Â Diluted Â Â Â Â Â Â Â Â Â Â Â Â Weighted average common shares outstanding(2) Â 50.6 Â Â Â 49.3 Â Â Â 50.5 Â Â Â 49.3 Â Earnings (loss) per common share attributable to controlling interest $ 0.25 Â Â $ (0.12) Â $ 0.82 Â Â $ 1.07 Â Â Â Â Â Â Â Â Â Â Â Â Common shares outstanding at end of period(1) Â 49.5 Â Â Â 49.3 Â Â Â 49.5 Â Â Â 49.3 Â Â Â Â Â Â Â Â Â Â Â Â Cash dividends declared per common share $ 0.16 Â Â n/a Â Â $ 0.32 Â Â n/a Â Â Â Â (1)Prior to the third quarter of fiscal 2024, reported Weighted average common shares outstanding (Basic) and Common shares outstanding at end of period reflect the basic common shares at the Separation. This share amount is being utilized for the calculation of basic earnings per common share for periods presented prior to the Separation. Â (2)Prior to the third quarter of fiscal 2024, reported Weighted average common shares outstanding (Diluted) reflects the basic common shares at the Separation. This share amount is being utilized for the calculation of diluted earnings per common share for periods presented prior to the Separation. Â Â See condensed notes to consolidated and combined financial statements. 2 Table of Contents Â WORTHINGTON STEEL, INC. CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME (In millions) (Unaudited) Â Â Three Months Ended Â Â Six Months Ended Â Â November 30, Â Â November 30, Â Â November 30, Â Â November 30, Â Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Net earnings (loss) $ 16.1 Â Â $ (2.1) Â $ 48.3 Â Â $ 60.0 Â Other comprehensive income (loss), net of tax Â Â Â Â Â Â Â Â Â Â Â Â Foreign currency translation Â (4.8) Â Â 0.5 Â Â Â (2.7) Â Â (0.3)

Pension liability adjustment Â (1.0) Â Â - Â Â Â (1.0) Â Â - Â Cash flow hedges Â (0.1) Â Â 10.6 Â Â Â - Â Â Â 3.2 Â Other comprehensive income (loss) Â (5.9) Â Â 11.1 Â Â Â (3.7) Â Â 2.9 Â Comprehensive income Â 10.2 Â Â Â 9.0 Â Â Â 44.6 Â Â Â 62.9 Â Comprehensive income attributable to noncontrolling interests Â 3.3 Â Â Â 3.9 Â Â Â 7.1 Â Â Â 7.5 Â Comprehensive income attributable to controlling interest $ 6.9 Â Â $ 5.1 Â Â $ 37.5 Â Â $ 55.4 Â Â See condensed notes to consolidated and combined financial statements. 3 Table of Contents Â WORTHINGTON STEEL, INC. CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS (In millions) (Unaudited) Â Â Â Six Months Ended Â Â Â November 30, Â Â November 30, Â Â Â 2024 Â Â 2023 Â Operating activities: Â Â Â Â Â Â Net earnings Â $ 48.3 Â Â $ 60.0 Â Adjustments to reconcile net earnings to net cash provided by operating activities: Â Â Â Â Â Â Depreciation and amortization Â Â 32.5 Â Â Â 33.3 Â Impairment of long-lived assets Â Â - Â Â Â 1.4 Â Benefit from deferred income taxes Â Â (2.3) Â Â (0.2) Bad debt expense (income) Â Â 2.1 Â Â Â (0.4) Equity in net (income) loss of unconsolidated affiliate, net of distributions Â Â 4.6 Â Â Â (12.8) Net gain on sale of assets Â Â (1.2) Â Â (0.4) Stock-based compensation Â Â 5.3 Â Â Â 6.1 Â Changes in assets and liabilities, net of impact of acquisitions: Â Â Â Â Â Â Receivables Â Â 94.7 Â Â Â 56.5 Â Inventories Â Â 62.4 Â Â Â 48.3 Â Accounts payable Â Â (99.6) Â Â (49.9) Accrued compensation and employee benefits Â Â (18.7) Â Â (2.7) Other operating items, net Â Â (5.5) Â Â (20.0) Net cash provided by operating activities Â Â 122.6 Â Â Â 119.2 Â Â Â Â Â Â Investing activities: Â Â Â Â Â Â Investment in property, plant and equipment Â Â (56.3) Â Â (36.2) Proceeds from sale of assets, net of selling costs Â Â 1.1 Â Â Â 0.8 Â Acquisitions, net of cash acquired Â Â - Â Â Â (21.0) Net cash used in investing activities Â Â (55.2) Â Â (56.4) Â Â Â Â Â Â Financing activities: Â Â Â Â Â Â Transfers to the Former Parent, net Â Â - Â Â Â (51.4) Proceeds from (repayment of) short-term borrowings Â Â (25.0) Â Â 172.2 Â Proceeds from revolving credit facility borrowings - swing loans Â Â 223.8 Â Â Â - Â Repayment of revolving credit facility borrowings - swing loans Â Â (231.8) Â Â - Â Payments for issuance of common shares, net of tax withholdings Â Â (1.7) Â Â - Â Payments to noncontrolling interests Â Â (5.0) Â Â (1.9) Dividends paid Â Â (15.9) Â Â - Â Net cash provided by (used in) financing activities Â Â (55.6) Â Â 118.9 Â Â Â Â Â Â Increase in cash and cash equivalents Â Â 11.8 Â Â Â 181.7 Â Cash and cash equivalents at beginning of period Â Â 40.2 Â Â Â 32.7 Â Cash and cash equivalents at end of period Â $ 52.0 Â Â $ 214.4 Â Â See condensed notes to consolidated and combined financial statements. 4 Table of Contents Â WORTHINGTON STEEL, INC. CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY (In millions, except per common share amounts) (Unaudited) Â Â Controlling Interest Â Net Â Â Accumulated Â Investment Â Â Other Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Additional Â Â by the Â Â Comprehensive Â Â Â Â Â Â Â Â Â Â Â Â Â Â Common Shares Â Â Paid-in Â Â Former Â Â Income (Loss), Â Â Retained Â Â Â Â Â Noncontrolling Â Â Â Â Â Â Shares Â Â Amount Â Â Capital Â Â Parent Â Â Net of Tax Â Â Earnings Â Â Total Â Â Interests Â Â Total Â Balance at May 31, 2024 Â Â 49,331,514 Â Â $ - Â Â $ 905.3 Â Â $ - Â Â $ (6.1) Â $ 86.1 Â Â $ 985.3 Â Â $ 132.2 Â Â $ 1,117.5 Â Net earnings Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 28.4 Â Â Â 28.4 Â Â Â 3.8 Â Â Â 32.2 Â Other comprehensive income Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 2.2 Â Â Â - Â Â Â 2.2 Â Â Â - Â Â Â 2.2 Â Common shares issued, net of withholding tax Â Â 93,217 Â Â Â - Â Â Â (1.6) Â Â - Â Â Â - Â Â Â - Â Â Â (1.6) Â Â - Â Â Â (1.6) Stock-based compensation Â Â - Â Â Â - Â Â Â 3.0 Â Â Â - Â Â Â - Â Â Â - Â Â Â 3.0 Â Â Â - Â Â Â 3.0 Â Dividends to noncontrolling interests Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (1.9) Â Â (1.9) Cash dividends declared ($0.16) per common share Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (8.2) Â Â (8.2) Â Â - Â Â Â (8.2) Balance at August 31, 2024 Â Â 49,424,731 Â Â $ - Â Â $ 906.7 Â Â $ - Â Â $ (3.9) Â $ 106.3 Â Â $ 1,009.1 Â Â $ 134.1 Â Â $ 1,143.2 Â Net earnings Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 12.8 Â Â Â 12.8 Â Â Â 3.3 Â Â Â 16.1 Â Other comprehensive loss Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (5.9) Â Â - Â Â Â (5.9) Â Â - Â Â Â (5.9) Common shares issued, net of withholding tax Â Â 58,251 Â Â Â - Â Â Â (0.1) Â Â - Â Â Â - Â Â Â - Â Â Â (0.1) Â Â - Â Â Â (0.1) Theoretical common shares in non-qualified deferred compensation plans Â Â - Â Â Â - Â Â Â 0.1 Â Â Â - Â Â Â - Â Â Â - Â Â Â 0.1 Â Â Â - Â Â Â 0.1 Â Stock-based compensation Â Â - Â Â Â - Â Â Â 2.9 Â Â Â - Â Â Â - Â Â Â - Â Â Â 2.9 Â Â Â - Â Â Â 2.9 Â Dividends to noncontrolling interests Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (3.1) Â Â (3.1) Cash dividends declared ($0.16) per common share Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (8.1) Â Â (8.1) Â Â - Â Â Â (8.1) Balance at November 30, 2024 Â Â 49,482,982 Â Â $ - Â Â $ 909.6 Â Â $ - Â Â $ (9.8) Â $ 111.0 Â Â $ 1,010.8 Â Â $ 134.3 Â Â $ 1,145.1 Â Â Â Â Controlling Interest Â Net Â Â Accumulated Â Investment Â Â Other Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Additional Â Â by the Â Â Comprehensive Â Â Â Â Â Â Â Â Â Â Â Â Â Â Common Shares Â Â Paid-in Â Â Former Â Â Income (Loss), Â Â Retained Â Â Â Â Â Noncontrolling Â Â Â Â Â Â Shares Â Â Amount Â Â Capital Â Â Parent Â Â Net of Tax Â Â Earnings Â Â Total Â Â Interests Â Â Total Â Balance at May 31, 2023 Â Â - Â Â $ - Â Â $ - Â Â $ 1,031.1 Â Â $ (2.1) Â $ - Â Â $ 1,029.0 Â Â $ 125.6 Â Â $ 1,154.6 Â Net earnings Â Â - Â Â Â - Â Â Â - Â Â Â 58.5 Â Â Â - Â Â Â - Â Â Â 58.5 Â Â Â 3.6 Â Â Â 62.1 Â Other comprehensive loss Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (8.2) Â Â - Â Â Â (8.2) Â Â - Â Â Â (8.2) Transfers from the Former Parent, net Â Â - Â Â Â - Â Â Â - Â Â Â 40.8 Â Â Â - Â Â Â - Â Â Â 40.8 Â Â Â - Â Â Â 40.8 Â Dividends to noncontrolling interests Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (1.9) Â Â (1.9) Balance at August 31, 2023 Â Â - Â Â $ - Â Â $ - Â Â $ 1,130.4 Â Â $ (10.3) Â $ - Â Â $ 1,120.1 Â Â $ 127.3 Â Â $ 1,247.4 Â Net earnings (loss) Â Â - Â Â Â - Â Â Â - Â Â Â (6.0) Â Â - Â Â Â - Â Â Â (6.0) Â Â 3.9 Â Â Â (2.1) Other comprehensive income Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 11.1 Â Â Â - Â Â Â 11.1 Â Â Â - Â Â Â 11.1 Â Transfers to the Former Parent, net Â Â - Â Â Â - Â Â Â - Â Â Â (84.9) Â Â - Â Â Â - Â Â Â (84.9) Â Â - Â Â Â (84.9) Dividends to noncontrolling interests Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Balance at November 30, 2023 Â Â - Â Â $ - Â Â $ - Â Â $ 1,039.5 Â Â $ 0.8 Â Â $ - Â Â $ 1,040.3 Â Â $ 131.2 Â Â $ 1,171.5 Â Â See condensed notes to consolidated and combined financial statements. 5 Table of Contents Â WORTHINGTON STEEL, INC. Condensed Notes to CONSOLIDATED AND COMBINED Financial Statements (Unaudited) Â Note 1 â€“ Description of the Business, The Separation, Agreements with the Former Parent and Separation Costs, and Basis of PresentationÂ The SeparationÂ On December 1, 2023 (the â€œDistribution Dateâ€) at 12:01 a.m., Eastern Time, Worthington Enterprises, Inc., then known as Worthington Industries, Inc. (the â€œFormer Parentâ€), completed the spin-off of its existing steel processing business, Worthington Steel, into a stand-alone publicly traded company. This was completed through the Separation, a tax-free pro rata distribution of 100% of the common shares of Worthington Steel to holders of record of Former Parent common shares as of the close of business on November 21, 2023, (the â€œRecord Dateâ€). Each holder of record of Former Parent common shares received one common share of Worthington Steel for every one Former Parent common share held at the close of business on the Record Date (the â€œDistributionâ€).Â In connection with the Separation, Worthington Steel made a cash distribution to the Former Parent of $150.0 million from the issuances of certain debt (see Note 7 â€“ Debt). Additionally, as part of the Separation, the Former Parent made a contribution of certain assets and liabilities, including $3.8 million of cash and cash equivalents, to Worthington Steel. The Former Parent retained no ownership interest in Worthington Steel following the Separation.Â Agreements with the Former Parent and Separation CostsÂ On November 30, 2023, in connection with the Separation, the Company entered into several agreements with the Former Parent that govern the relationship between the Former Parent and the Company following the Distribution, including a Separation and Distribution Agreement, Tax Matters Agreement, Employee Matters Agreement, Steel Supply and Services Agreement, and Transition Services Agreement.Â Direct and incremental costs incurred in connection with the Separation, including (a) fees paid to third parties for audit, advisory, and legal services to effect the Separation, (b) non-recurring employee-related costs, such as retention bonuses, and (c) non-recurring functional costs associated with shared corporate functions (collectively, the â€œSeparation costsâ€) are presented separately in the Companyâ€™s consolidated and combined statements of earnings. Separation costs totaled $14.9 million during the second quarter of fiscal 2024 and $18.5 million during the six months ended November 30, 2023. No Separation costs were incurred during the second quarter of fiscal 2025 or during the six months ended November 30, 2024.Â Basis of Presentation â€“ Unaudited Consolidated and Combined Financial StatementsÂ The Companyâ€™s financial statements for the periods until the Separation on December 1, 2023, are combined financial statements prepared on a carve-out basis as discussed below. The Companyâ€™s financial statements for the periods beginning on and after December 1, 2023, are consolidated financial statements based on the reported results of Worthington Steel as a stand-alone company. Accordingly, the third quarter of fiscal 2024, and thereafter, included consolidated and combined financial statements, whereas all prior periods included combined financial statements. Â The accompanying consolidated and combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States (â€œGAAPâ€). The consolidated and combined financial statements may not be indicative of the Companyâ€™s future performance and do not necessarily reflect what the financial position, results of operations, and cash flows would have been had it operated as an independent company during all of the periods presented.Â Basis of Presentation â€“ Prior to SeparationÂ Prior to the Separation on December 1, 2023, the Company operated as a business of the Former Parent. Accordingly, the combined historical financial statements for the periods presented prior to and as of November 30, 2023, are prepared on a â€œcarve-outâ€ basis. Â The Companyâ€™s combined financial statements are prepared on a carve-out basis using the consolidated financial statements and accounting records of the Former Parent in accordance with GAAP. The Companyâ€™s combined financial statements include the historical operations that comprise its business and reflect significant assumptions and allocations as well as certain assets and liabilities that have historically been held at the Former Parentâ€™s corporate level but are specifically identifiable or otherwise attributable to the Company. 6 Table of Contents Â The carve-out combined financial statements may not include all expenses that would have been incurred had the Company existed as a separate, stand-alone entity during the periods presented. Â The income tax provision in the combined statements of earnings has been calculated as if the Company was operating on a stand-alone basis and filed separate tax returns in the jurisdictions in which it operates. Therefore, cash tax payments and items of current and deferred taxes may not be reflective of the Companyâ€™s actual tax balances prior to or subsequent to the Separation.Â Transactions and accounts which have occurred within the Company have been eliminated, based on historical intracompany activity. The Former Parentâ€™s net investment in the Companyâ€™s operations, including intercompany transactions between the Former Parent and the Company, are reflected as Net Investment by the Former Parent on the accompanying consolidated and combined financial statements.Â The Companyâ€™s consolidated and combined financial statements include certain costs of doing business incurred by the Former Parent at the corporate level. These costs are for (1) certain corporate support functions provided on a centralized basis, including information technology, human resources, finance, and corporate operations, amongst others, (2) profit sharing and bonuses, and (3) respective surpluses and shortfalls of various planned insurance expenses. These costs are included in the consolidated and combined statements of earnings, primarily within selling, general and administrative expense (â€œSG&Aâ€). These expenses were allocated to the Company on the basis of direct usage when identifiable, with the remaining allocated using related drivers associated with the nature of the business, such as, headcount or profitability, considering the characteristics of each respective cost. Management believes the assumptions regarding the allocation of the Former Parentâ€™s general corporate expenses are reasonable.Â All other third-party debt and related interest expense not directly attributable to the Company have been excluded from the consolidated and combined financial statements because it is not the legal obligor of the debt and the borrowings are not specifically identifiable to the Company. Additionally, as described in â€œNote 15 â€“ Related Party Transactions,â€ debt and related interest expense between the Former Parent and TWB has been attributed to the Company, as the Company was both the legal obligor and directly benefited from the borrowings. Â Additionally, the Former Parent incurred Separation costs that have been directly attributed to the Company to the extent incurred to its direct benefit and are presented separately in the Companyâ€™s consolidated and combined statements of earnings.Â The Companyâ€™s consolidated and combined financial statements may not include all of the actual expenses that would have been incurred and may not reflect its consolidated and combined results of earnings, balance sheet, and cash flows had it operated as a stand-alone company during the periods presented. Management considers these cost allocations to be reasonably reflective of the Companyâ€™s utilization of the Former Parentâ€™s corporate support services. Actual costs that would have been incurred if the Company had been a stand-alone company may have been different than these estimates during the periods presented.Â The Former Parent utilized a centralized cash management program to manage cash for the majority of its entities. For entities that were enrolled in the program, all cash was swept into a cash pool. Accordingly, the cash and cash equivalents held by the Former Parent at the corporate level were not attributed to the Company for any of the periods presented. The Companyâ€™s foreign operations did not participate in the centralized cash management program. These cash amounts are specifically attributable to Worthington Steel and therefore are reflected in the accompanying consolidated balance sheets. Transfers of cash, both to and from the Former Parentâ€™s centralized cash management program, are reflected as a financing activity on the accompanying consolidated and combined statements of cash flows.Â Net Investment by the Former ParentÂ Net Investment by the Former Parent in the consolidated and combined statements of equity represents the Former Parentâ€™s historical investment in the Company, the net effect of transactions with and allocations from the Former Parent, and the Companyâ€™s retained earnings. All transactions reflected in Net Investment by the Former Parent have been considered as financing activities for purposes of the consolidated and combined statements of cash flows. For additional information, see â€œBasis of Presentation â€“ Prior to Separationâ€ above and â€œNote 15 â€“ Related Party Transactions.â€ 7 Table of Contents Â Consolidated Subsidiaries and Investment in Unconsolidated AffiliateÂ The consolidated and combined financial statements include the accounts of Worthington Steel and its consolidated subsidiaries. Investments in unconsolidated affiliates are accounted for using the equity method. Material intercompany accounts and transactions are eliminated.Â The Company owns controlling interests in the following three operating joint ventures: Spartan Steel Coating, L.L.C. (â€œSpartanâ€) (52%); TWB Company, L.L.C. (â€œTWBâ€) (55%); and Worthington Samuel Coil Processing, L.L.C. (â€œWSCPâ€) (63%). The Company also owns a controlling interest (51%) in Worthington Specialty Processing (â€œWSPâ€), which became a nonoperating joint venture on October 31, 2022, when its remaining net assets were sold. These joint ventures are consolidated with the equity owned by the other joint venture members shown as noncontrolling interests in the Companyâ€™s consolidated balance sheets, and their portions of net earnings and other comprehensive income (loss) (â€œOCIâ€) shown as net earnings or comprehensive income attributable to noncontrolling interests in the Companyâ€™s consolidated and combined statements of earnings and comprehensive income, respectively. Â The Company owns a noncontrolling interest (50%) in one unconsolidated joint venture: Serviacero Planos, S. de R.L. de C.V. (â€œServiacero Worthingtonâ€). The Companyâ€™s investment in the unconsolidated affiliate is accounted for using the equity method with the Companyâ€™s proportionate share of income or loss recognized within equity in net income (loss) of unconsolidated affiliate (â€œequity incomeâ€) in its consolidated and combined statements of earnings. See further discussion of the Companyâ€™s unconsolidated affiliate in â€œNote 3 â€“ Investment in Unconsolidated Affiliate.â€Â Organizational Structure and Operating SegmentÂ The Companyâ€™s operations are managed principally on a products and services basis under a single group organizational structure. Following the Separation, the financial information reviewed by the Companyâ€™s Chief Operating Decision Maker (â€œCODMâ€) for the purpose of assessing performance and allocating resources has been presented as a single component, or operating segment, and comprises all of the Companyâ€™s operations. The Companyâ€™s CODM is Worthington Steelâ€™s Chief Executive Officer (â€œCEOâ€).Â Concentration of Net SalesÂ The Company sells its products and services to a diverse customer base and a broad range of end markets. The automotive industry is the largest end market for the Company.The following table summarizes the concentration percentage of consolidated or combined net sales for the periods presented:Â Â Â Three Months Ended Â Â Six Months Ended Â Â Â November 30, Â Â November 30, Â Â November 30, Â Â November 30, Â (Percentage of Net Sales) Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â End Market â€“ Automotive Â Â 52 % Â Â 52 % Â Â 51 % Â Â 53 % Largest Automotive Customer Â Â 15.2 % Â Â 14.9 % Â Â 14.2 % Â Â 15.8 % Â Preparation of Financial Statements Including the Use of EstimatesÂ These unaudited consolidated and combined financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the SEC. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments, which are of a normal and recurring nature, necessary for a fair presentation of the consolidated and combined financial statements for these interim periods, have been included. Operating results for the second quarter of fiscal 2025 are not necessarily indicative of the results that may be expected for the entirety of fiscal 2025 or any other quarter. Refer to the consolidated and combined financial statements and notes thereto included in the 2024 Form 10-K for further information on the preparation of financial statements including the use of estimates.Â The preparation of consolidated and combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated and combined financial statements and accompanying notes. Actual results could differ materially from those estimates. Note 2 â€“ Revenue RecognitionThe Company recognizes revenue upon transfer of control of promised goods or services to customers in an amount that reflects the consideration it expects to receive for those goods or services, including any variable consideration. 8 Table of Contents Â The Company generates revenue by processing steel to the precise type, thickness, length, width, shape, and surface quality required by customer specification. The Company can also toll process steel for steel mills, large end-users and service centers. Toll processing revenue is recognized over time. All other revenue is recognized at a point in time, generally upon shipment to the customer.The following table summarizes net sales by product class for the periods presented:Â Â Three Months Ended Â Â Six Months Ended Â Â November 30, Â Â November 30, Â Â November 30, Â Â November 30, Â (In millions) 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Product class Â Â Â Â Â Â Â Â Â Â Â Â Direct $ 700.9 Â Â $ 769.8 Â Â $ 1,490.8 Â Â $ 1,639.3 Â Toll Â 38.1 Â Â Â 38.2 Â Â Â 82.2 Â Â Â 74.5 Â Total $ 739.0 Â Â $ 808.0 Â Â $ 1,573.0 Â Â $ 1,713.8 Â Â The following table summarizes the unbilled receivables at the dates indicated:Â Â Â November 30, Â Â May 31, Â (In millions) Balance Sheet Classification Â 2024(1) Â Â 2024(1) Â Unbilled receivables Receivables Â $ 5.2 Â Â $ 5.6 Â Â Â (1)There were no contract assets at either of the dates indicated above. Â Note 3 â€“ Investment in Unconsolidated AffiliateÂ The Company owns a noncontrolling interest (50%) in one unconsolidated joint venture, Serviacero Worthington. The Company accounts for its investment in Serviacero Worthington using the equity method of accounting. Serviacero Worthington provides steel processing services, such as pickling, blanking, slitting, multi-blanking and cutting-to-length, to customers in a variety of industries including automotive, appliance and heavy equipment.Â The Company received distributions from Serviacero Worthington totaling $5.0 million and $0 during the six months ended November 30, 2024 and November 30, 2023, respectively.The following tables summarize certain financial information of Serviacero Worthington as of the dates, and for the periods, presented: Â Â November 30, Â Â May 31, Â (In millions) 2024 Â Â 2024 Â Cash and cash equivalents $ 20.8 Â Â $ 5.7 Â Other current assets Â 249.3 Â Â Â 274.7 Â Noncurrent assets Â 58.4 Â Â Â 58.3 Â Total assets $ 328.5 Â Â $ 338.7 Â Â Â Â Â Â Current liabilities Â 53.7 Â Â Â 64.7 Â Other noncurrent liabilities Â 5.1 Â Â Â 5.2 Â Equity Â 269.7 Â Â Â 268.8 Â Total liabilities and equity $ 328.5 Â Â $ 338.7 Â Â Â Three Months Ended Â Â Six Months Ended Â Â November 30, Â Â November 30, Â Â November 30, Â Â November 30, Â (In millions) 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Net sales $ 138.7 Â Â $ 163.4 Â Â $ 287.2 Â Â $ 315.3 Â Gross margin Â 9.6 Â Â Â 18.6 Â Â Â 25.2 Â Â Â 39.9 Â Operating income Â 5.5 Â Â Â 15.2 Â Â Â 17.2 Â Â Â 33.1 Â Depreciation and amortization Â 1.2 Â Â Â 1.1 Â Â Â 2.3 Â Â Â 2.1 Â Interest expense Â â€” Â Â Â â€” Â Â Â â€” Â Â Â â€” Â Income tax expense Â 5.8 Â Â Â 6.3 Â Â Â 12.6 Â Â Â 7.0 Â Net earnings (loss) Â (1.7) Â Â 7.6 Â Â Â 0.9 Â Â Â 25.5 Â Â 9 Table of Contents Â Â The following table presents the net earnings of Serviacero Worthington attributable to the Company for the periods presented:Â Â Three Months Ended Â Â Six Months Ended Â Â November 30, Â Â November 30, Â Â November 30, Â Â November 30, Â (In millions) 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Equity in net income (loss) of unconsolidated affiliate $ (0.9) Â $ 3.8 Â Â $ 0.4 Â Â $ 12.8 Â Â Note 4 â€“ Impairment of Long-Lived AssetsFiscal 2024During the first quarter of fiscal 2023, the Company committed to plans to liquidate certain fixed assets at WSCPâ€™s toll processing facility in Cleveland, Ohio. During the first quarter of fiscal 2024, in accordance with the applicable accounting guidance, the Company lowered the estimate of fair value less costs to sell to reflect the expected scrap value of the WSCP toll processing equipment to $0.2 million, resulting in a pre-tax impairment charge of $1.4 million. Note 5 â€“ Contingent Liabilities and CommitmentsLegal ProceedingsThe Company is a defendant in certain legal proceedings that are incidental to its business. In the opinion of management, the outcome of these legal proceedings, which is not clearly determinable at the present time, individually and in the aggregate, would not have a material adverse effect on the Company, its consolidated financial position, future results of operations or cash flows. The Company has recorded a liability to provide for the anticipated costs, including legal defense costs, associated with the resolution of these legal proceedings. However, the possibility exists that the costs to resolve these legal proceedings could differ materially from the recorded estimates and, therefore, have a material effect on the Company, its consolidated financial position, future results of operation or cash flows for the periods in which they are resolved. Note 6 â€“ GuaranteesThe Company does not have guarantees that it believes are reasonably likely to have a material current or future effect on its consolidated financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.At November 30, 2024, the Company had in place an outstanding stand-by letter of credit in the amount of $2.1 million issued to third-party service providers. The fair value of this guarantee instrument, based on premiums paid, was not material and no amounts were drawn against it at November 30, 2024. Note 7 â€“ DebtThe following table summarizes the Companyâ€™s debt outstanding at November 30, 2024, and May 31, 2024:Â Â November 30, Â Â May 31, Â (In millions) 2024 Â Â 2024 Â Short-term borrowings and current maturities Â Â Â Â Â Revolving credit facility $ 115.0 Â Â $ 148.0 Â Total short-term borrowings and current maturities $ 115.0 Â Â $ 148.0 Â Â 10 Table of Contents Â Â There were no long-term borrowings at either November 30, 2024 or May 31, 2024.Â The following table provides the maturities of long-term debt and short-term borrowings in the next five fiscal years and the remaining years thereafter as of November 30, 2024:Â (In millions) Â Â Fiscal 2025 $ 115.0 Â Fiscal 2026 Â - Â Fiscal 2027 Â - Â Fiscal 2028 Â - Â Fiscal 2029 Â - Â Thereafter Â - Â Total $ 115.0 Â Revolving Credit FacilityOn November 30, 2023, the Company entered into a senior secured revolving credit facility scheduled to mature on November 30, 2028, with a group of lenders (the â€œCredit Facilityâ€). The Credit Facility allows for borrowings of up to $550.0 million, to the extent secured by eligible accounts receivable and inventory balances at period end, which consist primarily of U.S. dollar denominated account balances. At November 30, 2024 and May 31, 2024, there were $115.0 million and $148.0 million of outstanding borrowings drawn against the Credit Facility, respectively, leaving a borrowing capacity of $435.0 million and $402.0 million, respectively, subject to the eligible borrowings base, available for use. Individual amounts drawn under the Credit Facility accrue interest at rates equal to an applicable margin over the one-, three-, or six-month term SOFR Rate, plus a SOFR adjustment. The Company incurred approximately $2.7 million of issuance costs, of which $2.5 million will be amortized to interest expense over the expected five-year Credit Facility term and are reflected in other assets.The Credit Facility permits borrowings under two types of borrowing mechanisms: (i) Term SOFR Rate Loans (as defined in the Credit Facility) and (ii) a swing loan. The Term SOFR Rate Loans permit the Company to draw a specific principal amount for a defined maturity of up to six months with the interest rate determined at the time of the draw, which equals an applicable margin over the applicable term SOFR Rate, plus a SOFR adjustment. Each Term SOFR Rate Loan has an individual, unique identifier and is distinguishable from the other Term SOFR Rate Loans drawn by the Company. At the end of each relevant interest period, the Company has the option to continue the same interest period for such Term SOFR Rate Loan or the Company can request a conversion to a new interest period for such Term SOFR Rate Loan. If no notice is given by the Company, the Term SOFR Rate Loan is deemed to continue with the same interest period.The swing loan permits the Company to draw on the Credit Facility at any time up to a maximum of the greater of (i) $55 million or (ii) 10% of the then-maximum amount of the Credit Facility. The swing loan interest rate is variable based upon the interest rate market. As of November 30, 2024 and May 31, 2024, the swing loan rate was equal to 8.25% and 9.00%, respectively. Any amounts drawn on the swing loan mature on the same date as the maturity of the Credit Facility; however, it has been the practice of the Company to repay the outstanding draws on the swing loan within a short-term period.Â The Credit Facility is secured by a first priority lien (subject to permitted liens and certain other exceptions) on certain working capital assets of the Company and the guarantors, including accounts and inventory, but excluding intellectual property, real property and equity interests, and subject to customary exceptions.Â The Company currently has no material contractual or regulatory restrictions on the payment of dividends provided that no event of default exists under the Credit Facility and it meets the minimum availability threshold thereunder.As of November 30, 2024 and May 31, 2024, the weighted average interest rate on the outstanding interest-bearing debt under the Credit Facility was 6.21% and 6.92%, respectively.Â Term Loan Facility with the Former ParentOn June 8, 2021, TWB entered into a $50.0 million term loan agreement (the â€œTWB Term Loanâ€) with a subsidiary of the Former Parent that matured in annual installments through May 31, 2024. The proceeds were used by TWB to finance the Shiloh U.S BlankLight purchase price. This note accrued interest at a rate of 5.0% per annum. The borrowings were the legal obligation of TWB. As such, the debt and related interest was attributed to the Company in the consolidated and combined financial statements prior to the Separation. 11 Table of Contents Â The Former Parentâ€™s note receivable associated with the TWB Term Loan was contributed to the Company in connection with the Separation on December 1, 2023. As a result, the TWB Term Loan balance was eliminated in consolidation following the Separation, which resulted in a zero balance as of May 31, 2024 in the consolidated balance sheet.Other â€“ Tempel ChinaTempel Steel Company, LLC (â€œTempelâ€), a wholly-owned subsidiary of Worthington Steel, controls a subsidiary in China (â€œTempel Chinaâ€), and Tempel China utilizes three short-term loan facilities, which are used to finance raw material purchases, and are collateralized by Tempel China property and equipment. Borrowings outstanding under the facilities had a zero balance at November 30, 2024 and May 31, 2024.One facility with capacity of CNY 10.0 million (approximately USD $1.4 million) matured on March 13, 2024. This facility was not subsequently renewed. The remaining two facilities have an aggregate facility size of CNY 90.0 million (approximately USD $12.4 million as of both November 30, 2024 and May 31, 2024), and were originally scheduled to mature on December 31, 2024. The maturity of the credit facilities was subsequently extended with the first facility scheduled to mature on September 10, 2025 and the second facility scheduled to mature on December 31, 2025.Other â€“ Tempel IndiaTempel controls a subsidiary in India (â€œTempel Indiaâ€) which has two individual credit agreements with separate financial institutions each of which contain a line of credit and standby letters of credit/letters of guarantee secured by applicable Tempel India current assets and fixed assets. The facilities are subject to annual renewals, which are effective as of the date of the annual renewal letter. Both facilities were renewed; one credit facility is scheduled to mature on December 18, 2025, and the other credit facility is scheduled to mature on November 14, 2025.The aggregate, combined facility size equaled INR 1,200.0 million (approximately USD $14.2 million and USD $14.4 million, as of November 30, 2024 and May 31, 2024, respectively), subject to adjustment pursuant to the security noted above. Each of the credit facilities allows for borrowing on the lines of credit up to a sublimit of the total facility size, which was equal to an aggregate of INR 600.0 million (approximately USD $7.1 million and USD $7.2 million, as of November 30, 2024 and May 31, 2024, respectively). Interest is payable monthly and will accrue on the outstanding balance according to the lenders base lending rate plus an applicable margin as determined by the lender. As of November 30, 2024 and May 31, 2024, there were no borrowings outstanding under the line of credit facilities.Letters of credit may be drawn against the total facility limit, excluding any amounts drawn by the lines of credit. As of November 30, 2024 and May 31, 2024, no amounts under the facilities were due to the financial institutions. The purchases, made in the normal course of business that are supported by the letters of credit, are recorded in accounts payable in the consolidated balance sheets as of November 30, 2024 and May 31, 2024.Accounts Receivable SecuritizationOn June 29, 2023, the Company terminated the revolving trade accounts receivable securitization facility (the â€œAR Facilityâ€) because it was no longer needed. No early termination or other similar fees or penalties were paid in connection with the termination of the AR Facility. Note 8 â€“ Other Comprehensive Income (Loss)The following table summarizes the tax effects on each component of OCI for the periods presented:Â Â Three Months Ended Â Â November 30, 2024 Â Â November 30, 2023 Â (In millions) Before-Tax Â Â Tax Â Â Net-of-Tax Â Â Before-Tax Â Â Tax Â Â Net-of-Tax Â Foreign currency translation $ (4.8) Â $ - Â Â $ (4.8) Â $ 0.5 Â Â $ - Â Â $ 0.5 Â Pension liability adjustment Â (1.3) Â Â 0.3 Â Â (1.0) Â Â - Â Â - Â Â - Â Cash flow hedges Â (0.1) Â - Â Â (0.1) Â Â 13.8 Â Â (3.2) Â Â 10.6 Â Other comprehensive income (loss) $ (6.2) Â $ 0.3 Â Â $ (5.9) Â $ 14.3 Â Â $ (3.2) Â $ 11.1 Â Â 12 Table of Contents Â Â Six Months Ended Â Â November 30, 2024 Â Â November 30, 2023 Â (In millions) Before-Tax Â Â Tax Â Â Net-of-Tax Â Â Before-Tax Â Â Tax Â Â Net-of-Tax Â Foreign currency translation $ (2.7) Â $ - Â Â $ (2.7) Â $ (0.3) Â $ - Â Â $ (0.3) Pension liability adjustment Â (1.3) Â Â 0.3 Â Â (1.0) Â Â - Â Â - Â Â - Â Cash flow hedges Â - Â Â - Â Â - Â Â 4.2 Â Â (1.0) Â Â 3.2 Â Other comprehensive income (loss) $ (4.0) Â $ 0.3 Â Â $ (3.7) Â $ 3.9 Â Â $ (1.0) Â $ 2.9 Â Â Note 9 â€“ EquityÂ In anticipation of the Separation, during the second quarter of fiscal 2024, the Company performed a stock split that resulted in 49.3 million outstanding common shares, all of which were held by the Former Parent at November 30, 2023. For additional information, see â€œNote 1 â€“ Description of Business, The Separation, Agreements with the Former Parent and Separation Costs, and Basis of Presentation.â€Â Accumulated Other Comprehensive Income (Loss)Â The following table summarizes the changes in accumulated other comprehensive income (loss) (â€œAOCIâ€) for the periods presented:Â Â Â Â Â Â Â Â Â Â Â Â Accumulated Â Â Foreign Â Â Pension Â Â Â Â Other Â Â Currency Â Â Liability Â Â Cash Flow Â Â Comprehensive Â (In millions) Â Translation Â Â Adjustment Â Â Hedges Â Â Loss Â Balance at May 31, 2024 Â $ (11.9) Â $ 8.4 Â Â $ (2.6) Â $ (6.1) Other comprehensive loss before reclassifications Â Â (2.7) Â Â (4.0) Â Â (5.3) Â Â (12.0) Reclassification adjustments to net earnings (1) Â Â - Â Â 2.7 Â Â 5.3 Â Â 8.0 Â Income tax effect Â Â - Â Â 0.3 Â Â - Â Â 0.3 Â Balance at November 30, 2024 Â $ (14.6) Â $ 7.4 Â Â $ (2.6) Â $ (9.8) Â Â Â Â Â Â Â Â Â Â Â Â Accumulated Â Â Foreign Â Â Pension Â Â Â Â Other Â Â Currency Â Â Liability Â Â Cash Flow Â Â Comprehensive Â (In millions) Â Translation Â Â Adjustment Â Â Hedges Â Â Income (Loss) Â Balance at May 31, 2023 Â $ (10.6) Â $ 6.0 Â Â $ 2.5 Â Â $ (2.1) Other comprehensive income (loss) before reclassifications Â Â (0.3) Â Â - Â Â 11.4 Â Â 11.1 Â Reclassification adjustments to net earnings (1) Â Â - Â Â - Â Â (7.2) Â Â (7.2) Income tax effect Â Â - Â Â - Â Â (1.0) Â Â (1.0) Balance at November 30, 2023 Â $ (10.9) Â $ 6.0 Â Â $ 5.7 Â Â $ 0.8 Â Â (1)The consolidated and combined statement of earnings classification of amounts reclassified to net income include:a.Cash flow hedges â€“ See the disclosure in â€œNote 13 â€“ Derivative Financial Instruments and Hedging Activitiesâ€; andb.Pension liability adjustment â€“ During the second quarter of fiscal 2025, the Company, through its wholly-owned subsidiary, Tempel, purchased (using pension plan assets) an annuity contract from a third-party insurance company to transfer approximately 25% of the total projected benefit obligation of the Tempel Employees Pension Plan as of the purchase date. As a result of this transaction: 1) the Company recognized a non-cash settlement gain of $2.7 million within miscellaneous income (expense), net; 2) the Company was relieved of all responsibility for these pension obligations; and 3) the insurance company is now required to pay and administer the retirement benefits owed to 472 beneficiaries. Note 10 â€“ Income Taxes Â The Companyâ€™s effective income tax rate was 22.2% and 29.9% for the second quarter of fiscal 2025 and 2024, respectively, and 15.6% and 21.6% for the six months ended November 30, 2024 and November 30, 2023, respectively. The effective tax rates for the second quarter of fiscal 2024 and six months ended November 30, 2023 differed from the statutory rates primarily due to discrete items related to equity compensation, non-deductible executive compensation, and non-deductible expenses in foreign jurisdictions. The effective tax 13 Table of Contents Â rate for the second quarter of fiscal 2025 differed from the statutory rate primarily due to discrete tax items recognized in the quarter related to foreign tax credits. The effective tax rate for the six months ended November 30, 2024 differed from the statutory rate primarily due to recognizing a discrete for pre-acquisition tax matter at Tempel.Â The provision for income taxes is based on a current estimate of the annual effective income tax rate adjusted to reflect the impact of discrete items and excludes any impact from the inclusion of net earnings attributable to noncontrolling interests in the consolidated and combined statements of earnings. Net earnings attributable to noncontrolling interests are a result of the Companyâ€™s consolidated joint ventures. The net earnings attributable to the noncontrolling interests in the U.S. operations of the Companyâ€™s consolidated joint ventures do not generate tax expense to the Company since the investors are taxed directly based on the earnings attributable to the investors. The tax expense of TWBâ€™s wholly owned foreign subsidiaries is reported in the consolidated and combined income tax expense. Management is required to estimate the annual effective income tax rate based upon its forecast of annual pre-tax income for domestic and foreign operations. The Companyâ€™s actual effective income tax rate for fiscal 2025 could be materially different from the forecasted rate as of November 30, 2024. Note 11 â€“ Earnings per Common Share The following table sets forth the computation of basic and diluted earnings per common share attributable to controlling interest for the periods presented:Â Â Three Months Ended Â Â Six Months Ended Â Â November 30, Â Â November 30, Â Â November 30, Â Â November 30, Â (In millions, except per common share amounts) 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Numerator (basic & diluted): Â Â Â Â Â Â Â Â Net earnings (loss) attributable to controlling interest â€“ Â Â Â Â Â Â Â Â income (loss) available to common shareholders $ 12.8 Â Â $ (6.0) Â $ 41.2 Â Â $ 52.5 Â Denominator: Â Â Â Â Â Â Â Â Â Â Basic earnings (loss) per common share attributable to Â Â Â Â Â Â Â Â Â Â controlling interest â€“ weighted average common shares Â 49.5 Â Â Â 49.3 Â Â Â 49.4 Â Â Â 49.3 Â Effect of dilutive securities Â 1.1 Â Â Â - Â Â Â 1.1 Â Â Â - Â Diluted earnings (loss) per common share attributable to Â Â Â Â Â Â Â Â Â Â controlling interest â€“ adjusted weighted average common shares Â 50.6 Â Â Â 49.3 Â Â Â 50.5 Â Â Â 49.3 Â Â Â Â Â Â Â Â Â Â Â Â Â Basic earnings (loss) per common share attributable to controlling interest $ 0.26 Â Â $ (0.12) Â $ 0.83 Â Â $ 1.07 Â Diluted earnings (loss) per common share attributable to controlling interest $ 0.25 Â Â $ (0.12) Â $ 0.82 Â Â $ 1.07 Â Â Â Â Â Â Â Â Â Â Â Â Â Anti-dilutive non-qualified stock options and restricted common share awards(1) Â 0.1 Â Â Â - Â Â Â 0.2 Â Â Â - Â Â Â (1)These non-qualified stock options and restricted common share awards were excluded from the calculation of diluted earnings per common share because their inclusion would have been anti-dilutive.Earnings per common share was calculated based on the weighted-average number of common shares outstanding. Earnings per diluted common share included the weighted-average effect of dilutive restricted common shares and non-qualified stock options on the weighted-average shares outstanding. Prior to the third quarter of fiscal 2024, earnings per common share was based on the 49.3 million Worthington Steel common shares distributed to the Former Parent's shareholders on December 1, 2023. The same number of common shares is being utilized for the calculation of basic and diluted earnings per common share for all periods presented prior to the Separation. After the Separation, actual outstanding common shares are used to calculate both basic and diluted weighted-average number of common shares outstanding. Note 12 â€“ AcquisitionsÂ Fiscal 2024Â Voestalpine Automotive Components Nagold GmbH & Co. KG (Voestalpine Nagold)Â On November 16, 2023, the Company acquired Voestalpine Automotive Components Nagold GmbH & Co. KG (â€œVoestalpine Nagoldâ€), including its lamination stamping facility in Nagold, Germany and related assets, for net cash consideration of $21.0 million and the 14 Table of Contents Â assumption of a $0.9 million pension liability. Voestalpine Nagold produces automotive and electrical steel lamination stampings in Europe. The total purchase consideration was preliminarily allocated primarily to tangible assets, consisting of $12.3 million of property, plant and equipment and $9.0 million of net working capital, with $0.6 million recognized as goodwill.The information included in the preliminary allocation of the purchase price was derived using estimates of the fair value and useful lives of the assets acquired. As a result of final purchase accounting adjustments, the total purchase consideration was updated. The purchase consideration consisted of $12.6 million of property, plant and equipment and $8.2 million of net working capital, with $1.1 million recognized as goodwill. Thus, the final purchase accounting adjustments consisted of $0.3 million of property, plant and equipment and $(0.8) million of net working capital, with $0.5 million to goodwill. There was no change in the valuation of the pension liability.The purchase price includes the fair values of other assets that were not identifiable, not separately recognizable under accounting rules (e.g., assembled workforce) or of immaterial value. The purchase price also includes strategic benefits specific to the Company, which resulted in a purchase price in excess of the fair value of the identifiable net assets. The goodwill resulting from the acquisition will be deductible for income tax purposes.The results of operations of Voestalpine Nagold have been included in the consolidated and combined statements of earnings since the date of acquisition. Proforma results, including the acquired business since the beginning of fiscal 2023, would not be materially different from the reported results. Note 13 â€“ Derivative Financial Instruments and Hedging ActivitiesThe Company utilizes derivative financial instruments to primarily manage exposure to certain risks related to its ongoing operations. The primary risks managed through the use of derivative financial instruments are commodity price risk and foreign currency exchange risk. While certain of the Companyâ€™s derivative financial instruments are designated as hedging instruments, the Company also enters into derivative financial instruments that are designed to hedge a risk, but are not designated as hedging instruments and, therefore, do not qualify for hedge accounting. These derivative financial instruments are adjusted to current fair value through earnings at the end of each period.Commodity Price Risk Management â€“ The Company is exposed to changes in the price of certain commodities, including steel, zinc and other raw materials, and the Companyâ€™s utility requirements. The Companyâ€™s objective is to reduce earnings and cash flow volatility associated with forecasted purchases and sales of these commodities to allow management to focus its attention on business operations. Accordingly, the Company enters into derivative financial instruments to manage the associated price risk.Foreign Currency Exchange Risk Management â€“ The Company conducts business in several major international currencies and is, therefore, subject to risks associated with changing foreign currency exchange rates. The Company uses foreign currency forward contracts to protect against exchange rate movements for forecasted cash flows, primarily operating expenses denominated in currencies other than the functional currency. Such contracts limit exposure to both favorable and unfavorable foreign currency exchange rate fluctuations. The translation of foreign currencies into U.S. dollars also subjects the Company to exposure related to fluctuating foreign currency exchange rates; however, derivative financial instruments are not used to manage this risk.The Company is exposed to counterparty credit risk on all of its derivative financial instruments. Accordingly, the Company has established and maintains strict counterparty credit guidelines. The Company has credit support agreements in place with certain counterparties to limit the Companyâ€™s credit exposure. These agreements require either party to post cash collateral if its cumulative market position exceeds a predefined liability threshold. Amounts posted to the margin accounts accrue interest at market rates and are required to be refunded in the period in which the cumulative market position falls below the required threshold. The Company does not have significant exposure to any one counterparty, and management believes the overall risk of loss is remote and, in any event, would not be material.Â Refer to â€œNote 14 â€“ Fair Valueâ€ for additional information regarding the accounting treatment for the Companyâ€™s derivative financial instruments, as well as how fair value is determined.Â 15 Table of Contents Â The following table summarizes the fair value of the derivative financial instruments and the respective lines in which they were recorded in the consolidated balance sheet at November 30, 2024:Â Â Â Asset Derivatives Â Â Liability Derivatives Â Â Â Balance Â Â Â Â Balance Â Â Â Â Â Sheet Â Fair Â Â Sheet Â Fair Â (In millions) Â Location Â Value Â Â Location Â Value Â Derivatives designated as hedging instruments: Â Â Â Â Â Â Â Â Â Â Commodity contracts Â Receivables Â $ 0.1 Â Â Accounts payable Â $ 2.6 Â Commodity contracts Â Other assets Â Â - Â Â Other liabilities Â Â 0.2 Â Subtotal Â Â Â Â 0.1 Â Â Â Â Â 2.8 Â Â Â Â Â Â Â Â Â Â Â Â Foreign currency exchange contracts Â Receivables Â Â - Â Â Accounts payable Â Â 0.1 Â Total Â Â Â $ 0.1 Â Â Â Â Â $ 2.9 Â Â Â Â Â Â Â Â Â Â Â Â Â Derivatives not designated as hedging instruments: Â Â Â Â Â Â Â Â Â Â Commodity contracts Â Receivables Â $ 0.8 Â Â Accounts payable Â $ 1.1 Â Commodity contracts Â Other assets Â Â 0.1 Â Â Other liabilities Â Â - Â Subtotal Â Â Â Â 0.9 Â Â Â Â Â 1.1 Â Â Â Â Â Â Â Â Â Â Â Â Foreign currency exchange contracts Â Receivables Â Â - Â Â Accounts payable Â Â - Â Total Â Â Â $ 0.9 Â Â Â Â Â $ 1.1 Â Â Â Â Â Â Â Â Â Â Â Â Total derivative financial instruments Â Â Â $ 1.0 Â Â Â Â $ 4.0 Â Â GAAP permits an entity to present derivative financial instruments assets and liabilities on a net basis on the balance sheet, provided a right of offset exists and/or when they are subject to a master netting arrangement. The Companyâ€™s policy is to record derivative financial instruments on a net basis where the Company has an executed master netting arrangement with counterparties as well as where the right of offset exists. The amounts in the table above reflect the fair value of the derivative financial instruments on a net basis where allowable under master netting arrangements. Had these amounts been recognized on a gross basis, the impact would have been a $0.6 million increase in receivables with a corresponding increase in accounts payable.The following table summarizes the fair value of the derivative financial instruments and the respective lines in which they were recorded in the consolidated balance sheet at May 31, 2024:Â Â Â Asset Derivatives Â Â Liability Derivatives Â Â Â Balance Â Â Â Â Balance Â Â Â Â Â Sheet Â Fair Â Â Sheet Â Fair Â (In millions) Â Location Â Value Â Â Location Â Value Â Derivatives designated as hedging instruments: Â Â Â Â Â Â Â Â Â Â Commodity contracts Â Receivables Â $ 0.2 Â Â Accounts payable Â $ 1.9 Â Commodity contracts Â Other assets Â Â - Â Â Other liabilities Â Â - Â Total Â Â Â $ 0.2 Â Â Â Â Â $ 1.9 Â Â Â Â Â Â Â Â Â Â Â Â Derivatives not designated as hedging instruments: Â Â Â Â Â Â Â Â Â Commodity contracts Â Receivables Â $ 3.4 Â Â Accounts payable Â $ 2.5 Â Commodity contracts Â Other assets Â Â - Â Â Other liabilities Â Â - Â Total Â Â Â $ 3.4 Â Â Â Â $ 2.5 Â Â Â Â Â Â Â Â Â Â Â Total derivative financial instruments Â Â Â $ 3.6 Â Â Â Â $ 4.4 Â Â The amounts in the table above reflect the fair value of the derivative financial instruments on a net basis where allowable under master netting arrangements. Had these amounts been recognized on a gross basis, the impact would have been a $2.6 million increase in receivables with a corresponding increase in accounts payable. 16 Table of Contents Â Cash Flow HedgesThe Company enters into derivative financial instruments to hedge its exposure to changes in cash flows attributable to commodity price and foreign currency exchange rate fluctuations associated with certain forecasted transactions. These derivative financial instruments are designated and qualify as cash flow hedges. Accordingly, the effective portion of the gain or loss on each of these derivative financial instruments is reported as a component of OCI and reclassified into earnings in the same line associated with the forecasted transaction and in the same period during which the hedged transaction affects earnings. The ineffective portion of the gain or loss on the derivative financial instrument is recognized in earnings immediately.The following table summarizes the Companyâ€™s cash flow hedges outstanding at November 30, 2024:Â Â Â Notional Â Â Â (In millions) Â Amount Â Â Maturity Date Commodity contracts Â $ (9.4) Â December 2024Â â€“ December 2025 Foreign currency exchange contracts Â $ 6.3 Â Â December 2024Â â€“ April 2025 The following table summarizes the Companyâ€™s cash flow hedges outstanding at May 31, 2024:Â Â Â Notional Â Â Â (In millions) Â Amount Â Â Maturity Date Commodity contracts Â $ 24.5 Â Â June 2024Â â€“ September 2025 Â The following table summarizes the gain (loss) recognized in OCI and the gain (loss) reclassified from AOCI into net earnings for derivative financial instruments designated as cash flow hedges for the periods presented:Â (In millions) Â Gain (Loss)Recognized in OCI Â Â Location of Gain (Loss)Reclassified from AOCIinto Net Earnings Â Gain (Loss) Reclassifiedfrom AOCI intoNet Earnings Â For the three months ended November 30, 2024: Â Â Â Â Â Â Â Commodity contracts Â $ (2.7) Â Cost of goods sold Â $ (2.6) Foreign currency exchange contracts Â Â (0.1) Â Cost of goods sold Â Â (0.1) Total Â $ (2.8) Â Â Â $ (2.7) Â Â Â Â Â Â Â Â For the three months ended November 30, 2023: Â Â Â Â Â Â Â Commodity contracts Â $ 13.0 Â Â Cost of goods sold Â $ (0.8) Total Â $ 13.0 Â Â Â Â $ (0.8) Â Â Â Â Â Â Â Â Â For the six months ended November 30, 2024: Â Commodity contracts Â $ (5.1) Â Cost of goods sold Â $ (5.2) Foreign currency exchange contracts Â Â (0.2) Â Cost of goods sold Â Â (0.1) Total Â $ (5.3) Â Â Â $ (5.3) Â Â Â Â Â Â Â Â Â For the six months ended November 30, 2023: Â Commodity contracts Â $ 11.4 Â Â Cost of goods sold Â $ 7.2 Â Total Â $ 11.4 Â Â Â Â $ 7.2 Â Â The estimated net amount of the losses recognized in AOCI at November 30, 2024, expected to be reclassified into net earnings within the succeeding 12 months is $2.4 million (net of tax of $0.7 million). This amount was computed using the fair value of the cash flow hedges at November 30, 2024, and will change before actual reclassification from OCI to net earnings during the fiscal years ending May 31, 2025 and May 31, 2026. 17 Table of Contents Â Economic (Non-designated) HedgesThe Company enters into certain commodity contracts that do not qualify for hedge accounting treatment. Accordingly, these derivative financial instruments are adjusted to current market value at the end of each period through gain (loss) recognized in earnings.The following table summarizes the Companyâ€™s economic (non-designated) derivative financial instruments outstanding at November 30, 2024:Â Â Â Notional Â Â Â (In millions) Â Amount Â Â Maturity Date(s) Commodity contracts Â $ 11.7 Â Â December 2024Â â€“ January 2026 Â The following table summarizes the Companyâ€™s economic (non-designated) derivative financial instruments outstanding at May 31, 2024:Â Â Â Notional Â Â Â (In millions) Â Amount Â Â Maturity Date(s) Commodity contracts Â $ 22.4 Â Â June 2024Â â€“ March 2025 Â The following table summarizes the gain (loss) recognized in earnings for economic (non-designated) derivative financial instruments for the periods presented:Â Â Â Â Â Gain (Loss) Recognized Â Â Â Â In Earnings for the Â Â Â Â Â Three Months Ended Â Â Â Location of Gain (Loss) Â November 30, Â Â November 30, Â (In millions) Â Recognized in Earnings Â 2024 Â Â 2023 Â Commodity contracts Â Cost of goods sold Â $ (0.3) Â $ 0.3 Â Total Â Â Â $ (0.3) Â $ 0.3 Â Â Â Â Â Â Gain (Loss) Recognized Â Â Â Â Â in Earnings for the Â Â Â Â Â Six Months Ended Â Â Â Location of Gain (Loss) Â November 30, Â Â November 30, Â (In millions) Â Recognized in Earnings Â 2024 Â Â 2023 Â Commodity contracts Â Cost of goods sold Â $ (3.1) Â $ 0.8 Â Total Â Â Â $ (3.1) Â $ 0.8 Â Â Note 14 â€“ Fair ValueFair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is an exit price concept that assumes an orderly transaction between willing market participants and is required to be based on assumptions that market participants would use in pricing an asset or a liability. Current accounting guidance establishes a three-tier fair value hierarchy as a basis for considering such assumptions and for classifying the inputs used in the valuation methodologies. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair values are as follows:Level 1 â€“ Quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity can assess at the measurement date.Level 2 â€“ Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 â€“ Unobservable inputs for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability and that are significant to the fair value of the assets and liabilities (i.e., allowing for situations in which there is little or no market activity for the asset or liability at the measurement date).Â 18 Table of Contents Â Recurring Fair Value MeasurementsÂ At November 30, 2024, the Companyâ€™s assets and liabilities measured at fair value on a recurring basis were as follows:Â Â Â Â Â Â Significant Â Â Â Â Â Â Â Â Quoted Prices Â Â Other Â Â Significant Â Â Â Â Â in Active Â Â Observable Â Â Unobservable Â Â Â Â Â Â Markets Â Â Inputs Â Â Inputs Â Â Â Â (In millions) Â (Level 1) Â Â (Level 2) Â Â (Level 3) Â Â Totals Â Assets Â Â Â Â Â Â Â Â Â Â Â Â Derivative financial instruments (1) Â $ - Â Â $ 1.0 Â Â $ - Â Â $ 1.0 Â Total assets Â $ - Â Â $ 1.0 Â Â $ - Â Â $ 1.0 Â Â Â Â Â Â Â Â Â Â Â Â Liabilities Â Â Â Â Â Â Â Â Â Â Â Â Derivative financial instruments (1) Â $ - Â Â $ 4.0 Â Â $ - Â Â $ 4.0 Â Total liabilities Â $ - Â Â $ 4.0 Â Â $ - Â Â $ 4.0 Â Â Â (1)The fair value of the Companyâ€™s derivative financial instruments is based on the present value of the expected future cash flows considering the risks involved, including non-performance risk, and using discount rates appropriate for the respective maturities. Market observable, Level 2 inputs are used to determine the present value of the expected future cash flows. Refer to â€œNote 13 â€“ Derivative Financial Instruments and Hedging Activitiesâ€ for additional information regarding the use of derivative financial instruments.Â At May 31, 2024, the Companyâ€™s assets and liabilities measured at fair value on a recurring basis were as follows:Â Â Â Â Â Â Significant Â Â Â Â Â Â Â Â Â Quoted Prices Â Â Other Â Â Significant Â Â Â Â Â Â in Active Â Â Observable Â Â Unobservable Â Â Â Â Â Â Markets Â Â Inputs Â Â Inputs Â Â Â Â (In millions) Â (Level 1) Â Â (Level 2) Â Â (Level 3) Â Â Totals Â Assets Â Â Â Â Â Â Â Â Â Â Â Â Derivative financial instruments (1) Â $ - Â Â $ 3.6 Â Â $ - Â Â $ 3.6 Â Total assets Â $ - Â Â $ 3.6 Â Â $ - Â Â $ 3.6 Â Â Â Â Â Â Â Â Â Â Â Â Liabilities Â Â Â Â Â Â Â Â Â Â Â Â Derivative financial instruments (1) Â $ - Â Â $ 4.4 Â Â $ - Â Â $ 4.4 Â Total liabilities Â $ - Â Â $ 4.4 Â Â $ - Â Â $ 4.4 Â Â Â (1)The fair value of the Companyâ€™s derivative financial instruments is based on the present value of the expected future cash flows considering the risks involved, including non-performance risk, and using discount rates appropriate for the respective maturities. Market observable, Level 2 inputs are used to determine the present value of the expected future cash flows. Refer to â€œNote 13 â€“ Derivative Financial Instruments and Hedging Activitiesâ€ for additional information regarding the use of derivative financial instruments.Â Non-Recurring Fair Value

Measurements Â At November 30, 2024 and May 31, 2024, there were no material assets measured at fair value on a non-recurring basis on the consolidated balance sheet.Â The fair value of non-derivative financial instruments, including cash and cash equivalents, receivables, income taxes receivable, other assets, accounts payable, accrued compensation, contributions to employee benefit plans and related taxes, other accrued items, income taxes payable and other liabilities, approximate carrying value due to their short-term nature.The remaining carrying value of debt was $115.0 million and $148.0 million at November 30, 2024 and May 31, 2024, respectively, and relates to the Credit Facility, which due to its short-term nature, approximates fair value. 19 Table of Contents Â Note 15 â€“ Related Party TransactionsÂ Prior to the Separation, the Company was managed and operated in the normal course of business by the Former Parent. Transactions through November 30, 2023, between the Former Parent and the Company have been accounted for as related party transactions in the accompanying consolidated and combined financial statements, as described below. Â Subsequent to the Separation, transactions between the Former Parent and the Company were accounted for under GAAP, including those subject to agreements entered into with the Former Parent. See â€œNote 1 â€“ Description of Business, The Separation, Agreements with the Former Parent and Separation Costs, and Basis of Presentationâ€ for additional information. The material related party transactions have been disclosed below.Â Allocation of General Corporate CostsÂ The Company had historically operated as part of the Former Parent and not as a stand-alone company. Prior to the Separation, certain support functions were provided to the Company on a centralized basis from the Former Parent, including information technology, human resources, finance, and corporate operations, amongst others, profit sharing and bonuses, and respective surpluses and shortfalls of various planned insurance expenses. For purposes of these consolidated and combined financial statements, these corporate and other shared costs have been attributed to the Company on the basis of direct usage when identifiable, with the remainder allocated on the basis of headcount or profitability, considering the characteristics of each respective cost. Management believes the assumptions regarding the allocation of the Former Parentâ€™s general corporate expenses are reasonable. Nevertheless, the consolidated and combined financial statements may not include all of the actual expenses that would have been incurred and may not reflect consolidated and combined results of operations, financial position and cash flows had it been a stand-alone public company during the periods presented. Substantially all of the allocated corporate costs are included in SG&A in the consolidated and combined statements of earnings.Â The Companyâ€™s allocated expenses from the Former Parent, which are substantially recorded in SG&A in the consolidated and combined statements of earnings, were $19.5 million and $38.5 million for the three months and six months ended November 30, 2023, respectively.Â Following the Separation, the Company independently incurs expenses as a stand-alone company and corporate expenses from the Former Parent are no longer allocated to the Company; therefore, no related amounts were reflected on the Companyâ€™s consolidated financial statements for the three months and six months ended November 30, 2024.Â Attribution of Separation CostsÂ Separation costs that were incurred by the Former Parent that were directly attributed to the Company to the extent incurred to its direct benefit are presented separately in the consolidated and combined statements of earnings.Â Following the Separation, the Company incurred incremental costs related to the Separation, which are reflected on the Companyâ€™s consolidated and combined statements of earnings. See â€œNote 1 â€“ Description of Business, The Separation, Agreements with the Former Parent and Separation Costs, and Basis of Presentationâ€ for additional information.Â Net Sales to the Former ParentÂ Prior to the Separation, the Companyâ€™s net sales to the Former Parent were considered sales on a carve-out basis, and were included within net sales in the combined statements of earnings. Net sales to the Former Parent totaled $19.3 million and $43.8 million for the three months and six months ended November 30, 2023, respectively.Â Following the Separation, the majority of the Companyâ€™s net sales to the Former Parent are subject to the long-term Steel Supply Agreement and are included within net sales in the consolidated statement of earnings. Net sales to the Former Parent totaled $14.9 million and $30.8 million for the three months and six months ended November 30, 2024, respectively.Â Due to/from the Former ParentÂ Cash was managed centrally prior to the Separation, so long-term intercompany financing arrangements were used to fund expansion or certain working capital needs. Excluding the TWB Term Loan discussed in â€œNote 7 â€“ Debtâ€, debt resulting from these long-term intercompany financing arrangements has been reflected in Net Investment by the Former Parent within equity as applicable in fiscal 2024. 20 Table of Contents Â The Former Parentâ€™s note receivable associated with the TWB Term Loan, which matured in annual installments through May 31, 2024, was contributed to the Company in connection with the Separation on December 1, 2023. As a result, the TWB Term Loan balance was eliminated in consolidation following the Separation.Â The corresponding interest expense, which accrued at a rate of 5.0% per annum, was $0.2 million and $0.5 million for the three months and six months ended November 30, 2023. Refer to â€œNote 7 â€“ Debtâ€ for additional information.Â As of November 30, 2024 and May 31, 2024, the outstanding accounts receivable balance with the Former Parent equaled $6.0 million and $9.7 million, respectively, as a result of the net sales to the Former Parent described above.Â Net Investment by the Former ParentÂ Prior to the Separation, related party transactions between the Former Parent and the Company have been included within Net Investment by the Former Parent in the combined balance sheet in the periods presented as these related party transactions were part of the centralized cash management program and were not settled in cash. Net Investment by the Former Parent in the combined balance sheet and combined statements of equity represents the Former Parentâ€™s historical investment in the Company, the net effect of transactions with and allocations from the Former Parent, and the Companyâ€™s retained earnings.Â Net transfers from/(to) the Former Parent, excluding the $150.0 million distribution, are included within Net Investment by the Former Parent. Additionally, as part of the Separation in the third quarter of fiscal 2024, the Former Parent made a contribution of certain assets and liabilities, including $3.8 million of cash and cash equivalents, to Worthington Steel. There were no subsequent transactions within Net Investment by the Former Parent. The reconciliation of total net transfers to and from the Former Parent to the corresponding amount presented in the Consolidated and Combined Statement of Cash Flows are as follows:Â Â Â Three Months Ended Â Â Six Months Ended Â Â Â November 30, Â Â November 30, Â Â November 30, Â Â November 30, Â (In millions) Â Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Total net transfers from/(to) the Former Parent per consolidated and combined changes in equity Â $ - Â Â $ (84.9) Â $ - Â Â $ (44.1) Less: depreciation expense allocated from the Former Parent Â Â - Â Â Â 0.6 Â Â Â - Â Â Â 1.2 Â Less: stock-based compensation Â Â - Â Â Â 3.3 Â Â Â - Â Â Â 6.1 Â Total net transfers from/(to) the Former Parent per consolidated and combined statement of cash flows Â $ - Â Â $ (88.8) Â $ - Â Â $ (51.4) Â Note 16 â€“ Subsequent EventsOn December 3, 2024, Tempel, entered into a Sale and Purchase Agreement and an Investment and Shareholders Agreement (collectively the â€œPurchase Agreementsâ€) with certain shareholders of S.I.T.E.M. S.p.A. (together with its subsidiaries, Stanzwerk AG, Decoup S.A.S. and Sitem Slovakia spol. s r.o., â€œSitem Groupâ€), a joint stock company incorporated under the laws of Italy, and the Sitem Group. The Purchase Agreements provide, among other things, that, upon the terms and subject to the conditions set forth therein, Tempel will purchase from the Sitem Group and certain shareholders of S.I.T.E.M. S.p.A approximately 52% of the issued and outstanding capital stock of Sitem Group (the â€œSitem Group Transactionâ€). Sitem Group produces electric motor laminations and accessory products primarily for automotive and industrial applications in Europe. The purchase price to be paid by Tempel in the Sitem Group Transaction is approximately â‚¬51 million ($53.9 million) plus the contribution of its electrical steel facility in Nagold, Germany, and is subject to adjustment based on the closing consolidated net financial position of Sitem Group. The Purchase Agreements contain customary representations, warranties and covenants, including a covenant that each of the parties will use commercially reasonable efforts to cause the Sitem Group Transaction contemplated by the Purchase Agreements to be consummated. The Purchase Agreements also require Sitem Group to conduct its business and operations during the period between the execution of the Purchase Agreements and the closing of the Sitem Group Transaction according to the ordinary course of business consistent with past practice. The closing is expected to occur in early calendar 2025, subject to the receipt of applicable regulatory approvals and customary closing conditions.On December 18, 2024, Worthington Steel's Board of Directors (the â€œBoardâ€) declared a quarterly cash dividend of $0.16 per common share payable on March 28, 2025, to shareholders of record at the close of business on March 14, 2025. 21 Table of Contents Â Item 2. â€“ Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations Â Â Index Page Â Â Â Â Introduction 22 Â Â Â Â Basis of Presentation 22 Â Â Â Â Business Overview 22 Â Â Â Â Recent Business Developments 23 Â Â Â Â Trends and Factors Impacting our Performance 23 Â Â Â Â Results of Operations 26 Â Â Â Â Second Quarter â€“ Fiscal 2025 Compared to Fiscal 2024 26 Â Â Â Â Six Months Year-to-Date â€“ Fiscal 2025 Compared to Fiscal 2024 29 Â Â Â Â Liquidity and Capital Resources 32 Â Â Â Â Critical Accounting Estimates 34 Â Â Â Unless otherwise indicated, all Note references contained in this MD&A refer to the Notes to Consolidated and Combined Financial Statements included in â€œPart I â€“ Item 1. â€“ Financial Statementsâ€ of this Form 10-Q. Introduction The following discussion and analysis of market and industry trends, business developments, and the results of our operations and financial position, should be read in conjunction with our consolidated and combined financial statements and notes thereto included in â€œPart I â€“ Item 1. â€“ Financial Statementsâ€ of this Form 10-Q. The 2024 Form 10-K includes additional information about our business, operations and consolidated and combined financial position and should be read in conjunction with this Form 10-Q. This MD&A is designed to provide a reader with material information relevant to an assessment of our financial condition and results of operations and to allow investors to view the Company from the perspective of management. Â Basis of Presentation Â Worthington Steel was formed as an Ohio corporation on February 28, 2023, for the purpose of receiving, pursuant to a reorganization, all of the outstanding equity interests of the steel processing business of the Former Parent. On December 1, 2023, the Separation was completed and Worthington Steel became an independent, publicly traded company. Our financial statements for the periods until the Separation on December 1, 2023, are combined financial statements prepared on a carve-out basis. Our financial statements for the periods beginning on and after December 1, 2023, are consolidated financial statements based on our reported results as a stand-alone company. Accordingly, the third quarter of fiscal 2024, and thereafter, included consolidated and combined financial statements, whereas all prior periods included combined financial statements. For additional information, see â€œNote 1 â€“ Description of Business, The Separation, Agreements with the Former Parent and Separation Costs, and Basis of Presentation.â€ Business Overview Â We are one of North Americaâ€™s premier value-added metals processors with the ability to provide a diversified range of products and services that span a variety of end markets. We maintain market leading positions in the North American carbon flat-rolled steel and tailor welded blank industries and are one of the largest global producers of electrical steel laminations. For nearly 70 years, we have been delivering high quality steel processing capabilities across a variety of end-markets including automotive, heavy truck, agriculture, construction, and energy. With the ability to produce customized steel solutions, we aim to be the preferred value-added steel processor in the markets we serve by delivering highly technical, customer specified solutions, while also providing advanced materials support. Our scale and strategic operating footprint allow us to achieve an advantaged cost structure and service platform. We serve our customers primarily by processing flat-rolled steel coils, which we source primarily from various North American steel mills, into the precise type, thickness, length, width, shape, and surface quality required by customer specifications. We sell steel on a direct basis, whereby we are exposed to the risk and rewards of ownership of the material while in our possession. Additionally, we toll process steel under a fee for service arrangement whereby we process customer-owned material. Our manufacturing facilities further benefit from the flexibility to scale between direct and tolling services based on demand dynamics throughout the year. Â Our operations are managed principally on a products and services basis under a single group organizational structure. We own controlling interests in the following operating joint ventures: Spartan, TWB, and WSCP. We also own a controlling interest in WSP, 22 Table of Contents Â which became a nonoperating joint venture in October 2022, when we completed the divestiture of its remaining net assets. The net assets and operating results of these joint ventures are consolidated with the equity owned by the minority joint venture member shown as â€œNoncontrolling interestsâ€ in our consolidated balance sheets, and the noncontrolling interest in net earnings and OCI shown as net earnings or comprehensive income attributable to noncontrolling interests in our consolidated and combined statements of earnings and consolidated and combined statements of comprehensive income, respectively. Our remaining joint venture, Serviacero Worthington, is unconsolidated and accounted for using the equity method. Recent Business Developments â€¢On December 3, 2024, Tempel executed a definitive agreement to acquire a controlling equity stake in Sitem Group. Sitem Group produces electric motor laminations and accessory products for automotive and industrial applications in Europe. â€¢On December 18, 2024, the Board declared a quarterly cash dividend of $0.16 per common share payable on March 28, 2025 to shareholders of record at the close of business on March 14, 2025. Trends and Factors Impacting our Performance Â The steel processing industry is fragmented and highly competitive. Given the broad base of products and services offered, specific competitors vary based on the target industry, product type, service type, size of program and geography. Competition is primarily on the basis of price, product quality and the ability to meet delivery requirements. Our processed steel products are priced competitively, primarily based on market factors, including, among other things, market pricing, the cost and availability of raw materials, transportation and shipping costs, and overall economic conditions in the U.S. and abroad. Â General Economic and Market Conditions We sell our products and services to a diverse customer base and a broad range of end markets. The breakdown of net sales by end market for the three months and six months ended November 30, 2024, and November 30, 2023 is illustrated below: Â Â Â Three months ended Â Â Six months ended Â Â Â November 30, Â Â November 30, Â Â November 30, Â Â November 30, Â Â Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Automotive Â Â 52 % Â Â 52 % Â Â 51 % Â Â 53 % Construction Â Â 10 % Â Â 13 % Â Â 11 % Â Â 12 % Machinery & Equipment Â Â 9 % Â Â 8 % Â Â 9 % Â Â 8 % Agriculture Â Â 3 % Â Â 4 % Â Â 4 % Â Â 4 % Heavy Trucks Â Â 4 % Â Â 4 % Â Â 4 % Â Â 5 % Other Â Â 22 % Â Â 19 % Â Â 21 % Â Â 18 % Total Â Â 100 % Â Â 100 % Â Â 100 % Â Â 100 % Â The automotive industry is one of the largest consumers of flat-rolled steel in North America, and thus the largest end market for us and our unconsolidated joint venture, Serviacero Worthington. North American vehicle production, including Ford, General Motors and Stellantis North America (the â€œDetroit Three Automakersâ€), is a leading indicator of automotive demand. North American vehicle production was slightly down in the second quarter of fiscal 2025 compared to the second quarter in fiscal 2024, while the Detroit Three Automakers vehicle production was slightly up in the second quarter of fiscal 2025 compared to the second quarter in fiscal 2024. Â Our remaining net sales are to other markets such as agricultural, appliance, construction, container, energy, heavy truck, HVAC, industrial electric motor, generator, and transformer. Given the many different products that make up our net sales and the wide variety of end markets we serve, it is very difficult to isolate the key market indicators that drive this portion of our business. However, we believe that the trend in U.S. gross domestic product growth (â€œU.S. GDPâ€) is a reasonable macroeconomic indicator for analyzing the demand of our end markets other than the automotive industry. U.S. GDP has shown moderate growth, while the U.S Federal Reserve has recently taken action to lower the benchmark interest rate. Â Our shipments to the automotive market were down 2% compared to the prior year quarter. Detroit Three Automakers represented 32.4% and 31.0% of our consolidated and combined net sales during the second quarter of fiscal 2025 and fiscal 2024, respectively. The decrease in automotive volume was primarily due to deeper-than-expected production cuts at one of the Detroit Three Automakers as it attempted to right size its inventory levels, with those production cuts increasing as the second quarter of fiscal 2025 progressed. On a year-over-year basis, for the second quarter, we experienced a volume decrease of more than 30% with that customer, mirroring the customerâ€™s estimated decrease in unit production. Â 23 Table of Contents Â During the first and second quarters of fiscal 2025, inflation growth levels have largely moderated compared to the levels experienced over the past two fiscal years. The U.S. Federal Reserve lowered benchmark interest rates during fiscal 2025 in response to decreasing inflation levels. As a result, borrowing costs have generally decreased, and we have benefited from lower rates on our Credit Facility. Â We use the following information to monitor our costs and demand in our major end markets: Â Â Â Three Months Ended Â Â Six Months Ended Â Â Â November 30, Â Â November 30, Â Â Â 2024 Â Â 2023 (1) Â Â Inc/ (Dec) Â Â 2024 Â Â 2023 (1) Â Â Inc/ (Dec) Â U.S. GDP (% growth year-over-year) Â Â 2.8 % Â Â 3.1 % Â Â (0.3 %) Â Â 2.9 % Â Â 2.9 % Â Â 0.0 % Hot-Rolled Steel ($ per ton) (2) Â $ 690 Â Â $ 747 Â Â $ (57) Â $ 690 Â Â $ 813 Â Â $ (123) Detroit Three Auto Build (000's vehicles) (3) Â Â 1,673 Â Â Â 1,626 Â Â Â 47 Â Â Â 3,220 Â Â Â 3,394 Â Â Â (174) No. America Auto Build (000's vehicles) (3) Â Â 4,014 Â Â Â 4,058 Â Â Â (44) Â Â 7,705 Â Â Â 8,037 Â Â Â (332) Zinc ($ per pound) (4) Â $ 1.36 Â Â $ 1.14 Â Â $ 0.22 Â Â $ 1.31 Â Â $ 1.11 Â Â $ 0.20 Â Natural Gas ($ per mcf) (5) Â $ 2.62 Â Â $ 2.96 Â Â $ (0.34) Â $ 2.50 Â Â $ 2.77 Â Â $ (0.27) On-Highway Diesel Fuel Prices ($ per gallon) (6) Â $ 3.56 Â Â $ 4.44 Â Â $ (0.88) Â $ 3.64 Â Â $ 4.23 Â Â $ (0.59) Â (1)Fiscal 2024 figures are based on revised actuals (2)CRU Hot-Rolled Coil (â€œHRCâ€) Index: period average (3)S&P Global (4)LME Zinc; period average (5)NYMEX Henry Hub Natural Gas; period average (6)Energy Information Administration; period average The following table summarizes the concentration percentage of consolidated or combined net sales for the periods presented: Â Â Â Three months ended Â Â Six months ended Â Â Â November 30, Â Â November 30, Â Â November 30, Â Â November 30, Â (Percentage of Net Sales) Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â End Market â€“ Automotive Â Â 52 % Â Â 52 % Â Â 51 % Â Â 53 % Detroit Three Automakers Â Â 32.4 % Â Â 31.0 % Â Â 32.2 % Â Â 32.5 % Largest Automotive Customer Â Â 15.2 % Â Â 14.9 % Â Â 14.2 % Â Â 15.8 % Â While our automotive business is largely driven by the production schedules of the Detroit Three Automakers, our customer base is much broader and includes other domestic manufacturers and many of their suppliers. Â Sales for most of our products are generally strongest in our fiscal fourth quarter when our facilities operate at seasonal peaks. Historically, sales have been weaker in our fiscal third quarter, primarily due to reduced seasonal activity in the building and construction industry, as well as customer plant shutdowns due to holidays, particularly in the automotive industry. We do not believe backlog is a significant indicator of our business. Â Impact of Raw Material Prices Â Our principal raw material is flat-rolled steel, including electrical steel, which we purchase in coils from primary steel producers. The steel industry as a whole has been cyclical, and at times availability and pricing can be volatile due to a number of factors beyond our control. This volatility can significantly affect our steel costs. In an environment of increasing prices for steel and other raw materials, competitive conditions may impact how much of the price increases we can pass on to our customers. To the extent we are able to pass on to our customers future price increases in raw materials, this could positively affect our financial results resulting in inventory holding gains. To the extent we are unable to pass on to our customers future price increases in raw materials, our financial results could be adversely affected. Also, if steel prices decrease, in general, competitive conditions may impact how quickly we must reduce our prices to our customers, and we could be forced to use higher-priced raw materials already in our inventory to complete orders for which the selling prices have decreased, which results in inventory holding losses. Declining steel prices could also require us to write-down the value of our inventories to reflect current market pricing. Further, the number of suppliers has decreased in recent years due to industry consolidation and the financial difficulties of certain suppliers, and consolidation may continue. Accordingly, if delivery from a major steel supplier is disrupted, it may be more difficult to obtain an alternative supply than in the past or the alternative supply may only be available at a premium. Â 24 Table of Contents Â The market price of our products is closely related to the price of HRC. The price of benchmark HRC is primarily affected by the demand for steel and the cost of raw materials. Over fiscal 2024, Steel prices declined in the first, second and fourth quarters more than offset the increase in prices in the third quarter, which resulted in the fiscal 2024 average price being lower as compared to fiscal 2023. Steel prices declined during the first quarter of fiscal 2025, but largely stabilized during the second quarter of fiscal 2025. The price declines over the first and second quarters of fiscal 2025 compared to the end of fiscal 2024 resulted in estimated inventory holding losses of $13.4 million. We expect minimal inventory holding impact in the third quarter of fiscal 2025. Â To manage our exposure to market risk, we attempt to negotiate the best prices for steel and to competitively price products and services to reflect the fluctuations in market prices. Derivative financial instruments have been used to manage a portion of our exposure to fluctuations in the cost of steel. These contracts covered periods commensurate with known or expected exposures throughout the periods presented. The derivative financial instruments were executed with highly rated financial institutions. Â The following table presents the average quarterly market price per ton of hot-rolled steel during fiscal 2025 (first and second quarter), fiscal 2024, and fiscal 2023: Â Â Â Fiscal Year Â (Dollars per ton) (1) Â 2025 Â Â 2024 Â Â 2023 Â 1st Quarter Â $ 690 Â Â $ 879 Â Â $ 978 Â 2nd Quarter Â $ 690 Â Â $ 747 Â Â $ 742 Â 3rd Quarter Â N/A Â Â $ 1,030 Â Â $ 720 Â 4th Quarter Â N/A Â Â $ 809 Â Â $ 1,116 Â Annual Avg. Â $ 690 Â Â $ 866 Â Â $ 889 Â Â (1)CRU Hot-Rolled Index: period average Â No matter how efficient, our operations, which use steel as a raw material, create some amount of scrap. The expected price of scrap compared to the price of the steel raw material is factored into pricing. Generally, as the price of steel increases, the price of scrap increases by a similar amount. When increases in scrap prices do not keep pace with the increases in the price of the steel raw material, it can have a negative impact on our margins. Â Foreign Exchange Rate Risk Â Although the substantial majority of our business activity takes place in the U.S., we derive a portion of our revenues and earnings from operations in foreign countries. Our foreign currency exposure primarily consists of the Canadian dollar, Mexican peso, Chinese yuan, Indian rupee, and Euro through our operations in Canada, Mexico, China, India, and Germany, respectively. We have exposure to exchange rate fluctuations, both due to translation and transaction exposures. Translation exposures arise from measuring income statements of foreign subsidiaries with functional currencies other than the U.S. dollar. Transaction exposures involve impacts from 1) input costs that are denominated in currencies other than the local reporting currency and 2) revaluation of working capital balances denominated in currencies other than the functional currency. We have experienced foreign exchange impacts in the past due to the weakening of certain foreign currencies versus the US dollar, which have negatively impacted net earnings and cash flows. In response to the devaluation of foreign currencies (including those deemed highly inflationary), any lags or inability (due to government restrictions) to implement price increases or the negative impacts of such actions may lead to a decline in our net earnings and cash flows. Â Â 25 Table of Contents Â Results of Operations Second Quarter â€“ Fiscal 2025 Compared to Fiscal 2024 Â The following table presents a review of the results of operations for the three months ended November 30, 2024, and November 30, 2023. Â Â Â Three Months Ended Â Â Â November 30, Â Â November 30, Â Â Increase/ Â (In millions, except volume and per common share amounts) Â 2024 Â Â 2023 Â Â (Decrease) Â Volume (tons) Â Â 936,069 Â Â Â 968,595 Â Â Â (32,526) Net sales Â $ 739.0 Â Â $ 808.0 Â Â $ (69.0) Operating income (loss) Â Â 18.9 Â Â Â (8.8) Â Â 27.7 Â Equity income Â Â (0.9) Â Â 3.8 Â Â Â (4.7) Net earnings (loss) attributable to controlling interest Â Â 12.8 Â Â Â (6.0) Â Â 18.8 Â Earnings (loss) per diluted common share attributable to controlling interest (1) Â $ 0.25 Â Â $ (0.12) Â $ 0.37 Â Â (1)On December 1, 2023, there were approximately 49.3 million common shares outstanding following the Distribution. The computation of basic and diluted earnings per common share for all periods through November 30, 2023, was calculated (a) using this same number of common shares outstanding since no Worthington Steel equity awards were outstanding as of the Separation Date and (b) net of Net earnings attributable to noncontrolling interest as such interest is fully associated with continuing operations. Â Net sales totaled $739.0 million in the second quarter of fiscal 2025, down $69.0 million compared to the second quarter of fiscal 2024. The decrease was primarily due to lower volumes and direct selling prices. Direct tons sold decreased 5% and toll tons sold decreased 1% in the second quarter of fiscal 2025 compared to the prior year quarter. Direct selling prices decreased 4% in the second quarter of fiscal 2025 compared to the prior year quarter. The mix of direct versus toll volumes was 55% to 45% in the second quarter of fiscal 2025 compared to 56% to 44% in the prior year quarter. Gross Margin Â Â Â Three Months Ended Â Â Â November 30, Â Â % of Â Â November 30, Â Â % of Â Â Increase/ Â (In millions) Â 2024 Â Â Net sales Â Â 2023 Â Â Net sales Â Â (Decrease) Â Gross margin Â $ 80.0 Â Â Â 10.8 % Â $ 60.2 Â Â Â 7.5 % Â $ 19.8 Â Â Gross margin increased $19.8 million over the prior year quarter to $80.0 million, primarily due to favorable direct spreads (sales less material costs), offset by lower volume. Direct spreads, up $31.1 million, were impacted by a $21.4 million favorable change from an estimated $34.8 million inventory holding loss in the second quarter of fiscal 2024 compared to estimated $13.4 million inventory holding loss in the second quarter of fiscal 2025. Â Selling, General and Administrative Expense Â Â Â Three Months Ended Â Â Â November 30, Â Â % of Â Â November 30, Â Â % of Â Â Increase/ Â (In millions) Â 2024 Â Â Net sales Â Â 2023 Â Â Net sales Â Â (Decrease) Â Selling, general and administrative expense Â $ 61.1 Â Â Â 8.3 % Â $ 54.1 Â Â Â 6.7 % Â $ 7.0 Â Â SG&A increased $7.0 million over the prior year quarter primarily due to increased wage and benefit costs, incremental costs of being a stand-alone public company following the Separation, a $2.0 million increase in bad debt expenses, and an additional $2.0 million of professional fees associated with the Sitem Group Transaction. Â Other Operating Items

Â Â Â Three Months Ended Â Â Â November 30, Â Â November 30, Â Â Increase/ Â (In millions) Â 2024 Â Â 2023 Â Â (Decrease) Â Separation costs Â Â - Â Â Â 14.9 Â Â Â (14.9) Â 26 Table of Contents Â Â Separation costs decreased by $14.9 million in the second quarter of fiscal 2025 as the Separation was finalized on December 1, 2023, which was the first day of the third quarter of fiscal 2024. No additional Separation costs are expected subsequent to fiscal 2024, and no additional Separation costs were recognized in the second quarter of fiscal 2025. Refer to â€œNote 1 â€" Description of Business, The Separation, Agreements with the Former Parent and Separation Costs, and Basis of Presentationâ€ for additional information. Â Miscellaneous Income (Expense), Net Â Â Â Three Months Ended Â Â Â November 30, Â Â November 30, Â Â Increase/ Â (In millions) Â 2024 Â Â 2023 Â Â (Decrease) Â Miscellaneous income, net Â $ 3.8 Â Â $ 0.6 Â Â $ 3.2 Â Â Miscellaneous income (expense), net increased $3.2 million from the second quarter of fiscal 2024 primarily due to the annuitization of a portion of the total projected benefit obligation of the inactive Tempel Steel Pension Plan, which resulted in a pre-tax, non-cash settlement gain of $2.7 million to accelerate a portion of deferred pension cost and recognition of a pre-tax gain of $1.5 million related to the sale of unused land in China. Additionally, in the second quarter of fiscal 2025, foreign currency remeasurement losses were $0.7 million compared to foreign currency remeasurement gains of $0.2 million, primarily related to Tempel operations in Mexico, in the second quarter of fiscal 2024. Â Interest Expense, Net Â Â Â Three Months Ended Â Â November 30, Â Â November 30, Â Â Increase/ Â (In millions) Â 2024 Â Â 2023 Â Â (Decrease) Â Interest expense, net Â $ 2.1 Â Â $ 0.2 Â Â $ 1.9 Â Â Interest expense, net increased $1.9 million from the second quarter of fiscal 2024, primarily due to higher average debt levels associated with the borrowings under the Credit Facility utilized to fund the $150.0 million distribution to the Former Parent. This was partially offset by a reduction in interest expense in the second quarter of fiscal 2025 as compared to the prior year quarter due to the TWB Term Loan, which was contributed to the Company in connection with the Separation on December 1, 2023. Refer to â€œNote 7 â€" Debtâ€ for additional information. Â Equity Income Â Â Â Three Months Ended Â Â Â November 30, Â Â November 30, Â Â Increase/ Â (In millions) Â 2024 Â Â 2023 Â Â (Decrease) Â Serviacero Worthington Â $ (0.9) Â $ 3.8 Â Â $ (4.7) Â Equity income at Serviacero Worthington decreased $4.7 million from the second quarter of fiscal 2024, driven by lower direct spreads in the current year quarter due to inventory holding gains in the prior year quarter not realized in the current year quarter, as well as unfavorable foreign currency exchange impacts. 27 Table of Contents Â Â Income Taxes Â Â Â Three Months Ended Â Â Â November 30, Â Â Effective Â Â November 30, Â Â Effective Â Â Increase/ Â (In millions) Â 2024 Â Â Tax Rate Â Â 2023 Â Â Tax Rate Â Â (Decrease) Â Income tax expense (benefit) Â $ 3.6 Â Â Â 22.2 % Â $ (2.5) Â Â 29.9 % Â $ 6.1 Â Â Income tax expense was $3.6 million in the second quarter of fiscal 2025 compared to an income tax benefit of $2.5 million in the second quarter of fiscal 2024. The increase in income tax expense was primarily driven by higher pre-tax earnings. The income tax expense in the current quarter resulted in an effective tax rate of 22.2%, compared to 29.9% for the prior year quarter. For additional information regarding our income taxes, refer to â€œNote 10 â€" Income Taxes.â€ Â Adjusted EBIT Â We evaluate operating performance on the basis of adjusted earnings before interest and taxes (â€œadjusted EBITâ€). EBIT, a non-GAAP financial measure, is calculated by adding interest expense and income tax expense to net earnings attributable to controlling interest. Adjusted EBIT, a non-GAAP financial measure, excludes impairment and restructuring expense (income), but may also exclude other items, as described below, that management believes are not reflective of, and thus should not be included when evaluating the performance of our ongoing operations. Adjusted EBIT is used by management to evaluate operating performance and engage in financial and operational planning, because we believe that this financial measure provides additional perspective on the performance of our ongoing operations. Additionally, management believes these non-GAAP financial measures provide useful information to investors because they allow for meaningful comparisons and analysis of trends in our businesses and enable investors to evaluate operations and future prospects in the same manner as management. Â The following table provides a reconciliation of net earnings attributable to controlling interest (the most comparable GAAP financial measure) to adjusted EBIT for the periods presented: Â Â Â Three Months Ended Â Â Â November 30, Â Â November 30, Â (In millions) Â 2024 Â Â 2023 Â Net earnings (loss) attributable to controlling interest (GAAP) Â $ 12.8 Â Â $ (6.0) Interest expense, net Â Â 2.1 Â Â Â 0.2 Â Income tax expense (benefit) Â Â 3.6 Â Â Â (2.5) EBIT (non-GAAP) Â Â 18.5 Â Â Â (8.3) Separation costsÂ (1) Â Â - Â Â Â 14.9 Â Pension settlement gain (2) Â Â (2.7) Â Â - Â Gain on land sale (3) Â Â (1.5) Â Â - Â Adjusted EBIT (non-GAAP) Â $ 14.3 Â Â $ 6.6 Â Â (1)Separation costs reflect the direct and incremental costs incurred in connection with the Separation. These costs have been directly attributed to us to the extent incurred to our direct benefit, and include third-party advisory fees, certain employee-related costs and non-recurring costs associated with the separation of shared corporate functions. (2)Pension settlement gain reflects the pension lift-out transaction to transfer a portion of the total projected benefit obligation of the Tempel pension plan to a third-party insurance company, which resulted in a pre-tax non-cash gain, is excluded as it is not part of our ongoing operations. (3)Gain on land sale reflects the sale of unused land on the campus of the Tempel China, which resulted in a pre-tax gain, is excluded as it is not part of our ongoing operations. Â Adjusted EBIT in the second quarter of fiscal 2025 was up $7.7 million compared to the second quarter of fiscal 2024 primarily due to a $19.8 million increase in gross margin which was impacted by a $21.4 million favorable change from an estimated $34.8 million inventory holding loss in the second quarter of fiscal 2024 compared to an estimated $13.4 million inventory holding loss in the second quarter of fiscal 2025. The increase in gross margin was partially offset by a $7.0 million increase in SG&A as compared to the prior year quarter, which was driven by an increase in wage and benefit costs, incremental costs of being a stand-alone public company, an increase in bad debt expenses, and additional professional fees associated with the Sitem Group Transaction, and lower equity earnings at Serviacero Worthington. 28 Table of Contents Â Six Months Year-to-Date â€" Fiscal 2025 Compared to Fiscal 2024 Â The following table presents a review of the results of operations for the six months ended November 30, 2024 and November 30, 2023. Â Â Â Six Months Ended Â Â Â November 30, Â Â November 30, Â Â Increase/ Â (In millions, except volume and per common share amounts) Â 2024 Â Â 2023 Â Â (Decrease) Â Volume (tons) Â Â 1,930,162 Â Â Â 1,992,140 Â Â Â (61,978) Net sales Â $ 1,573.0 Â Â $ 1,713.8 Â Â $ (140.8) Operating income Â Â 62.3 Â Â Â 60.9 Â Â Â 1.4 Â Equity income Â Â 0.4 Â Â Â 12.8 Â Â Â (12.4) Net earnings attributable to controlling interest Â Â 41.2 Â Â Â 52.5 Â Â Â (11.3) Earnings per diluted common share attributable to controlling interest (1) Â $ 0.82 Â Â $ 1.07 Â Â $ (0.25) Â (1)On December 1, 2023, there were approximately 49.3 million common shares outstanding following the Distribution. The computation of basic and diluted earnings per common share for all periods through November 30, 2023, was calculated (a) using this same number of common shares outstanding since no Worthington Steel equity awards were outstanding as of the Separation Date and (b) net of Net earnings attributable to noncontrolling interest as such interest is fully associated with continuing operations. Â Net sales totaled $1,573.0 million in the current year period, down $140.8 million from the prior year period, driven primarily by lower average direct selling prices and lower volumes. Direct selling prices decreased 5% in the current year period compared to the prior year period. Direct tons sold decreased 5% and toll tons sold decreased 1% in the current year period compared to the prior year period. The mix of direct versus toll volumes was 56% to 44% in both the current year period and the prior year period. Â Gross Margin Â Â Â Six Months Ended Â Â Â November 30, Â Â % of Â Â November 30, Â Â % of Â Â Increase/ Â (In millions) Â 2024 Â Â Net sales Â Â 2023 Â Â Net sales Â Â (Decrease) Â Gross margin Â $ 180.4 Â Â Â 11.5 % Â $ 188.7 Â Â Â 11.0 % Â $ (8.3) Â Gross margin decreased $8.3 million over the prior year period to $180.4 million, primarily due to lower direct volume, partially offset by improved direct spreads (sales less material costs) and improved mix within toll processing in the current year period compared with the prior year period. Direct volumes, down 5% compared with the prior year period, unfavorably impacted gross margin by $20.4 million. Direct spreads, excluding the Voestalpine Nagold acquisition, were up $3.5 million compared with the prior year period despite an estimated $10.8 million unfavorable change from $19.3 million estimated inventory holding losses in the prior year period to estimated $30.1 million estimated inventory losses in the current period. Improved mix within toll processing resulted in a $9.0 million increase in gross margin compared with the prior year period. Â Selling, General and Administrative Expense Â Â Â Six Months Ended Â Â Â November 30, Â Â % of Â Â November 30, Â Â % of Â Â Increase/ Â (In millions) Â 2024 Â Â Net sales Â Â 2023 Â Â Net sales Â Â (Decrease) Â Selling, general and administrative expense Â $ 118.1 Â Â Â 7.5 % Â $ 107.9 Â Â Â 6.3 % Â $ 10.2 Â Â SG&A increased $10.2 million over the prior year period primarily due to increased wage and benefit costs, incremental costs of being a stand-alone public company following the Separation, a $2.5 million increase in bad debt expenses, and an additional $2.0 million of professional fees associated with the Sitem Group Transaction. 29 Table of Contents Â Â Other Operating Items Â Â Â Six Months Ended Â Â Â November 30, Â Â November 30, Â Â Increase/ Â (In millions) Â 2024 Â Â 2023 Â Â (Decrease) Â Impairment of long-lived assets Â $ - Â Â $ 1.4 Â Â $ (1.4) Separation costs Â Â - Â Â Â 18.5 Â Â Â (18.5) Â Impairment of long-lived assets in the prior year period was driven by changes in the estimated fair market value less cost to sell related to ongoing efforts to divest certain production equipment of our former toll processing facility in Cleveland, Ohio. Refer to â€œNote 4 â€" Impairment of Long-Lived Assetsâ€ for additional information. Â Separation costs decreased by $18.5 million in the prior year period as the Separation was finalized on December 1, 2023, which was the first day of the third quarter of fiscal 2024. No additional Separation costs are expected subsequent to fiscal 2024, and no additional Separation costs were recognized in the current year period. Refer to â€œNote 1 â€" Description of Business, The Separation, Agreements with the Former Parent and Separation Costs, and Basis of Presentationâ€ for additional information. Â Miscellaneous Income (Expense), Net Â Â Â Six Months Ended Â Â Â November 30, Â Â November 30, Â Â Increase/ Â (In millions) Â 2024 Â Â 2023 Â Â (Decrease) Â Miscellaneous income (expense), net Â $ (2.1) Â $ 1.5 Â Â $ (3.6) Â Miscellaneous income (expense), net decreased $3.6 million from the prior year period primarily due to $4.4 million of expense related to the first quarter fiscal 2025 recognition of a tax indemnity payable to the former owners of Tempel associated with the final favorable ruling in a pre-acquisition tax matter in one of the jurisdictions in which Tempel operates. Additionally, in the current year period foreign currency remeasurement losses were $2.6 million compared to foreign currency remeasurement gains of $0.7 million, primarily related to Tempel and TWB operations in Mexico, in the prior year period. Â The decreases from the prior year period were offset by the annuitization of a portion of the total projected benefit obligation of the inactive Tempel Steel Pension Plan resulted in a pre-tax, non-cash settlement gain of $2.7 million to accelerate a portion of deferred pension cost. Additionally, we recognized a pre-tax gain of $1.5 million sale of unused land in China. Â Interest Expense, Net Â Â Â Six Months Ended Â Â Â November 30, Â Â November 30, Â Â Increase/ Â (In millions) Â 2024 Â Â 2023 Â Â (Decrease) Â Interest expense, net Â $ 4.7 Â Â $ 0.7 Â Â $ 4.0 Â Â Interest expense, net increased $4.0 million from the prior year period primarily due to higher average debt levels associated with borrowings under the Credit Facility utilized to fund the $150.0 million distribution to the Former Parent. This was partially offset by a reduction of interest expense associated with the TWB Term Loan, which was contributed to the Company in connection with the Separation on December 1, 2023, as well as by the reduction in interest expense in the second quarter of fiscal 2025 as compared to the prior year quarter due to the outstanding short-term borrowings under the AR Facility, which was terminated in June 2023. Refer to â€œNote 7 â€" Debtâ€ for additional information. Â Equity Income Â Â Â Six Months Ended Â Â Â November 30, Â Â November 30, Â Â Increase/ Â (In millions) Â 2024 Â Â 2023 Â Â (Decrease) Â Serviacero Worthington Â $ 0.4 Â Â $ 12.8 Â Â $ (12.4) Â 30 Table of Contents Â Equity income at Serviacero Worthington decreased $12.4 million over the prior year period driven by lower volume and lower direct spreads in the current year period due to inventory holding gains in the prior year period not realized in the current year period, as well as unfavorable foreign currency exchange impacts. Â Income Taxes Â Â Â Six Months Ended Â Â Â November 30, Â Â Effective Â Â November 30, Â Â Effective Â Â Increase/ Â (In millions) Â 2024 Â Â Tax Rate Â Â 2023 Â Â Tax Rate Â Â (Decrease) Â Income tax expense Â $ 7.6 Â Â Â 15.6 % Â $ 14.5 Â Â Â 21.6 % Â $ (6.9) Â Income tax expense was $7.6 million for the current year period compared to $14.5 million for the prior year period. The decrease in income tax expense was driven by lower pre-tax earnings and the recognition of a discrete $4.4 million net tax benefit related to pre-acquisition matters at Tempel. Income tax expense in the current year period resulted in an effective tax rate of 15.6% compared to 21.6% for the prior year period. For additional information regarding our income taxes, refer to â€œNote 10 â€" Income Taxes.â€ Â Adjusted EBIT Â The following table provides a reconciliation of net earnings attributable to controlling interest (the most comparable GAAP financial measure) to adjusted EBIT for the periods presented: Â Â Â Six Months Ended Â Â Â November 30, Â Â November 30, Â (In millions) Â 2024 Â Â 2023 Â Net earnings attributable to controlling interest (GAAP) Â $ 41.2 Â Â $ 52.5 Â Interest expense, net Â Â 4.7 Â Â Â 0.7 Â Income tax expense Â Â 7.6 Â Â Â 14.5 Â EBIT (non-GAAP) Â Â 53.5 Â Â Â 67.7 Â Impairment of long-lived assets (1) Â Â - Â Â Â 0.9 Â Separation costs (2) Â Â - Â Â Â 18.5 Â Tax indemnification adjustment (3) Â Â 4.4 Â Â Â - Â Pension settlement gain (4) Â Â (2.7) Â Â - Â Gain on land sale (5) Â Â (1.5) Â Â - Â Adjusted EBIT (non-GAAP) Â $ 53.7 Â Â $ 87.1 Â Â Â (1)Impairment charges are excluded because they do not occur in the ordinary course of our ongoing business operations, are inherently unpredictable in timing and amount, and are non-cash, so their exclusion facilitates the comparison of historical, current and forecasted financial results. Non-cash impairment charge in the prior year period was driven by changes in the estimated fair market value less cost to sell related to ongoing efforts to divest certain production equipment at WSCPâ€™s former toll processing facility in Cleveland, Ohio, and excludes the noncontrolling interest portion of impairment of long-lived assets of $0.5 million the prior year period. A more detailed discussion of our impairment activity can be found elsewhere in this MD&A as well as in â€œNote 4 â€“ Impairment of Long-Lived Assets.â€ (2)Separation costs reflect the direct and incremental costs incurred in connection with the Separation. These costs have been directly attributed to us to the extent incurred to our direct benefit, and include third-party advisory fees, certain employee-related costs and non-recurring costs associated with the separation of shared corporate functions. (3)Tax indemnification adjustment reflects the income tax benefit and indemnification payable adjustments reported in Miscellaneous income (expense), net and income tax expense related to an indemnification agreement with the former owners of Tempel as a result of a first quarter fiscal 2025 favorable tax ruling in one of the jurisdictions in which Tempel operates. The indemnification agreement, which was entered into with the former Tempel owners at the time we acquired Tempel, provides protection to us from rulings by tax authorities regarding events that occurred through the acquisition date. 31 Table of Contents Â (4)Pension settlement gain reflects the pension lift-out transaction to transfer a portion of the total projected benefit obligation of the Tempel pension plan to a third-party insurance company, which resulted in a pre-tax non-cash charge, is excluded as it is not part of the Companyâ€™s ongoing operations. (5)Gain on land sale reflects the sale of unused land on the campus of the Tempel China, which resulted in a pre-tax gain, is excluded as it is not part of the Companyâ€™s ongoing operations. Â Adjusted EBIT was down $33.4 million compared to the prior year period primarily due to a $12.4 million decrease in equity earnings at Serviacero Worthington, a $10.2 million increase in SG&A, and an $8.3 million decrease in gross margin compared to the prior year period. Liquidity and Capital Resources Â Historically, we financed our working capital requirements through cash flows from operating activities and arrangements with the Former Parent. Upon completion of the Separation, we ceased such arrangements with the Former Parent and secured independent debt financing in the form of the Credit Facility. Our capital structure, long-term commitments, and liquidity sources have thus changed from our prior practices. Our ability to fund our operating needs is dependent upon our ability to continue to generate positive cash flow from operations, and on our ability to maintain our debt financing on acceptable terms. Our primary ongoing requirements for cash are expected to be for working capital, funding of acquisitions, dividend payments, debt redemptions and capital expenditures. We believe that our sources of liquidity, including our cash balances, the funds generated by our operating activities and the funds accessible to us through the Credit Facility, are adequate to fund our operations for the next 12 months and for the foreseeable future and will allow us to meet our current and long-term obligations and strategic initiatives. However, there can be no assurances that our current sources of liquidity and capital resources will continue to be sufficient for our needs or that we will be able to obtain additional debt or equity financing on acceptable terms in the future. A more detailed description regarding our capital structure changes can be found elsewhere in this MD&A as well as in the â€œFinancing Activitiesâ€ section below. Â During the six months ended November 30, 2024, we generated $122.6 million of cash from operating activities and invested $56.3 million in property, plant and equipment. Additionally, we made net debt repayments of $33.0 million under the Credit Facility, and we paid dividends of $15.9 million. The following table summarizes our consolidated and combined cash flows for the periods presented. Â Â Â Six Months Ended Â Â Â November 30, Â Â November 30, Â (In millions) Â 2024 Â Â 2023 Â Net cash provided by operating activities Â $ 122.6 Â Â $ 119.2 Â Net cash used in investing activities Â Â (55.2) Â Â (56.4) Net cash provided by (used in) financing activities Â Â (55.6) Â Â 118.9 Â Increase in cash and cash equivalents Â Â 11.8 Â Â Â 181.7 Â Cash and cash equivalents at beginning of period Â Â 40.2 Â Â Â 32.7 Â Cash and cash equivalents at end of period Â $ 52.0 Â Â $ 214.4 Â Â We believe we have access to adequate resources to meet the needs of our existing businesses for normal operating costs, mandatory capital expenditures, debt redemptions, dividend payments, and working capital, to the extent not funded by cash provided by operating activities, for at least 12 months and for the foreseeable future thereafter. These resources include cash and cash equivalents and unused borrowing capacity available on the Credit Facility. Although we do not currently anticipate a need, we believe that we could access the financial markets to be in a position to sell long-term debt or equity securities. However, the continuation of uncertain economic conditions and a heightened interest rate environment could create volatility in the financial markets, which may impact our ability to access capital and the terms under which we can do so. We will continue to monitor the economic environment and its impact on our operations and liquidity needs. We routinely monitor current operational requirements, financial market conditions, and credit relationships and we may choose to seek additional capital by issuing new debt and/or equity securities to strengthen our liquidity or capital structure. While we believe we currently have adequate capital, should we seek additional capital, there can be no assurance that we would be able to obtain such additional capital on terms acceptable to us, if at all, and such additional equity or debt financing could dilute the interests of our existing shareholders and/or increase our interest costs. Â 32 Table of Contents Â Operating Activities Â Our business is cyclical and cash flows from operating activities may fluctuate during the year and from year to year due to economic and industry conditions. We rely on cash and short-term borrowings to meet cyclical increases in working capital needs. These needs generally rise during periods of increased economic activity or increasing raw material prices, requiring higher levels of inventory and accounts receivable. During economic slowdowns, or periods of decreasing raw material costs, working capital needs generally decrease as a result of the reduction of inventories and accounts receivable. Â Net cash provided by operating activities was $122.6 million during the six months ended November 30, 2024, compared to $119.2 million net cash provided by operating activities during the six months ended November 30, 2023. This change was primarily due to a $2.6 million increase in cash from net operating working capital (accounts receivable, inventories, and accounts payable), driven by the reduction in average steel prices over the prior year period. Additionally, we received a $5.0 million dividend from Serviacero Worthington in the current year period as compared to $0 in the prior year period. Â Investing Activities Â Net cash used in investing activities was $55.2 million during the six months ended November 30, 2024, compared to $56.4 million during the six months ended November 30, 2023. In the current year period, the driver of net cash used in investing activities was primarily related to capital expenditures, which were substantially related to the previously announced strategic expansions of our electrical steel operations in Mexico and Canada to service the automotive and transformer markets, respectively, as well as certain other assets. In the prior year period, we paid $21.0 million, net of cash acquired, for the acquisition of Voestalpine Nagold. See Note 12 â€“ â€œAcquisitionsâ€ for further information. Â Investment activities are largely discretionary and future investment activities could be reduced significantly, or eliminated, as economic conditions warrant. We assess acquisition opportunities as they arise, and any such opportunities may require additional financing. However, there can be no assurance that any such opportunities will arise, that any such acquisition opportunities will be consummated, or that any needed additional financing will be available on satisfactory terms. We estimate our annual maintenance capital needs to be between approximately $35.0 million and $40.0 million. Financing Activities Â Net cash used in financing activities was $55.6 million during the six months ended November 30, 2024, compared to net cash provided by financing activities of $118.9 million during the six months ended November 30, 2023. In the prior year period, the increase in cash provided by financing activities was driven by the $175.0 million related to the Credit Facility (see the â€œRevolving credit facilityâ€ section below), offset by the net cash provided to the Former Parent in connection with the centralized cash management program which was utilized to fund working capital requirements prior to the Separation. The current year period included net short-term repayments of $33.0 million under our Credit Facility and $15.9 million of dividends paid to shareholders of our common shares. Â Revolving credit facility â€“ We entered into the Credit Facility on November 30, 2023, immediately prior to the Separation. The Credit Facility allows for borrowings of up to $550.0 million, to the extent secured by eligible accounts receivable and inventory balances at period end, which consist primarily of U.S. dollar denominated account balances. Individual amounts drawn under the Credit Facility will have interest periods of up to six months and will accrue interest at rates equal to an applicable margin over the applicable term SOFR Rate, plus a SOFR adjustment. We incurred approximately $2.7 million of issuance costs, of which $2.5 million will be amortized to interest expense over the five-year Credit Facility term and are reflected in other assets Â As of November 30, 2024, we were in compliance with the financial covenants of the Credit Facility. The Credit Facility does not include credit rating triggers. There were $115.0 million outstanding borrowings drawn against the Credit Facility at November 30, 2024, leaving a borrowing capacity of $435.0 million, subject to the eligible borrowing base, available for use. Under the Credit Facility, we may extend borrowings up to the maturity date subject to the eligible borrowing base. Â Common shares â€“ Prior to the Separation, our common shares were owned by the Former Parent. After the Separation was completed as described in â€œNote 9 â€“ Equityâ€, there were 49.3 million shares issued and outstanding. On December 1, 2023, the common shares began trading on the NYSE under the ticker symbol â€œWS.â€ Â On December 18, 2024, the Board declared a quarterly cash dividend of $0.16 per common share payable on March 28, 2025, to shareholders of record at the close of business on March 14, 2025. Â There were no common shares purchased by Worthington Steel during the period presented as part of publicly announced plans or programs. 33 Table of Contents Â Â Dividend Policy Â We currently have no material contractual or regulatory restrictions on the payment of dividends provided that no event of default exists under the Credit Facility and it meets the minimum availability threshold thereunder. Dividends are declared at the discretion of the Board. The Board reviews the dividend quarterly and establishes the dividend rate based upon our consolidated financial condition, results of operations, capital requirements, current and projected cash flows, business prospects, and other relevant factors. There is no guarantee that we will continue the payments of dividends in the future or that any dividends declared by the Board in the future will be similar in amount or timing to any dividends previously declared by the Board. Â Critical Accounting Estimates Â The discussion and analysis of our financial condition and results of operations are based upon our consolidated and combined financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues and expenses during the reporting periods. We base our estimates on historical experience, current trends and other factors that we believe to be relevant and reasonable under the circumstances at the time the estimate was made. These results form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Critical accounting estimates are defined as those that reflect our significant judgments and uncertainties that could potentially result in materially different results under different assumptions and conditions. Although actual results historically have not deviated significantly from those determined using our estimates, our financial position or results of operations could be materially different if we were to report under different conditions or to use different assumptions in the application of such estimates. Our critical accounting estimates have not significantly changed from those discussed in â€œPart II â€“ Item 7. â€“ Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations â€“ Critical Accounting Estimatesâ€ of the 2024 Form 10-K. Â 34 Table of Contents Â Item 3. â€“ Quantitative and Qualitative Disclosures About Market Risk Â Market risks have not materially changed from those disclosed in â€œPart II â€“ Item 7A. â€“ Quantitative and Qualitative Disclosures About Market Riskâ€ of the 2024 Form 10-K. Â Item 4. â€“ Controls and Procedures Â Evaluation of Disclosure Controls and Procedures Â We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the â€œExchange Actâ€)) that are designed to provide reasonable assurance that information required to be disclosed in the reports that Worthington Steel files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SECâ€™s rules and forms, and that such information is accumulated and communicated to our management, including Worthington Steelâ€™s principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Â Management, under the supervision of and with the participation of Worthington Steelâ€™s principal executive officer and principal financial officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Form 10-Q (the quarterly period ended November 30, 2024). Based on that evaluation, Worthington Steelâ€™s principal executive officer and principal financial officer have concluded that such disclosure controls and procedures designed at the reasonable assurance level and were effective at a reasonable assurance level as of the end of the quarterly period covered by this Form 10-Q. Â Changes in Internal Control Over Financial Reporting Â There were no changes that occurred during the period covered by this Form 10-Q (the quarterly period ended November 30, 2024) in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. 35 Table of Contents Â PART II. OTHER INFORMATION Item 1. â€“ Legal Proceedings We are involved in various judicial and administrative proceedings, as both plaintiff and defendant, arising in the ordinary course of business. We do not believe that any such proceedings, individually or in the aggregate, will have a material adverse effect on our business, financial position, results of operations or cash flows. Item 1A. â€“ Risk Factors There are certain risks and uncertainties in our business that could cause our actual results to differ materially from those anticipated. In â€œPART I â€“ Item 1A. â€“ Risk Factorsâ€ of the 2024 Form 10-K available at www.sec.gov or at www.worthingtonsteel.com, we included a detailed discussion of our risk factors. Our risk factors have not changed significantly from those disclosed in the 2024 Form 10-K. These risk factors should be read carefully when evaluating our business and investments in the common shares and in connection with the forward-looking statements and other information contained in this Form 10-Q. Any of the risks described in the 2024 Form 10-K could materially affect our business, consolidated and combined financial condition or future results and the actual outcome of matters as to which forward-looking statements are made. The risk factors described in the 2024 Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, also may materially adversely affect our business, consolidated financial condition and/or future results. Â Item 2. â€“ Unregistered Sales of Equity Securities and Use of Proceeds Â Unregistered Sales of Equity Securities Â There were no equity securities of Worthington Steel sold by Worthington Steel during the period covered by this Form 10-Q, that were not registered under the Securities Act of 1933, as amended. Â Issuer Purchases of Equity Securities Â Common shares withheld to cover tax withholding obligations in connection with the vesting of restricted stock awards and performance share awards are treated as common share repurchases. Those withheld common shares are not considered common share repurchases under an authorized common share repurchase plan. The table below provides information regarding common shares withheld from our employees to satisfy minimum statutory tax withholding obligations arising from the vesting of restricted common shares. The presentation of the table below and related footnotes represent full common share amounts. Â Â Â Â Â Â Â Â Â Total Number of Â Â Â Â Â Â Â Â Â Â Â Common Shares Â Â Â Â Â Â Â Â Â Â Â Purchased as Â Â Maximum Number of Â Â Â Total Number Â Â Average Price Â Â Part of Publicly Â Â Common Shares that Â Â Â of Common Â Â Paid per Â Â Announced Â Â May Yet Be Â Â Shares Â Â Common Â Â Plans or Â Â Purchased Under the Â Period Â Purchased Â Â Share Â Â Programs (1) Â Â Plans or Programs (2) Â September 1-30, 2024 Â 151 Â Â $ 31.82 Â Â Â - Â Â Â - Â October 1-31, 2024 Â 2,698 Â Â 39.36 Â Â Â - Â Â Â - Â November 1-30, 2024 Â - Â Â Â - Â Â Â - Â Â Â - Â Total Â 2,849 Â Â $ 38.96 Â Â Â - Â Â Â Â (1)There were no common shares purchased during the period presented as part of publicly announced plans or programs. (2)No publicly announced plans or programs existed for the period presented. Â Item 3. â€“ Defaults Upon Senior Securities Â Not applicable. Â Item 4. â€“ Mine Safety Disclosures Â Not applicable. 36 Table of Contents Â Â Item 5. â€“ Other Information Â During the second quarter of fiscal 2025, no director or officer (as defined under Rule 16a-1 of the Exchange Act) adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (in each case, as defined in Item 408(a) of Regulation S-K). Item 6. â€“ Exhibits Â Â Â Â Incorporated by Reference Â Â Â Â Â Â Â Â Â ExhibitNumber Â Exhibit Description Â Form Â Exhibit Â Filing Date 2.1 Â Separation and Distribution Agreement, dated November 30, 2023, between Worthington Enterprises, Inc. and Worthington Steel, Inc. Â 8-K Â 2.1 Â 12/5/2023 Â Â Â Â Â Â Â Â Â 3.1 Â Amended Articles of Incorporation of Worthington Steel, Inc. Â 8-K Â 3.1 Â 12/5/2023 Â Â Â Â Â Â Â Â Â 3.2 Â Amended Regulations of Worthington Steel, Inc. Â 8-K Â 3.2 Â 12/5/2023 Â Â Â Â Â Â Â Â Â 31.1* Â Rule 13a - 14(a) / 15d - 14(a) Certifications (Principal Executive Officer) Â Â Â Â Â Â Â Â Â Â Â Â Â 31.2* Â Rule 13a - 14(a) / 15d - 14(a) Certifications (Principal Financial Officer) Â Â Â Â Â Â Â Â Â Â Â Â Â 32.1** Â Section 1350 Certification of Principal Executive Officer Â Â Â Â Â Â Â Â Â Â Â Â Â 32.2** Â Section 1350 Certification of Principal Financial Officer Â Â Â Â Â Â Â Â Â Â Â Â Â 101* Â Inline XBRL Document Set for the condensed consolidated and combined financial statements and accompanying notes in Part I, Item 1, â€œFinancial Statementsâ€ of this Quarterly Report on Form 10-Q. Â Â Â Â Â Â Â Â Â Â Â Â Â 104* Â Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set. Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â * Filed herewith **Furnished herewith 37 Table of Contents Â 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. Â Â Â WORTHINGTON STEEL, INC. Â Â Â Date: January 13, 2025 By: Â /s/ Timothy A. Adams Â Â Timothy A. Adams, Â Â Vice President and Chief Financial Officer Â Â (On behalf of the Registrant as Duly Authorized Officer and as Principal Financial Officer) Â 38 EX-31.1 Â Exhibit 31.1 RULE 13a-14(a) / 15d-14(a) CERTIFICATIONS (PRINCIPAL EXECUTIVE OFFICER) CERTIFICATIONS I, Geoffrey G. Gilmore, certify that: 1.I have reviewed this quarterly report on Form 10-Q of Worthington Steel, Inc.; 2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4.The registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™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 registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting. Â Date: January 13, 2025 Â By: /s/ Geoffrey G. Gilmore Â Â Â Geoffrey G. Gilmore, Â Â Â Chief Executive Officer and President Â Â EX-31.2 Â Exhibit 31.2 RULE 13a-14(a) / 15d-14(a) CERTIFICATIONS (PRINCIPAL FINANCIAL OFFICER) CERTIFICATIONS I, Timothy A. Adams, certify that: 1.I have reviewed this quarterly report on Form 10-Q of Worthington Steel, Inc.; 2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4.The registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™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 registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting. Â Date: January 13, 2025 Â By: /s/ Timothy A. Adams Â Â Â Timothy A. Adams, Â Â Â Vice President and Chief Financial Officer Â Â EX-32.1 Exhibit 32.1 CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER 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 on Form 10-Q for the quarterly period ended November 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€) of Worthington Steel, Inc. (the â€œCompanyâ€), I, Geoffrey G. Gilmore, Chief Executive Officer and President of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge: (1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Â Â Â Â /s/ Geoffrey G. Gilmore Â Â Â Printed Name: Geoffrey G. Gilmore Â Â Â Title: Chief Executive Officer and President Date: January 13, 2025 Â Â Â Â *These certifications are being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the â€œExchange Actâ€), and Section

1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed â€œfiledâ€ for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. These certifications shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that Worthington Steel, Inc. specifically incorporates these certifications by reference. Â EX-32.2 Exhibit 32.2 CERTIFICATIONS OF PRINCIPAL FINANCIAL OFFICER 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 on Form 10-Q for the quarterly period ended November 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€) of Worthington Steel, Inc. (the â€œCompanyâ€), I, Timothy A. Adams, Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge: (1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Â Â Â Â /s/ Timothy A. Adams Â Â Â Printed Name: Timothy A. Adams Â Â Â Title: Vice President and Chief Financial Officer Date: January 13, 2025 Â Â Â Â *These certifications are being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the â€œExchange Actâ€), and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed â€œfiledâ€ for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. These certifications shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that Worthington Steel, Inc. specifically incorporates these certifications by reference. Â