

REFINITIV

DELTA REPORT

10-Q

CMC - COMMERCIAL METALS CO

10-Q - FEBRUARY 29, 2024 COMPARED TO 10-Q - NOVEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 876

█ **CHANGES** 179

█ **DELETIONS** 344

█ **ADDITIONS** 353

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **November 30, 2023** **February 29, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-4304

COMMERCIAL METALS COMPANY

(Exact Name of Registrant as Specified in Its Charter)



Delaware

75-0725338

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification Number)

6565 N. MacArthur Blvd., Irving, Texas 75039

(Address of Principal Executive Offices) (Zip Code)

(214) 689-4300

(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value	CMC	New York Stock Exchange

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of **January 5, 2024** **March 25, 2024**, **116,387,828** **115,708,291** shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

COMMERCIAL METALS COMPANY AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COMMERCIAL METALS COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

		Three Months Ended November 30,		(in thousands, except share and per share data)	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023	Three Months Ended	Six Months Ended
		Three Months Ended								
(in thousands, except share and per share data)	(in thousands, except share and per share data)	2023	2022							
Net sales	Net sales	\$ 2,003,051	\$ 2,227,313							
Costs and operating expenses:										
Cost of goods sold	Cost of goods sold	1,604,068	1,719,414							
Cost of goods sold	Cost of goods sold									
Selling, general and administrative expenses	Selling, general and administrative expenses	162,532	156,355							
Interest expense	Interest expense	11,756	13,045							
Net costs and operating expenses										
Net costs and operating expenses										
Net costs and operating expenses	Net costs and operating expenses	1,778,356	1,888,814							
Earnings before income taxes	Earnings before income taxes	224,695	338,499							
Income taxes	Income taxes	48,422	76,725							
Net earnings	Net earnings	\$ 176,273	\$ 261,774							
Earnings per share:	Earnings per share:									
Basic	Basic									
Basic	Basic									
Basic	Basic	\$ 1.51	\$ 2.23							
Diluted	Diluted	1.49	2.20							
Average basic shares outstanding	Average basic shares outstanding	116,771,939	117,273,743							
Average basic shares outstanding	Average basic shares outstanding									

Average diluted shares outstanding	Average diluted shares outstanding	118,354,913	118,925,442
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See notes to condensed consolidated financial statements.

COMMERCIAL METALS COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

		Three Months Ended November 30,		Three Months Ended		Three Months Ended February 29, 2024	Three Months Ended February 28, 2023	Three Months Ended February 29, 2024	Three Months Ended February 28, 2023	Six Months Ended
(in thousands)	(in thousands)	2023	2022	(in thousands)	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023	February 28, 2023	February 28, 2023
Net earnings	Net earnings	\$176,273	\$261,774							
Other comprehensive income (loss), net of income taxes:	Other comprehensive income (loss), net of income taxes:									
Foreign currency translation adjustments	Foreign currency translation adjustments	23,493	41,429							
Foreign currency translation adjustments	Foreign currency translation adjustments									
Foreign currency translation adjustments	Foreign currency translation adjustments									
Derivatives:	Derivatives:									
Net unrealized holding gain (loss)	Net unrealized holding gain (loss)									
Net unrealized holding gain (loss)	Net unrealized holding gain (loss)									
Net unrealized holding gain (loss)	Net unrealized holding gain (loss)	(42,945)	68,045							
Reclassification for realized gain	Reclassification for realized gain									
Net unrealized gain (loss) on derivatives	Net unrealized gain (loss) on derivatives	(1,499)	(6,970)							
Defined benefit plans gain (loss) after amortization of prior service costs	Defined benefit plans gain (loss) after amortization of prior service costs	(44,444)	61,075							
Defined benefit plans gain (loss) after amortization of prior service costs	Defined benefit plans gain (loss) after amortization of prior service costs	(9)	1,758							
Defined benefit plans gain (loss) after amortization of prior service costs	Defined benefit plans gain (loss) after amortization of prior service costs									
Defined benefit plans gain (loss) after amortization of prior service costs	Defined benefit plans gain (loss) after amortization of prior service costs									
Total other comprehensive income (loss), net of income taxes	Total other comprehensive income (loss), net of income taxes	(20,960)	104,262							
Comprehensive income	Comprehensive income	\$155,313	\$366,036							

See notes to condensed consolidated financial statements.

COMMERCIAL METALS COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except share and per share data)	(in thousands, except share and per share data)	November 30, 2023	August 31, 2023	(in thousands, except share and per share data)	February 29, 2024	August 31, 2023
Assets	Assets					
Current assets:	Current assets:					
Current assets:						
Current assets:						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	\$ 704,603	\$ 592,332			
Accounts receivable (less allowance for doubtful accounts of \$4,408 and \$4,135)		1,216,352	1,240,217			
Accounts receivable (less allowance for doubtful accounts of \$4,335 and \$4,135)						
Accounts receivable (less allowance for doubtful accounts of \$4,335 and \$4,135)						
Inventories, net	Inventories, net	1,028,686	1,035,582			
Prepaid and other current assets	Prepaid and other current assets	294,186	276,024			
Total current assets						
Total current assets						
Total current assets	Total current assets	3,243,827	3,144,155			
Property, plant and equipment, net	Property, plant and equipment, net	2,423,684	2,409,360			
Intangible assets, net	Intangible assets, net	252,299	259,161			
Goodwill	Goodwill	382,688	385,821			
Other noncurrent assets	Other noncurrent assets	392,671	440,597			
Total assets	Total assets	\$6,695,169	\$6,639,094			
Liabilities and stockholders' equity	Liabilities and stockholders' equity					
Current liabilities:	Current liabilities:					
Current liabilities:						
Accounts payable						
Accounts payable						
Accounts payable	Accounts payable	\$ 343,831	\$ 364,390			

Accrued expenses and other payables	Accrued expenses and other payables	409,126	438,811	
Current maturities of long-term debt and short-term borrowings	Current maturities of long-term debt and short-term borrowings	33,998	40,513	
Total current liabilities	Total current liabilities	786,955	843,714	
Deferred income taxes	Deferred income taxes	317,518	306,801	
Other noncurrent liabilities	Other noncurrent liabilities	240,247	253,181	
Long-term debt	Long-term debt	1,120,472	1,114,284	
Total liabilities	Total liabilities	2,465,192	2,517,980	
Commitments and contingencies (Note 12)	Commitments and contingencies (Note 12)	Commitments and contingencies (Note 12)		
Stockholders' equity:	Stockholders' equity:			
Common stock, par value \$0.01 per share; authorized 200,000,000 shares; issued 129,060,664 shares; outstanding 116,708,224 and 116,515,427 shares	1,290	1,290		
Common stock, par value \$0.01 per share; authorized 200,000,000 shares; issued 129,060,664 shares; outstanding 116,023,685 and 116,515,427 shares				
Common stock, par value \$0.01 per share; authorized 200,000,000 shares; issued 129,060,664 shares; outstanding 116,023,685 and 116,515,427 shares				
Common stock, par value \$0.01 per share; authorized 200,000,000 shares; issued 129,060,664 shares; outstanding 116,023,685 and 116,515,427 shares				
Additional paid-in capital	Additional paid-in capital	377,533	394,672	
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(24,738)	(3,778)	
Retained earnings	Retained earnings	4,254,787	4,097,262	
Less treasury stock 12,352,440 and 12,545,237 shares at cost		(379,136)	(368,573)	
Less treasury stock 13,036,979 and 12,545,237 shares at cost				
Stockholders' equity	Stockholders' equity	4,229,736	4,120,873	

Stockholders' equity attributable to non-controlling interests	Stockholders' equity attributable to non-controlling interests	241	241
Total stockholders' equity	Total stockholders' equity	4,229,977	4,121,114
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$6,695,169	\$6,639,094

See notes to condensed consolidated financial statements.

COMMERCIAL METALS COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	(in thousands)	Three Months Ended November 30,		(in thousands)	Six Months Ended	
		2023	2022		February 29, 2024	February 28, 2023
Cash flows from (used by) operating activities:						
Net earnings	Net earnings	\$176,273	\$261,774			
Net earnings						
Net earnings						
Adjustments to reconcile net earnings to cash flows from operating activities:						
Depreciation and amortization	Depreciation and amortization	69,186	51,183			
Deferred income taxes and other long-term taxes		21,343	16,744			
Depreciation and amortization						
Depreciation and amortization						
Stock-based compensation						
Write-down of inventory	Write-down of inventory	10,655	4,527			
Stock-based compensation		8,059	16,675			
Deferred income taxes and other long-term taxes						
Deferred income taxes and other long-term taxes						
Deferred income taxes and other long-term taxes						
Other	Other	1,102	1,440			
Settlement of New Markets Tax Credit transaction						

Changes in operating assets and liabilities, net of acquisitions	Changes in operating assets and liabilities, net of acquisitions	(25,558)	20,027
Net cash flows from operating activities	Net cash flows from operating activities	261,060	372,370
Cash flows from (used by) investing activities:	Cash flows from (used by) investing activities:		
Cash flows from (used by) investing activities:			
Capital expenditures			
Capital expenditures			
Capital expenditures	Capital expenditures	(66,991)	(133,052)
Acquisitions, net of cash acquired	Acquisitions, net of cash acquired	—	(63,745)
Other			
Other			
Other	Other	518	1,247
Net cash flows used by investing activities	Net cash flows used by investing activities	(66,473)	(195,550)
Net cash flows used by investing activities			
Cash flows from (used by) financing activities:	Cash flows from (used by) financing activities:		
Cash flows from (used by) financing activities:			
Repayments of long-term debt			
Repayments of long-term debt			
Repayments of long-term debt	Repayments of long-term debt	(9,276)	(154,631)
Debt issuance costs	Debt issuance costs	—	(1,800)
Debt extinguishment costs	Debt extinguishment costs	—	(69)
Proceeds from accounts receivable facilities	Proceeds from accounts receivable facilities	9,421	49
Repayments under accounts receivable facilities	Repayments under accounts receivable facilities	(17,471)	(25,914)

Treasury stock acquired	Treasury stock acquired	(28,408)	(49,149)
Tax withholdings related to share settlements, net of purchase plans	Tax withholdings related to share settlements, net of purchase plans	(19,535)	(23,513)
Dividends	Dividends	(18,748)	(18,787)
Net cash flows used by financing activities	Net cash flows used by financing activities	(84,017)	(273,814)
Net cash flows used by financing activities	Net cash flows used by financing activities		
Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	819	5,139
Increase (decrease) in cash, restricted cash and cash equivalents	Increase (decrease) in cash, restricted cash and cash equivalents	111,389	(91,855)
Cash, restricted cash and cash equivalents at beginning of period	Cash, restricted cash and cash equivalents at beginning of period	595,717	679,243
Cash, restricted cash and cash equivalents at end of period	Cash, restricted cash and cash equivalents at end of period	\$707,106	\$587,388

See notes to condensed consolidated financial statements.

Supplemental information: (in thousands)	Supplemental information: (in thousands)	Three Months Ended		Supplemental information:	
		November 30, 2023	2022	(in thousands)	
Cash paid for income taxes	Cash paid for income taxes	\$ 1,398	\$ 15,694		
Cash paid for interest	Cash paid for interest	10,888	22,201		
Noncash activities:	Noncash activities:				
Liabilities related to additions of property, plant and equipment	Liabilities related to additions of property, plant and equipment				
Liabilities related to additions of property, plant and equipment	Liabilities related to additions of property, plant and equipment	\$ 17,828	\$ 47,429		

Right of use assets obtained in exchange for operating leases	Right of use assets obtained in exchange for operating leases	9,197	16,492
Right of use assets obtained in exchange for finance leases	Right of use assets obtained in exchange for finance leases	16,978	10,104
Cash and cash equivalents	Cash and cash equivalents	\$704,603	\$582,069
Cash and cash equivalents	Cash and cash equivalents		
Restricted cash	Restricted cash	2,503	5,319
Total cash, restricted cash and cash equivalents	Total cash, restricted cash and cash equivalents	\$707,106	\$587,388

COMMERCIAL METALS COMPANY AND SUI
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

Three Months Ended November 30, 2023

Three Months Ended February 29, 2024

	Common Stock				Treasury Stock				Common Stock								
(in thousands, except share and per share data)	(in thousands)	Number of shares	Amount	Paid-In Capital	Additional Paid-In Capital	Comprehensive Loss	Retained Earnings	Number of shares	Amount	Interest	Total	(in thousands, except share and per share data)	Number of shares	Additional Paid-In Capital	Comprehensive Loss	Retained Earnings	Number of shares
Balance, September 1, 2023	129,060,664	\$1,290	\$394,672		(\$3,778)	\$4,097,262	(12,545,237)	(\$368,573)	\$241	\$4,121,114							
Balance, December 1, 2023																	
Net earnings	Net earnings					176,273				176,273							
Other	Other																
comprehensive loss	comprehensive loss					(20,960)				(20,960)							
Dividends (\$0.16 per share)	Dividends (\$0.16 per share)						(18,748)			(18,748)							
Treasury stock acquired	Treasury stock acquired						(621,643)	(28,408)		(28,408)							

Issuance of stock under incentive and purchase plans, net of shares withheld for taxes	Issuance of stock under incentive and purchase plans, net of shares withheld for taxes	(37,380)	814,440	17,845	(19,535)
Stock-based compensation	Stock-based compensation	9,040			9,040
Reclassification of share-based liability awards		11,201			11,201
Balance, November 30, 2023	129,060,664	\$1,290	\$377,533	(\$24,738)	\$4,254,787
				(12,352,440)	(\$379,136)
					\$241
					\$4,229,977

Balance, February 29, 2024

Balance, February 29, 2024

Balance, February 29, 2024

Six Months Ended February 29, 2024

Six Months Ended February 29, 2024

Six Months Ended February 29, 2024

Common Stock

Treasury Stock

(in thousands, except share and per share data)

Balance, September 1, 2023

Net earnings

Other comprehensive loss

Dividends (\$0.32 per share)

Treasury stock acquired

Issuance of stock under incentive and purchase plans, net of shares withheld for taxes

Stock-based compensation

Reclassification of share-based liability awards

Reclassification of share-based liability awards

Reclassification of share-based liability awards

Balance, February 29, 2024

(in thousands, except share and per share data)

Accumulated

Number

Additional

Other

Number

Paid-In

Comprehensive

Retained

Loss

Earnings

Shares

Three Months Ended November 30, 2022										
(in thousands, except share and per share data)	Common Stock				Treasury Stock					
	Number of Shares		Paid-In Capital	Additional	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Number of Shares		Non-controlling Interest	
	Shares	Amount					Shares	Amount	Total	
Balance, September 1, 2022	129,060,664	\$1,290	\$382,767		(\$114,451)	\$3,312,438	(11,564,611)	(\$295,847)	\$232	\$3,286,429
Net earnings					261,774					261,774
Other comprehensive income					104,262					104,262
Dividends (\$0.16 per share)						(18,787)				(18,787)
Treasury stock acquired							(1,275,452)	(49,149)		(49,149)
Issuance of stock under incentive and purchase plans, net of shares withheld for taxes			(44,787)				1,071,036	21,274		(23,513)
Stock-based compensation			13,527							13,527
Reclassification of share-based liability awards			9,692							9,692
Balance, November 30, 2022	129,060,664	\$1,290	\$361,199		(\$10,189)	\$3,555,425	(11,769,027)	(\$323,722)	\$232	\$3,584,235

Three Months Ended February 28, 2023										
(in thousands, except share and per share data)	Common Stock				Treasury Stock					
	Number of Shares		Paid-In Capital	Additional	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Number of Shares		Non-controlling Interest	
	Shares	Amount					Shares	Amount	Total	
Balance, December 1, 2022	129,060,664	\$1,290	\$361,199	\$	(10,189)	\$3,555,425	(11,769,027)	\$ (323,722)	\$232	\$3,584,235
Net earnings					179,849					179,849
Other comprehensive income					34,685					34,685
Dividends (\$0.16 per share)					(18,737)					(18,737)
Treasury stock acquired						(330,000)	(17,174)			(17,174)
Issuance of stock under incentive and purchase plans, net of shares withheld for taxes			1,630				243,670	7,094		8,724
Stock-based compensation			11,611							11,611
Balance, February 28, 2023	129,060,664	\$1,290	\$374,440	\$	24,496	\$3,716,537	(11,855,357)	\$ (333,802)	\$232	\$3,783,193

Six Months Ended February 28, 2023										
(in thousands, except share and per share data)	Common Stock				Treasury Stock					
	Number of Shares		Paid-In Capital	Additional	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Number of Shares		Non-controlling Interest	
	Shares	Amount					Shares	Amount	Total	
Balance, September 1, 2022	129,060,664	\$1,290	\$382,767	\$	(114,451)	\$3,312,438	(11,564,611)	\$ (295,847)	\$232	\$3,286,429
Net earnings					441,623					441,623
Other comprehensive income					138,947					138,947
Dividends (\$0.32 per share)					(37,524)					(37,524)
Treasury stock acquired						(1,605,452)	(66,323)			(66,323)
Issuance of stock under incentive and purchase plans, net of shares withheld for taxes			(43,157)				1,314,706	28,368		(14,789)
Stock-based compensation			25,138							25,138
Reclassification of share-based liability awards			9,692							9,692
Balance, February 28, 2023	129,060,664	\$1,290	\$374,440	\$	24,496	\$3,716,537	(11,855,357)	\$ (333,802)	\$232	\$3,783,193

See notes to condensed consolidated financial statements.

COMMERCIAL METALS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") on a basis consistent with that used in the Annual Report on Form 10-K for the year ended August 31, 2023 (the "2023 Form 10-K") filed by Commercial Metals Company ("CMC," and together with its consolidated subsidiaries, the "Company") with the United States ("U.S.") Securities and Exchange Commission (the "SEC") and include all normal recurring adjustments necessary to present fairly the condensed consolidated balance sheets and the condensed consolidated statements of earnings, comprehensive income, cash flows and stockholders' equity for the periods indicated. These notes should be read in conjunction with the consolidated financial statements and notes included in the 2023 Form 10-K. The results of operations for the three and six month period periods ended November 30, 2023 February 29, 2024 are not necessarily indicative of the results to be expected for the full fiscal year. Any reference in this Form 10-Q to the "corresponding period" or "comparable period" relates to the relevant three or six month period ended November 30, 2022 February 28, 2023. Any reference in this Form 10-Q to a year refers to the fiscal year ended August 31st of that year, unless otherwise noted.

Nature of Operations

CMC is an innovative solutions provider helping build a stronger, safer and more sustainable world. Through an extensive manufacturing network principally located in the U.S. and Central Europe, we offer the Company offers products and technologies to meet the critical reinforcement needs of the global construction sector. CMC's solutions support construction across a wide variety of applications, including infrastructure, non-residential, residential, industrial and energy generation and transmission.

During the first quarter of 2024, CMC changed its reportable segments to reflect a change in the manner in which the business is managed. Based on recent changes to CMC's organizational structure, the evolution of CMC's solutions offerings outside of traditional steel products, the growing importance of non-steel solutions to CMC's financial results and future outlook and how CMC's chief operating decision maker ("CODM"), the President and Chief Executive Officer, reviews operating results and makes decisions about resource allocation, CMC now has three reportable segments: North America Steel Group, Europe Steel Group and Emerging Businesses Group.

North America Steel Group

The North America Steel Group segment is primarily composed of a vertically integrated network of recycling facilities, steel mills and fabrication operations located in the U.S. The recycling facilities process ferrous and nonferrous scrap metals (collectively referred to as "raw materials") for use by manufacturers of new metal products. The steel mill operations consist of six electric arc furnace ("EAF") mini mills, three EAF micro mills and one rerolling mill. The steel mills manufacture finished long steel products including reinforcing bar ("rebar"), merchant bar, light structural and other special sections and wire rod, as well as semi-finished billets for rerolling and forging applications (collectively referred to as "steel products"). The fabrication operations primarily fabricate rebar and steel fence posts and offer post-tension cable products (collectively referred to as "downstream products" in the context of the North America Steel Group segment). The general strategy in the North America Steel Group segment is to optimize the Company's vertically integrated value chain to maximize profitability by obtaining the lowest possible input costs and highest possible selling prices. The Company operates the recycling facilities to provide low-cost scrap to the steel mills and the fabrication operations to optimize the steel mill volumes. The North America Steel Group segment's products are sold primarily to steel mills and foundries, as well as construction, fabrication and other manufacturing industries.

Europe Steel Group

The Europe Steel Group segment is primarily composed of a vertically integrated network of recycling facilities, an EAF mini mill and fabrication operations located in Poland. The scrap metal recycling facilities process ferrous scrap metals for use almost exclusively by the mini mill. The steel products manufactured by the mini mill include rebar, merchant bar and wire rod as well as semi-finished billets. The products manufactured by this segment's fabrication operations include fabricated rebar, wire mesh, assembled rebar cages and other fabricated rebar by-products (collectively referred to as "downstream products" in the context of the Europe Steel Group segment). The strategy in the Europe Steel Group segment is to optimize profitability of the products manufactured by the mini mill and this strategy is executed in the same way in the Europe Steel Group segment manner as it

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is in the North America Steel Group segment. The Europe Steel Group segment's products are sold primarily to fabricators, manufacturers, distributors and construction companies.

Emerging Businesses Group

The strategy in the Emerging Businesses Group segment is to provide construction-related solutions and value-added products with strong, underlying growth fundamentals to serve domestic and international markets that are adjacent to those served by the vertically integrated operations in the North America Steel Group segment and the Europe Steel Group segment. To execute this strategy, CMC (i) develops proprietary products and solutions that deliver high value to customers by reducing costs and construction time, (ii) provides concrete-related construction products, equipment, and services and (iii) produces reinforcing steel products with increased strength, durability and corrosion resistance to support sustainable concrete construction.

The Emerging Businesses Group segment's portfolio consists of CMC Construction Services™ products (collectively referred to as "construction products"), Tensar® products and solutions (collectively referred to as "ground stabilization products" "solutions") and CMC Impact Metals™, CMC Anchoring Systems and performance reinforcing steel products (collectively referred to as "downstream products" in the context of the Emerging Businesses Group segment).

- CMC Construction Services™ operations sell and rent products and equipment used to execute construction projects. Primary customers include concrete installers and other businesses in the construction industry.
- Tensar® operations sell geogrids and Geopier® foundation systems. Geogrids are polymer-based products used for ground stabilization, soil reinforcement and asphalt optimization in construction applications, including roadways, public infrastructure and industrial facilities. Geopier® foundation systems are **ground improvement** **rammed aggregate pier and other foundation** solutions that increase the load-bearing characteristics of ground structures and working surfaces and can be applied in soil types and construction situations in which traditional support methods are impractical or would make a project infeasible.
- CMC Impact Metals™ operations manufacture **heat-treated**, high-strength steel products, such as high-strength bar for the truck trailer industry, special bar quality steel for the energy market and armor plate for military vehicles.
- CMC Anchoring Systems' operations supply **a custom engineered line of** anchor cages, bolts and fasteners that are fabricated principally from rebar and are used primarily to secure high voltage electrical transmission poles to concrete foundations.
- CMC's** **The Company's** group of performance reinforcing steel offerings include innovative products such as Galvabar® (galvanized rebar with a zinc alloy coating that provides corrosion protection and post-fabrication formability), ChromX® (designed for high-strength capabilities, corrosion resistance and a service life of more than 100 years) and CryoSteel® (a cryogenic reinforcing steel that exceeds minimum performance requirements for strength and ductility at extremely low temperatures).

The strategy in the Emerging Businesses Group segment is to provide construction-related solutions and value-added products with strong underlying growth fundamentals to serve domestic and international markets that are adjacent to those served by the vertically integrated operations in the North America Steel Group segment and the Europe Steel Group segment. To execute this strategy, the Company (i) develops proprietary products and solutions that deliver high value to customers by reducing costs and construction time, (ii) provides concrete-related construction products, equipment, and services and (iii) produces reinforcing steel products with increased strength, durability and corrosion resistance to support sustainable concrete construction.

As a result of the change in reportable segments, certain prior year amounts have been recast to conform to the current year presentation. Throughout this Form 10-Q, unless otherwise indicated, amounts and activity reflect reclassifications related to the Company's change in reportable segments. The change in reportable segments had no impact on the Company's **condensed** consolidated balance sheets and the **condensed** consolidated statements of earnings, comprehensive income, cash flows and stockholders' equity previously reported.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (**"FASB"** ("FASB")) issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 requires, among other updates, enhanced disclosures about significant segment expenses that are regularly provided to the CODM, as well as the aggregate amount of other segment items included in the reported measure of segment profit or loss. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective adoption. Early adoption is permitted. The Company is evaluating the impact of this guidance on its consolidated financial statements and **related** disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires enhanced annual disclosures regarding the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 and may be adopted on a prospective or retrospective basis. Early adoption is permitted. The Company is evaluating the impact of this guidance on its consolidated financial statements and **related** disclosures.

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NOTE 2. CHANGES IN BUSINESS

2023 Acquisitions

On September 15, 2022, the Company completed the acquisition of Advanced Steel Recovery, LLC ("ASR"), a supplier of recycled ferrous metals located in Southern California. ASR's primary operations include processing and brokering capabilities that source material for sale into both the domestic and export markets.

On November 14, 2022, the Company completed the acquisition of a Galveston, Texas area metals recycling facility and related assets (collectively, "Kodiak") from Kodiak Resources, Inc. and Kodiak Properties, L.L.C.

On March 3, 2023, the Company completed the acquisition of all of the assets of Roane Metals Group, LLC ("Roane"), a supplier of recycled metals with two facilities located in eastern Tennessee.

On March 17, 2023, the Company completed the acquisition of Tendon Systems, LLC ("Tendon"), a leading provider of post-tensioning, barrier cable and concrete restoration solutions to the southeastern U.S.

On May 1, 2023, the Company completed the acquisition of all of the assets of BOSTD America, LLC ("BOSTD"), a geogrid manufacturing facility located in Blackwell, Oklahoma. Prior to the acquisition, BOSTD produced several product lines for the Company's Tensar operations under a contract manufacturing arrangement.

On July 12, 2023, the Company completed the acquisition of EDSCO Fasteners, LLC ("EDSCO"), a leading provider of anchoring solutions for the electrical transmission market, with four manufacturing facilities located in North Carolina, Tennessee, Texas and Utah. Following the acquisition, EDSCO was rebranded as CMC Anchoring Systems.

The acquisitions of ASR, Kodiak, Roane, Tendon, BOSTD and EDSCO (the "2023 acquisitions") were not material individually, or in the aggregate, to the Company's financial position or results of operations, and therefore, pro forma operating results and other disclosures are not presented.

Operating results for the acquired operations of ASR, Kodiak, Roane and Tendon are presented within the Company's North America Steel Group segment. Operating results for BOSTD and CMC Anchoring Systems are presented within the Company's Emerging Businesses Group segment.

NOTE 3. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables reflect the changes in accumulated other comprehensive income (loss) ("AOCI"):

		Three Months Ended February 29, 2024				Three Months Ended February 29, 2024			
		(in thousands)		Foreign Currency		Defined Benefit Pension			
		Translation	Derivatives	Plans	Total AOCI				
(in thousands)									
Balance, December 1, 2023									
Other comprehensive income (loss) before reclassifications ⁽¹⁾									
Reclassification for gain ⁽²⁾									
Net other comprehensive income (loss)									
Balance, February 29, 2024									
		Three Months Ended November 30, 2023				Six Months Ended February 29, 2024			
		(in thousands)		Foreign Currency		Six Months Ended February 29, 2024			
		Translation	Derivatives	Plans	Total AOCI	Foreign Currency	Derivatives	Defined Benefit Pension	Plans
		(in thousands)				Translation			Total AOCI
Balance, September 1, 2023	Balance, September 1, 2023	\$(126,045)	\$135,257	\$(12,990)	\$ (3,778)				
Other comprehensive income (loss) before reclassifications ⁽¹⁾	Other comprehensive income (loss) before reclassifications ⁽¹⁾								
Reclassification for gain ⁽²⁾	Reclassification for gain ⁽²⁾	23,493	(42,945)	(9)	(19,461)				
Net other comprehensive income (loss)	Net other comprehensive income (loss)								
Balance, November 30, 2023		\$(102,552)	\$ 90,813	\$(12,999)	\$(24,738)				
Balance, February 29, 2024						Three Months Ended November 30, 2022			
		(in thousands)				Foreign Currency		Defined Benefit Pension	
		Translation	Derivatives	Plans	Total AOCI	Translation	Derivatives	Pension Plans	Total AOCI
		(in thousands)				Translation			

Balance, September 1, 2022	\$ (245,897)	\$ 138,242	\$ (6,796)	\$ (114,451)
Other comprehensive income before reclassifications ⁽¹⁾	41,429	68,045	1,756	111,230
Reclassification for (gain) loss ⁽²⁾	—	(6,970)	2	(6,968)
Net other comprehensive income	41,429	61,075	1,758	104,262
Balance, November 30, 2022	\$ (204,468)	\$ 199,317	\$ (5,038)	\$ (10,189)

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Three Months Ended February 28, 2023				
(in thousands)	Foreign Currency	Defined Benefit		
	Translation	Derivatives	Pension Plans	Total AOCI
Balance, December 1, 2022	\$ (204,468)	\$ 199,317	\$ (5,038)	\$ (10,189)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	11,628	23,957	(37)	35,548
Reclassification for gain ⁽²⁾	—	(863)	—	(863)
Net other comprehensive income (loss)	11,628	23,094	(37)	34,685
Balance, February 28, 2023	\$ (192,840)	\$ 222,411	\$ (5,075)	\$ 24,496

Six Months Ended February 28, 2023				
(in thousands)	Foreign Currency	Defined Benefit		
	Translation	Derivatives	Pension Plans	Total AOCI
Balance, September 1, 2022	\$ (245,897)	\$ 138,242	\$ (6,796)	\$ (114,451)
Other comprehensive income before reclassifications ⁽¹⁾	53,057	92,002	1,721	146,780
Reclassification for gain ⁽²⁾	—	(7,833)	—	(7,833)
Net other comprehensive income	53,057	84,169	1,721	138,947
Balance, February 28, 2023	\$ (192,840)	\$ 222,411	\$ (5,075)	\$ 24,496

(1) Other comprehensive income (loss) ("OCI") before reclassifications from derivatives is presented net of income tax benefit (expense) of \$10.1 million \$11.3 million and \$(15.8) \$21.4 million for the three and six months ended February 29, 2024, respectively, and \$(5.4) million and \$(21.2) million for the three and six months ended November 30, 2023 and 2022, February 28, 2023, respectively. Other comprehensive income (loss) OCI before reclassifications from defined benefit pension plans is presented net of immaterial tax benefits benefit (expense) for each period presented.

(2) Reclassifications for gains from derivatives included in net earnings are primarily recorded in cost of goods sold in the condensed consolidated statements of earnings and are presented net of immaterial tax expenses of \$0.3 million and \$1.7 million, for the three months ended November 30, 2023 and 2022, respectively. Reclassifications for the loss from defined benefit pension plans included in net earnings is recorded in selling, general and administrative ("SG&A") expenses in the condensed consolidated statements of earnings and is presented net of an immaterial income tax benefit for the three months ended November 30, 2022, each period presented.

NOTE 4. REVENUErecognition

The majority of the Company's revenue is recognized at a point in time concurrent with the transfer of control, which usually occurs, depending on shipping terms, upon shipment or customer receipt. See Note 13, Segment Information, for further information about disaggregated revenue by the Company's major product lines.

Certain revenues revenue from the Company's downstream products in the North America Steel Group segment are not recognized at a point in time. Revenue resulting from sales of fabricated rebar in the North America Steel Group segment is recognized over time, as discussed below. Revenue resulting from sales of steel fence posts and other downstream products in the North America Steel Group segment is recognized equal to billing under an available practical expedient.

Each of the North America Steel Group segment's fabricated rebar contracts represent a single performance obligation. Revenue from certain fabricated rebar contracts for which the Company provides fabricated product and installation services is recognized over time using an input measure. These contracts represented 9% and 8% of net sales in the North America Steel Group segment in each of the three and six months ended November 30, 2023 February 29, 2024 and 2022, respectively, February 28, 2023. Revenue from fabricated rebar contracts where for which the Company does not provide installation services is recognized over time using an output measure. These contracts represented 10% and 11% of net sales in the North America Steel Group segment in the three and six months ended February 29, 2024, respectively, and 12% and 13% of net sales in the North America Steel Group segment in the three and six months ended November 30, 2023 and 2022, February 28, 2023, respectively.

The following table provides information about assets and liabilities from contracts with customers recognized over time:

(in thousands)	(in thousands)	(in thousands)	(in thousands)
30, 2023	31, 2023	February 29, 2024	August 31, 2023

Contract assets (included in accounts receivable)	Contract assets (included in accounts receivable)	\$66,118	\$67,641
Contract liabilities (included in accrued expenses and other payables)	Contract liabilities (included in accrued expenses and other payables)	26,967	28,377

The amount of revenue reclassified from August 31, 2023 contract liabilities during the **three** **six** months ended **November 30, 2023** **February 29, 2024** was approximately **\$16.2 million** **\$23.4 million**.

Remaining Performance Obligations

As of **November 30, 2023** **February 29, 2024**, revenue totaling **\$840.6 million** **\$1.1 billion** has been allocated to remaining performance obligations in the North America Steel Group segment related to contracts for which revenue is recognized using an input or output measure. Of this amount, the Company estimates that approximately **81%** **80%** of the remaining performance obligations will be recognized in the twelve months after **November 30, 2023** following **February 29, 2024**, and the remainder will be recognized during the subsequent twelve months. The duration of all other contracts in the North America Steel Group, Europe Steel Group and Emerging Businesses Group segments are typically less than one year.

NOTE 5. INVENTORIES, NET

The majority of the Company's inventories are in the form of semi-finished and finished steel products. Under the Company's vertically integrated business models in the North America Steel Group segment and the Europe Steel Group segment, steel products are sold to external customers in various stages, from semi-finished billets through fabricated steel, leading these categories to be combined as finished goods.

The components of inventories were as follows:

(in thousands)	(in thousands)	November 30, 2023	August 31, 2023	(in thousands)	February 29, 2024	August 31, 2023
Raw materials	Raw materials	\$ 284,583	\$ 261,619			
Work in process	Work in process	7,846	6,844			
Finished goods	Finished goods	736,257	767,119			
Total	Total	\$1,028,686	\$1,035,582			

Inventory write-downs were **\$10.7 million** write-down expense was **\$10.4 million** and **\$4.5 million** **\$5.5 million** during the **three** **six** months ended **November 30, 2023** **February 29, 2024** and **2022**, respectively, and were **February 28, 2023**, respectively. The inventory write-downs primarily recorded in impacted the Europe Steel Group segment and were recorded in cost of goods sold in the condensed consolidated statements of earnings.

NOTE 6. GOODWILL AND OTHER INTANGIBLES

Goodwill by reportable segment is detailed in the table below. During the first quarter of 2024, CMC the Company changed its reportable segments as described in Note 1, Nature of Operations and Accounting Policies. Concurrent with the change in reportable segments, the Company reassigned goodwill to the updated reporting units using a relative fair value approach, shown below:

(in thousands)	(in thousands)	North America						(in thousands)	North America	Europe	Steel Group	North America	Europe	Steel Group	Emerging Businesses Group	Consolidated	
		North America	Europe	Steel Group	Europe Group	Emerging Businesses Group	Consolidated										
Goodwill, gross	Goodwill, gross																
Balance, September 1, 2023	Balance, September 1, 2023	\$351,441	\$44,561	\$ —	\$ —	\$ —	\$ —	\$ 396,002									
Segment reassignment		(351,441)	(44,561)	126,915	4,075	265,012	—										
Acquisition adjustments ⁽¹⁾		—	—	—	—	(3,250)	(3,250)										
Foreign currency translation		—	—	—	128	(6)	122										
Balance, November 30, 2023		—	—	126,915	4,203	261,756	392,874										
Accumulated impairment																	
Balance, September 1, 2023	Balance, September 1, 2023	(10,036)	(145)	—	—	—	(10,181)										
Segment reassignment		10,036	145	(9,542)	(146)	(493)	—										
Foreign currency translation		—	—	—	(5)	—	(5)										
Balance, November 30, 2023		—	—	(9,542)	(151)	(493)	(10,186)										
Goodwill, net																	
Balance, September 1, 2023	Balance, September 1, 2023	341,405	44,416	—	—	—	385,821										
Segment reassignment	Segment reassignment	(341,405)	(44,416)	117,373	3,929	264,519	—										
Acquisition adjustments ⁽¹⁾	Acquisition adjustments ⁽¹⁾	—	—	—	—	(3,250)	(3,250)										
Foreign currency translation	Foreign currency translation	—	—	—	123	(6)	117										
Balance, November 30, 2023		\$ —	\$ —	\$ 117,373	\$ 4,052	\$ 261,263	\$ 382,688										
Balance, February 29, 2024																	
Accumulated impairment																	
Accumulated impairment																	
Accumulated impairment																	
Balance, September 1, 2023																	
Balance, September 1, 2023																	
Balance, September 1, 2023																	
Segment reassignment																	
Foreign currency translation																	
Balance, February 29, 2024																	
Goodwill, net																	
Goodwill, net																	
Goodwill, net																	
Balance, September 1, 2023																	
Balance, September 1, 2023																	
Balance, September 1, 2023																	

Segment reassignment
Acquisition adjustments ⁽¹⁾
Foreign currency translation
Balance, February 29, 2024

(1) Measurement period adjustments related to the 2023 acquisitions which impacted the amount of goodwill originally reported.

The Company evaluated impairment indicators for the previous reporting units immediately prior to the change in reportable segments **described above** and concluded there were no indicators of impairment. Immediately after the change in reportable segments, the Company performed qualitative tests for five reporting units consisting of \$285.0 million of goodwill and quantitative tests for three reporting units consisting of \$100.8 million of goodwill. The results of the qualitative and quantitative tests indicated it was more likely than not that the fair value of all reporting units with goodwill exceeded their carrying values.

Other indefinite-lived intangible assets consisted of the following:

(in thousands)	(in thousands)	November 30, 2023		August 31, 2023		(in thousands)	February 29, 2024	August 31, 2023
		30, 2023	31, 2023	30, 2023	31, 2023			
Trade names	Trade names	\$54,092	\$54,056					
In-process research and development	In-process research and development	2,400	2,400					
Non-compete agreements	Non-compete agreements	750	750					
Total	Total	\$57,242	\$57,206					

The change in the balance of intangible assets with indefinite lives from August 31, 2023 to **November 30, 2023** **February 29, 2024** was due to foreign currency translation adjustments.

Other intangible assets subject to amortization are detailed in the following table:

(in thousands)	(in thousands)	November 30, 2023			August 31, 2023			(in thousands)	February 29, 2024			August 31, 2023					
		Gross		Net	Gross		Net		Gross	Carrying Amount	Accumulated Amortization	Net	Gross	Carrying Amount	Accumulated Amortization	Net	
		Carrying Amount	Accumulated Amortization		Carrying Amount	Accumulated Amortization											
Developed technologies	Developed technologies	\$150,900	\$ 29,912	\$120,988	\$150,445	\$ 25,228	\$125,217										
Customer relationships	Customer relationships	74,607	10,026	64,581	74,582	7,606	66,976										
Patents	Patents	7,203	5,814	1,389	7,203	5,570	1,633										
Perpetual lease rights	Perpetual lease rights	6,172	957	5,215	5,984	910	5,074										
Trade names	Trade names	3,300	1,218	2,082	3,287	1,129	2,158										
Non-compete agreements	Non-compete agreements	2,300	1,591	709	2,300	1,502	798										
Other	Other	223	130	93	224	125	99										

Total	Total	\$244,705	\$ 49,648	\$195,057	\$244,025	\$ 42,070	\$201,955
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The foreign currency translation adjustments for intangible assets subject to amortization were immaterial for all periods presented above.

Amortization expense for intangible assets was \$7.5 \$7.0 million and \$6.1 \$14.5 million in the three and six months ended November 30, 2023 and 2022, February 29, 2024, respectively, of which \$4.7 million and \$4.6 \$9.4 million, respectively, was recorded in cost of goods sold and \$2.8 \$2.3 million and \$5.1 million, respectively, was recorded in selling, general and administrative ("SG&A") expenses in the condensed consolidated statements of earnings. Amortization expense for intangible assets was \$6.2 million and \$12.3 million in the three and six months ended February 28, 2023, respectively, of which \$4.7 million and \$9.3 million, respectively, was recorded in cost of goods sold and \$1.5 million and \$3.0 million, respectively, was recorded in SG&A expenses in the condensed consolidated statements of earnings. Estimated amounts of amortization expense for intangible assets for the next five years are as follows:

		(in thousands)			(in thousands)
		(in thousands)			(in thousands)
Remainder of 2024	Remainder of 2024	\$ 20,898			
2025	2025	26,362			
2026	2026	25,138			
2027	2027	25,041			
2028	2028	23,031			

NOTE 7. CREDIT ARRANGEMENTS

Long-term debt was as follows:

		Weighted Average Interest Rate as of February 29, 2024			February 29, 2024	August 31, 2023
(in thousands)	(in thousands)	30, 2023	November 30, 2023	August 31, 2023	(in thousands)	
2030 Notes	2030 Notes	4.125%	\$ 300,000	\$ 300,000		
2031 Notes	2031 Notes	3.875%	300,000	300,000		
2032 Notes	2032 Notes	4.375%	300,000	300,000		
Series 2022 Bonds, due 2047	Series 2022 Bonds, due 2047	4.000%	145,060	145,060		
Short-term borrowings						
Short-term borrowings						
Short-term borrowings	Short-term borrowings	(⁽¹⁾)	—	8,419		
Other	Other	4.547%	15,859	16,042		
Finance leases	Finance leases	5.037%	103,350	95,470		
Total debt	Total debt		1,164,269	1,164,991		
Less unamortized debt issuance costs	Less unamortized debt issuance costs		(14,397)	(14,840)		
Plus unamortized bond premium	Plus unamortized bond premium		4,598	4,646		
Total amounts outstanding	Total amounts outstanding		1,154,470	1,154,797		

Less current maturities of long-term debt and short-term borrowings	Less current maturities of long-term debt and short-term borrowings	(33,998)	(40,513)
Less current maturities of long-term debt and short-term borrowings			
Less current maturities of long-term debt and short-term borrowings			
Long-term debt	Long-term debt	\$1,120,472	\$1,114,284

(1) The weighted average interest rate of short-term borrowings as of **February 29, 2024** and **August 31, 2023** was 6.790% and 7.800%, respectively.

The Company's credit arrangements require compliance with certain covenants, including an interest coverage ratio and a debt to capitalization ratio. At **November 30, 2023** **February 29, 2024**, the Company was in compliance with all financial covenants in its credit arrangements.

Capitalized interest was \$1.2 million and \$4.6 million during the three and six months ended **November 30, 2023** **February 29, 2024**, respectively, compared to \$5.4 million and \$2.4 million, respectively, during the corresponding periods.

Credit Facilities

The Company has a Sixth Amended and Restated Credit Agreement (the "Credit Agreement") with a revolving credit facility (the "Revolver") of \$600.0 million. The Company had no amounts drawn under the Revolver at **November 30, 2023** **February 29, 2024** or August 31, 2023. The availability under the Revolver was reduced by outstanding stand-by letters of credit totaling \$0.9 million at each of **November 30, 2023** **February 29, 2024** and August 31, 2023. The Credit Agreement also provided for a delayed draw senior secured term loan facility with a maximum principal amount of \$200.0 million, which expired undrawn in October 2023, in accordance with its terms.

The Company also has credit facilities in Poland through its subsidiary, CMC Poland Sp. z.o.o. ("CMCP"). At **November 30, 2023** **February 29, 2024** and August 31, 2023, CMCP's credit facilities totaled PLN 600.0 million, or \$150.2 million and \$145.4 million, respectively. There were no amounts outstanding under these facilities as of **November 30, 2023** **February 29, 2024** or August 31, 2023. The available balance of these credit facilities was reduced by outstanding stand-by letters of credit, guarantees and/or other financial assurance instruments, which totaled \$1.4 million \$1.5 million and \$16.3 million at **November 30, 2023** **February 29, 2024** and August 31, 2023, respectively.

Accounts Receivable Facility

The Poland accounts receivable facility had a limit of PLN 288.0 million, or \$72.0 million \$72.1 million and \$69.8 million, at **November 30, 2023** **February 29, 2024** and August 31, 2023, respectively. The Company had no immaterial amounts outstanding under the Poland accounts receivable facility at **November 30, 2023** **February 29, 2024**, compared to PLN 34.7 million, or \$8.4 million, advance payments outstanding at August 31, 2023.

NOTE 8. DERIVATIVES

At **November 30, 2023** **February 29, 2024** and August 31, 2023, the notional values of the Company's commodity contract commitments were \$481.0 million \$478.9 million and \$456.4 million, respectively. At **November 30, 2023** **February 29, 2024** and August 31, 2023, the notional values of the Company's foreign currency contract commitments were \$284.9 million \$233.6 million and \$221.4 million, respectively.

The following table provides information regarding the Company's commodity contract commitments at **November 30, 2023** **February 29, 2024**:

Commodity	Position	Total
Aluminum	Long	2,525 2,750 MT
Aluminum	Short	1,150 1,550 MT
Copper	Long	612 442 MT
Copper	Short	10,433 10,455 MT
Electricity	Long	3,257,000 3,204,000 MW(h)
Natural Gas	Long	5,150,550 4,830,600 MMBtu

MT = Metric ton

MW(h) = Megawatt hour

MMBtu = Metric Million British thermal unit

The following table summarizes the location and amounts of the fair value of the Company's derivative instruments reported in the condensed consolidated balance sheets:

(in thousands)	Primary Location	February 29, 2024	August 31, 2023
Derivative assets:			
Commodity	Prepaid and other current assets	\$ 7,410	\$ 11,427
Commodity	Other noncurrent assets	79,859	184,261
Foreign exchange	Prepaid and other current assets	951	1,898
Derivative liabilities:			
Commodity	Accrued expenses and other payables	\$ 5,124	\$ 2,983
Commodity	Other noncurrent liabilities	1,055	1,085
Foreign exchange	Accrued expenses and other payables	2,199	2,566

(in thousands)	Primary Location	November 30, 2023	August 31, 2023
Derivative assets:			
Commodity	Prepaid and other current assets	\$ 9,025	\$ 11,427
Commodity	Other noncurrent assets	135,939	184,261
Foreign exchange	Prepaid and other current assets	9,916	1,898
Derivative liabilities:			
Commodity	Accrued expenses and other payables	\$ 6,066	\$ 2,983
Commodity	Other noncurrent liabilities	1,003	1,085
Foreign exchange	Accrued expenses and other payables	5,868	2,566

The decrease in fair value of the Company's commodity derivatives reported within other noncurrent assets is primarily due to the decrease in the value of a significant input used to measure the fair value of the Company's Level 3 commodity derivatives at February 29, 2024 as compared to August 31, 2023. See Note 9, Fair Value, for further discussion of the measurement of the fair value of the Company's Level 3 commodity derivatives.

The following table summarizes activities related to the Company's derivatives not designated as cash flow hedging instruments recognized in the condensed consolidated statements of earnings. All other activity related to the Company's derivatives not designated as cash flow hedging instruments was immaterial for the periods presented.

		Three Months Ended November 30,				Three Months Ended		Three Months Ended Six Months Ended	
Gain (Loss) on Derivatives Not Designated as Hedging as Hedging Instruments (in thousands)	Gain (Loss) on Derivatives Not Designated as Hedging Instruments (in thousands)	Primary Location	2023	2022	Primary Location	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Commodity	Commodity	Cost of goods sold	\$ (72)	\$ (3,085)					
Foreign exchange	Foreign exchange	SG&A expenses	3,539	3,462					

The following table summarizes activities related to the Company's derivatives designated as cash flow hedging instruments recognized in the condensed consolidated statements of comprehensive income and condensed consolidated statements of earnings, respectively, earnings. Amounts presented do not include the effects of foreign currency translation adjustments.

Effective Portion of Derivatives Designated as Cash Flow Hedging Instruments		Amount of Gain Reclassified from AOCI into Earnings on Derivatives (in thousands)		Three Months Ended November 30, 2023		Three Months Ended November 30, 2022		Three Months Ended November 30, 2023		Three Months Ended November 30, 2022		
2023	2022	Primary Location	2023	2022								
Effective Portion of Derivatives Designated as Cash Flow Hedging Instruments												
Taxes (in thousands)												
Commodity	Commodity	\$ (42,952)	\$ 68,039	Cost of goods sold	\$ 1,765	\$ 8,605		Effective Portion of Derivatives Designated as Cash Flow Hedging Instruments Recognized in OCI, Net of Income Taxes (in thousands)	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Foreign exchange	Foreign exchange	7	6	SG&A expenses	61	61			29,2024	28,2023	29,2024	28,2023
Gain on Derivatives Designated as Cash Flow Hedging Instruments Reclassified from AOCI into Net Earnings (in thousands)												
		Primary Location		February 29, 2024		February 28, 2023		February 29, 2024		February 28, 2023		
Commodity		Cost of goods sold		\$ 136	\$ 1,011	\$ 1,901	\$ 9,616					
Foreign exchange		SG&A expenses		61	59	122	120					
Three Months Ended November 30, 2023												
Six Months Ended February 29, 2024												

The Company's natural gas commodity derivatives accounted for as cash flow hedging instruments have maturities extending to November 2026, February 2027. The Company's electricity commodity derivatives accounted for as cash flow hedging instruments have maturities extending to December 2034. Included in the AOCI balance as of November 30, 2023 February 29, 2024 was an estimated net gain of \$5.4 million \$2.7 million from cash flow hedging instruments that is expected to be reclassified into net earnings within the twelve months following November 30, 2023 February 29, 2024. Cash flows associated with the cash flow hedging instruments are recorded as a component of cash flows from operating activities in the condensed consolidated statements of cash flows. See Note 9, Fair Value, for the fair value of the Company's derivative instruments recorded in the condensed consolidated balance sheets.

NOTE 9. FAIR VALUE

The Company has established a fair value hierarchy which prioritizes the inputs to the valuation techniques used to measure fair value into three levels. These levels are determined based on the lowest level input that is significant to the fair value measurement. Levels within the hierarchy are defined within Note 1, Nature of Operations and Summary of Significant Accounting Policies, to the consolidated financial statements in the 2023 Form 10-K.

The Company presents the fair value of its derivative contracts on a net-by-counterparty basis when a legal right to offset exists under an enforceable netting agreement. The following table summarizes information regarding the Company's financial assets and financial liabilities that were measured at fair value on a recurring basis:

(in thousands)	Total	Fair Value Measurements at Reporting Date Using			
		Quoted Prices in Active Markets for Identical Assets		Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)	

As of November 30, 2023:

Assets:						
Investment deposit accounts ⁽¹⁾	\$	553,443	\$	553,443	\$	—
Commodity derivative assets ⁽²⁾		144,964		607		144,357
Foreign exchange derivative assets ⁽²⁾		9,916		—	9,916	—
Liabilities:						
Commodity derivative liabilities ⁽²⁾		7,069		7,069		—
Foreign exchange derivative liabilities ⁽²⁾		5,868		—	5,868	—

As of August 31, 2023:

Assets:						
Investment deposit accounts ⁽¹⁾	\$	508,227	\$	508,227	\$	—
Commodity derivative assets ⁽²⁾		195,689		1,264		194,425
Foreign exchange derivative assets ⁽²⁾		1,898		—	1,898	—
Liabilities:						
Commodity derivative liabilities ⁽²⁾		4,068		4,068		—
Foreign exchange derivative liabilities ⁽²⁾		2,566		—	2,566	—

(in thousands)	Total	Fair Value Measurements at Reporting Date Using				
		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
As of February 29, 2024:						
Assets:						
Investment deposit accounts ⁽¹⁾	\$	508,855	\$	508,855	\$	
Commodity derivative assets ⁽²⁾		87,269		952	—	
Foreign exchange derivative assets ⁽²⁾		951		—	951	
Liabilities:						
Commodity derivative liabilities ⁽²⁾		6,179		6,179	—	
Foreign exchange derivative liabilities ⁽²⁾		2,199		—	2,199	
As of August 31, 2023:						
Assets:						
Investment deposit accounts ⁽¹⁾	\$	508,227	\$	508,227	\$	
Commodity derivative assets ⁽²⁾		195,689		1,264	—	
Foreign exchange derivative assets ⁽²⁾		1,898		—	1,898	
Liabilities:						
Commodity derivative liabilities ⁽²⁾		4,068		4,068	—	
Foreign exchange derivative liabilities ⁽²⁾		2,566		—	2,566	

(1) Investment deposit accounts are short-term in nature, and the value is determined by principal plus interest. The investment portfolio mix can change each period based on the Company's assessment of investment options.

(2) Derivative assets and liabilities classified as Level 1 are commodity futures contracts valued based on quoted market prices in the London Metal Exchange or New York Mercantile Exchange. Amounts in Level 2 are based on broker quotes in the over-the-counter market. Derivatives classified as Level 3 are described below. Further discussion regarding the Company's use of derivative instruments is included in Note 8, Derivatives.

The fair value estimate of the Level 3 commodity derivatives are based on internally developed discounted cash flow models primarily utilizing unobservable inputs for which there is little or no market data. The Company forecasts future energy rates using a range of historical prices (the "floating rate"). The floating rate, which is the only significant unobservable

input used in the Company's discounted cash flow models. Significantly higher or lower floating rates could have resulted in a material difference in **our** the fair value measurement. The following table summarizes the range of floating rates used to measure the fair value of the Level 3 commodity derivatives at **November 30, 2023** **February 29, 2024** and August 31, 2023, which are applied uniformly across each of our Level 3 commodity derivatives:

	Floating rate (PLN)		
	Low	High	Average
November 30, 2023	424	807	551
February 29, 2024			
August 31, 31, 2023	480	855	630

Below is a reconciliation of the beginning and ending balances of the Level 3 commodity derivatives recognized in the condensed consolidated statements of comprehensive income. The fluctuation in energy rates over time causes volatility in the fair value estimates and is the primary reason for unrealized gains and losses and gains included in other comprehensive income ("OCI") OCI in the three and six months ended **November 30, 2023** **February 29, 2024** and **2022**, **February 28, 2023**, respectively.

	Three Months Ended November 30, 2023	Three Months Ended February 29, 2024
(in thousands)		
Balance, September 1, 2023 December 1, 2023	\$ 194,425	144,357
Total activity, realized and unrealized:		
Unrealized holding loss before reclassification ⁽¹⁾	(47,277)	(56,481)
Reclassification for gain included in net earnings ⁽²⁾	(2,791)	(1,559)
Balance, November 30, 2023 February 29, 2024	\$ 144,357	86,317
 (in thousands)	 Three Six Months Ended November 30, 2022	 Three Six Months Ended February 29, 2024
Balance, September 1, 2022 September 1, 2023	\$ 143,500	194,425
Total activity, realized and unrealized:		
Unrealized holding gain/loss before reclassification ⁽¹⁾	104,197	(103,758)
Reclassification for gain included in net earnings ⁽²⁾	(4,350)	
Balance, February 29, 2024	\$ (6,231)	86,317
 (in thousands)	 Three Months Ended February 28, 2023	
Balance, November 30, 2022 December 1, 2022	\$ 241,466	
Total activity, realized and unrealized:		
Unrealized holding gain before reclassification ⁽¹⁾	40,085	
Reclassification for gain included in net earnings ⁽²⁾	(709)	
Balance, February 28, 2023	\$ 280,842	
 (in thousands)	 Six Months Ended February 28, 2023	
Balance, September 1, 2022	\$ 143,500	
Total activity, realized and unrealized:		
Unrealized holding gain before reclassification ⁽¹⁾	144,282	
Reclassification for gain included in net earnings ⁽²⁾	(6,940)	
Balance, February 28, 2023	\$	

(1) Unrealized holding gain (loss), net of foreign currency translation, less amounts reclassified are included in net unrealized gain (loss) on derivatives in the condensed consolidated statements of comprehensive income.

(2) Gains included in net earnings are recorded in cost of goods sold in the condensed consolidated statements of earnings.

There were no material non-recurring fair value remeasurements during the three or six months ended **November 30, 2023** **February 29, 2024** or **2022**, **February 28, 2023**.

The carrying values of the Company's short-term items, including documentary letters of credit and notes payable, approximate fair value.

The carrying value and fair value of the Company's long-term debt, including current maturities, excluding other borrowings and finance leases, was \$1.0 billion and \$900.7 million \$935.6 million, respectively, at November 30, 2023 February 29, 2024, and \$1.0 billion and \$900.9 million, respectively, at August 31, 2023. The Company estimates these fair values based on Level 2 of the fair value hierarchy using indicated market values. The Company's other borrowings contain variable interest rates, and as a result, their carrying values approximate fair values.

NOTE 10. STOCK-BASED COMPENSATION PLANS

The Company's stock-based compensation plans are described in Note 13, Stock-Based Compensation Plans, to the consolidated financial statements in the 2023 Form 10-K. In general, restricted stock units vest ratably over a period of three years. Subject to the achievement of performance targets established by the Compensation Committee of CMC's the Company's Board of Directors (the "Board"), performance stock units vest after a period of three years.

Information for restricted stock units and performance stock units accounted for as equity awards during the six months ended February 29, 2024 is as follows:

			Weighted Average
	Shares	Fair Value	
Outstanding as of August 31, 2023			
Granted	1,777,591	\$ 37.01	
Vested	1,060,992	47.68	
Forfeited	(1,218,683)	37.80	
Outstanding as of November 30, 2023	(14,436)	39.02	
	1,605,464	\$ 43.45	
Weighted Average			
		Shares	Fair Value
Outstanding as of August 31, 2022	1,993,630	\$ 27.59	
Shares			
		Shares	Weighted Average
Outstanding as of August 31, 2023			
Granted	Granted	1,423,909	35.78
Vested	Vested	(1,611,934)	25.13
Forfeited	Forfeited	(2,259)	31.00
Outstanding as of November 30, 2022	1,803,346	\$ 36.26	
Outstanding as of February 29, 2024			

The Company granted 188,453 and 242,267 equivalent shares in the form of restricted stock units and performance stock units accounted for as liability awards during the three six months ended November 30, 2023 and 2022, respectively, February 29, 2024. At November 30, 2023 February 29, 2024, the Company had outstanding 463,334 460,093 equivalent shares accounted for under the liability method. The Company expects 440,167 437,088 equivalent shares to vest.

The following table summarizes total stock-based compensation expense, including fair value remeasurements, which was primarily included in SG&A expenses in the Company's condensed consolidated statements of earnings:

(in thousands)	Three Months Ended November 30,	
	2023	2022
Stock-based compensation expense	\$ 8,059	\$ 16,675
Three Months Ended		
(in thousands)	February 29, 2024	February 28, 2023
	\$ 14,988	\$ 16,949
Six Months Ended		
(in thousands)	February 29, 2024	February 28, 2023
	\$ 23,047	\$ 33,624

NOTE 11. STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

The Company's calculation of basic earnings per share ("EPS") and diluted EPS are described in Note 16, Earnings Per Share, to the consolidated financial statements in the 2023 Form 10-K.

The calculations of basic and diluted EPS were as follows:

		Three Months Ended November 30,		Three Months Ended		Three Months Ended		Six Months Ended	
(in thousands, except share and per share data)	(in thousands, except share and per share data)	2023	2022	(in thousands, except share and per share data)	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023	February 28, 2024
Net earnings	Net earnings	\$ 176,273	\$ 261,774						
Average basic shares outstanding									
Average basic shares outstanding									
Average basic shares outstanding	Average basic shares outstanding	116,771,939	117,273,743						
Effect of dilutive securities	Effect of dilutive securities	1,582,974	1,651,699						
Average diluted shares outstanding	Average diluted shares outstanding	118,354,913	118,925,442						
Earnings per share:	Earnings per share:								
Earnings per share:									
Basic	Basic	\$ 1.51	\$ 2.23						
Diluted	Diluted	1.49	2.20						

For all periods presented above, the Company had immaterial anti-dilutive shares, which were not included in the computation of average diluted shares outstanding.

In October 2021, the Company's Board of Directors authorized a share repurchase program under which the Company may was authorized to repurchase up to \$350.0 million of shares of CMC common stock. In January 2024, the Board authorized an increase of \$500.0 million to the existing share repurchase program. During the three and six months ended November 30, 2023 February 29, 2024, the Company repurchased 621,643 945,205 and 1,566,848 shares of CMC common stock, at an average purchase price of \$45.70 \$50.72 and \$48.73 per share, share, respectively. The Company had remaining authorization to repurchase \$58.3 million \$510.4 million of shares of CMC common stock at November 30, 2023 February 29, 2024.

NOTE 12. COMMITMENTS AND CONTINGENCIES

In the ordinary course of conducting its business, the Company becomes involved in litigation, administrative proceedings and governmental investigations, including environmental matters. matters, such as those described below. CMC expenses legal fees as they are incurred.

Legal Proceeding

On October 30, 2020, plaintiff Pacific Steel Group ("PSG") filed a suit in the United States District Court for the Northern District of California alleging that Commercial Metals Company, CMC Steel Fabricators, Inc. and CMC Steel US, LLC violated the federal and California state antitrust laws and California common law by entering into an exclusivity agreement for certain steel mill equipment manufactured by one of the Company's equipment suppliers. PSG seeks, among other things, a jury trial on its claims in addition to injunctive relief, compensatory damages, fees and costs. Fact and expert discovery are complete, and summary judgment briefing and arguments are under advisement by the court. Pending the resolution of summary judgment, a jury trial is scheduled for July 2024. The Company believes that it has substantial defenses and intends to vigorously defend against PSG's claims. The Company has not recorded any liability for this matter as it does not believe a loss is probable, and it cannot estimate any reasonably possible loss or range of possible loss. It is possible that an unfavorable resolution to this matter could have an adverse effect on the Company's results of operations, financial position or cash flows.

Other Matters

At November 30, 2023 February 29, 2024 and August 31, 2023, the amounts accrued for cleanup and remediation costs at certain sites in response to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") and analogous state and local statutes were immaterial. Total accrued environmental liabilities, including CERCLA sites, were \$3.7 million \$4.1 million and \$4.5 million at November 30, 2023 February 29, 2024 and August 31, 2023, respectively, of which \$1.7 million \$1.8 million and \$2.0 million were classified as other noncurrent liabilities as of November 30, 2023 February 29, 2024 and August 31, 2023, respectively. These amounts have not been discounted to their present values. Due to evolving remediation technology, changing regulations, possible third-party contributions, the inherent uncertainties of the estimation process and other factors, amounts accrued could vary significantly from amounts paid.

NOTE 13. SEGMENT INFORMATION

The Company structures its business into three reportable segments: North America Steel Group, Europe Steel Group and Emerging Businesses Group. See Note 1, Nature of Operations and Accounting Policies, for more information about the reportable segments, including the types of products and services from which each reportable segment derives its net sales. Other revenue resulting from the Company's New Markets Tax Credit ("NMTC") transactions are reflected in Corporate and Other net sales and are described in Note 9, New Markets Tax Credit Transactions, to the consolidated financial statements in the 2023 Form 10-K. In addition to other revenue from NMTC transactions, "Corporate and Other expenses" contains unallocated corporate amounts, such as earnings or losses on assets and liabilities related to resulting from the Company's Benefit Restoration Plan assets and liabilities and short-term investments, expenses of the Company's corporate headquarters, interest expense related to long-term debt and intercompany eliminations. Prior period balances in the tables below have been recast to reflect current period presentation, as described in Note 1, Nature of Operations and Accounting Policies.

The following is a summary of certain financial information by reportable segment and Corporate and Other.

(in thousands)	Three Months Ended November 30, 2023				
	North America Steel		Emerging Businesses		
	Group	Europe Steel Group	Group	Corporate and Other	Total
Net sales from external customers	\$ 1,592,650	\$ 225,175	\$ 177,239	\$ 7,987	\$ 2,003,051
Adjusted EBITDA	266,820	38,942	30,862	(30,987)	305,637
Total assets at November 30, 2023	4,142,370	838,019	847,744	867,036	6,695,169

(in thousands)	Three Months Ended November 30, 2022				
	North America Steel		Emerging Businesses		
	Group	Europe Steel Group	Group	Corporate and Other	Total
Net sales from external customers	\$ 1,664,161	\$ 386,503	\$ 170,534	\$ 6,115	\$ 2,227,313
Adjusted EBITDA	349,787	61,248	31,427	(39,726)	402,736
Total assets at August 31, 2023	4,166,521	927,468	874,330	670,775	6,639,094

Other, as applicable:

(in thousands)	Three Months Ended		Six Months Ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Net sales from external customers:				
North America Steel Group	\$ 1,486,202	\$ 1,503,774	\$ 3,078,852	\$ 3,167,935
Europe Steel Group	192,500	337,560	417,675	724,063
Emerging Businesses Group	155,994	153,598	333,233	324,132
Reportable segments total	1,834,696	1,994,932	3,829,760	4,216,130
Corporate and Other	13,591	23,071	21,578	29,186
Total	\$ 1,848,287	\$ 2,018,003	\$ 3,851,338	\$ 4,245,316

Adjusted EBITDA:

North America Steel Group	\$ 222,294	\$ 274,240	\$ 489,114	\$ 624,027
Europe Steel Group	(8,611)	11,469	30,331	72,717
Emerging Businesses Group	17,929	26,551	48,791	57,977
Reportable segments total	\$ 231,612	\$ 312,260	\$ 568,236	\$ 754,721
			February 29, 2024	August 31, 2023
Total assets:				
North America Steel Group		\$ 4,252,618	\$ 4,166,521	
Europe Steel Group		739,354	927,468	
Emerging Businesses Group		837,668	874,330	
Reportable segments total		5,829,640	5,968,319	
Corporate and Other		832,625	670,775	
Total		\$ 6,662,265	\$ 6,639,094	

The following table presents a reconciliation of net earnings to adjusted EBITDA from the reportable segments:

(in thousands)	Three Months Ended November 30,	
	2023	2022
Net earnings	\$ 176,273	\$ 261,774
Interest expense	11,756	13,045
Income taxes	48,422	76,725
Depreciation and amortization	69,186	51,183
Asset impairments	—	9
Adjusted EBITDA	\$ 305,637	\$ 402,736

(in thousands)	Three Months Ended		Six Months Ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Net earnings	\$ 85,847	\$ 179,849	\$ 262,120	\$ 441,623
Interest expense	11,878	9,945	23,634	22,990
Income taxes	31,072	55,641	79,494	132,366
Depreciation and amortization	68,299	51,216	137,485	102,399
Asset impairments	4	36	4	45
Corporate and Other expenses	34,512	15,573	65,499	55,298
Adjusted EBITDA reportable segments	\$ 231,612	\$ 312,260	\$ 568,236	\$ 754,721

Disaggregation of Revenue

The following tables display revenue by reportable segment and Corporate and Other from external customers, disaggregated by major product:

Three Months Ended November 30, 2023					Three Months Ended February 29, 2024					Three Months Ended February 29, 2024									
(in thousands)	North America Steel Group				(in thousands)	Europe Steel Group				(in thousands)	Emerging Businesses Group				(in thousands)	Corporate and Other			
	North America Steel Group	Europe Steel Group	Emerging Businesses Group	Corporate and Other		North America Steel Group	Europe Steel Group	Emerging Businesses Group	Corporate and Other		North America Steel Group	Europe Steel Group	Emerging Businesses Group	Corporate and Other		North America Steel Group	Europe Steel Group	Emerging Businesses Group	Corporate and Other
Major product: Major product:																			
Raw materials																			
Raw materials																			
Raw materials	Raw materials	\$ 313,655	\$ 3,714	\$ —	\$ —	\$ 317,369				North America Steel Group	Europe Steel Group	Emerging Businesses Group	Corporate and Other	Total					
Steel products	Steel products	657,760	175,532	—	—	833,292													

Downstream products	Downstream products	577,002	38,628	37,546	—	653,176
Construction products	Construction products	—	—	77,759	—	77,759
Ground stabilization products		—	—	57,323	—	57,323
Ground stabilization solutions						
Other	Other	44,233	7,301	4,611	7,987	64,132
Net sales from external customers	Net sales from external customers	1,592,650	225,175	177,239	7,987	2,003,051
Intersegment net sales, eliminated on consolidation	Intersegment net sales, eliminated on consolidation	19,637	576	4,787	(25,000)	—
Net sales	Net sales	\$1,612,287	\$225,751	\$182,026	\$(17,013)	\$2,003,051

Six Months Ended February 29, 2024

Six Months Ended February 29, 2024

Six Months Ended February 29, 2024

(in thousands)

Major product:

Raw materials

Raw materials

Raw materials

Steel products

Downstream products

Construction products

Ground stabilization solutions

Other

Net sales from external customers

Intersegment net sales, eliminated on consolidation

Net sales

(in thousands)	North America	Europe	Emerging Businesses	Corporate and Other	Total
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Steel Group

Steel Group

Businesses Group

and Other

Total

Three Months Ended November 30, 2022						
(in thousands)	North America Steel		Emerging Businesses			Total
	Group	Europe Steel Group	Group	Corporate and Other		
Major product:						
Raw materials	\$ 293,320	\$ 4,867	—	\$ —	\$ 298,187	
Steel products	703,594	311,936	—	—	—	1,015,530
Downstream products	618,967	59,582	24,808	—	—	703,357

Construction products	—	—	83,567	—	83,567
Ground stabilization products	—	—	59,079	—	59,079
Other	48,280	10,118	3,080	6,115	67,593
Net sales from external customers	1,664,161	386,503	170,534	6,115	2,227,313
Intersegment net sales, eliminated on consolidation	25,854	532	8,778	(35,164)	—
Net sales	\$ 1,690,015	\$ 387,035	\$ 179,312	\$ (29,049)	\$ 2,227,313

(in thousands)	Three Months Ended February 28, 2023				
	North America Steel		Emerging Businesses		
	Group	Europe Steel Group	Group	Corporate and Other	Total
Major product:					
Raw materials	\$ 317,807	\$ 4,894	—	\$ —	\$ 322,701
Steel products	628,806	272,607	—	—	901,413
Downstream products	515,492	50,128	25,530	—	591,150
Construction products	—	—	75,431	—	75,431
Ground stabilization solutions	—	—	48,914	—	48,914
Other ⁽¹⁾	41,669	9,931	3,723	23,071	78,394
Net sales from external customers	1,503,774	337,560	153,598	23,071	2,018,003
Intersegment net sales, eliminated on consolidation	21,713	663	7,146	(29,522)	—
Net sales	\$ 1,525,487	\$ 338,223	\$ 160,744	\$ (6,451)	\$ 2,018,003
Six Months Ended February 28, 2023					
(in thousands)	North America Steel				
	Group		Emerging Businesses		
	Group	Europe Steel Group	Group	Corporate and Other	Total
Major product:					
Raw materials	\$ 611,127	\$ 9,761	—	\$ —	\$ 620,888
Steel products	1,332,400	584,543	—	—	1,916,943
Downstream products	1,134,459	109,710	50,338	—	1,294,507
Construction products	—	—	158,998	—	158,998
Ground stabilization solutions	—	—	107,993	—	107,993
Other ⁽¹⁾	89,949	20,049	6,803	29,186	145,987
Net sales from external customers	3,167,935	724,063	324,132	29,186	4,245,316
Intersegment net sales, eliminated on consolidation	47,567	1,195	15,924	(64,686)	—
Net sales	\$ 3,215,502	\$ 725,258	\$ 340,056	\$ (35,500)	\$ 4,245,316

(1) Other revenue during the three and six months ended February 28, 2023 includes \$17.7 million derived from the Company's NMTC transactions. See Note 9, New Markets Tax Credit Transactions, to the consolidated financial statements in the 2023 Form 10-K for further information.

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

In the following discussion, references to "we," "us," "our" or the "Company" mean Commercial Metals Company ("CMC") and its consolidated subsidiaries, unless the context otherwise requires. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the notes thereto, which are included in this Quarterly Report on Form 10-Q (this "Form 10-Q"), and our consolidated financial statements and the notes thereto, which are included in our Annual Report on Form 10-K for the year ended August 31, 2023 (the "2023 Form 10-K"). This discussion contains or incorporates by reference "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts, but rather are based on expectations, estimates, assumptions and projections about our industry, business and future financial results, based on information available at the time this Form 10-Q was filed with the United States ("U.S.") Securities and Exchange Commission (the "SEC") or, with respect to any document incorporated by reference, available at the time that such document was prepared. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those identified in the section entitled "Forward-Looking Statements" at the end of Item 2 of this Form 10-Q and in the section entitled "Risk Factors" in Part I, Item 1A of our 2023 Form 10-K. We do not undertake any obligation to update, amend or clarify any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, new information or circumstances or otherwise, except as required by law.

Any reference in this Form 10-Q to the "corresponding period" or "comparable period" relates to the relevant three or six month period ended November 30, 2022 February 28, 2023. Any reference in this Form 10-Q to a year refers to the fiscal year ended August 31st of that year, unless otherwise noted.

BUSINESS CONDITIONS AND DEVELOPMENTS

Change in Reportable Segments

During the first quarter of 2024, we changed our reportable segments to reflect a change in the manner in which our business is managed. Based on recent changes to our organizational structure, the evolution of our solutions offerings outside of traditional steel products, the growing importance of non-steel solutions to our financial results and future outlook and how our chief operating decision maker, our President and Chief Executive Officer, reviews operating results and makes decisions about resource allocation, CMC the Company now has three reportable segments that represent the primary businesses reported in our condensed consolidated financial statements: North America Steel Group, Europe Steel Group and Emerging Businesses Group. See the section titled "Results of Operations Summary" below for more information regarding our reportable segments. As a result of this change, certain prior year amounts have been recast to conform to the current year presentation. Throughout this Form 10-Q, unless otherwise indicated, amounts and activity reflect reclassifications related to the Company's change in reportable segments.

Chief Executive Officer Transition

Effective September 1, 2023, Peter R. Matt, our then President, assumed the role of President and Chief Executive Officer, immediately following the retirement of Barbara R. Smith, our then Chief Executive Officer and Chairman of the Board of Directors. Directors (the "Board"). Mr. Matt has served as our President since April 9, 2023 and continues to serve as a member of the Board, of Directors, which he joined in June 2020. Ms. Smith was appointed Executive Chairman of the Board, of Directors, effective September 1, 2023. The transition from Ms. Smith to Mr. Matt followed the Company's formal succession planning process.

2023 Acquisitions

On September 15, 2022, we completed the acquisition of Advanced Steel Recovery, LLC ("ASR"), a supplier of recycled ferrous metals located in Southern California. ASR's primary operations include processing and brokering capabilities that source material for sale into both the domestic and export markets.

On November 14, 2022, we completed the acquisition of a Galveston, Texas area metals recycling facility and related assets (collectively, "Kodiak") from Kodiak Resources, Inc. and Kodiak Properties, L.L.C.

On March 3, 2023, we completed the acquisition of all of the assets of Roane Metals Group, LLC ("Roane"), a supplier of recycled metals with two facilities located in eastern Tennessee.

On March 17, 2023, we completed the acquisition of Tendon Systems, LLC ("Tendon"), a leading provider of post-tensioning, barrier cable and concrete restoration solutions to the southeastern U.S.

On May 1, 2023, we completed the acquisition of all of the assets of BOSTD America, LLC ("BOSTD"), a geogrid manufacturing facility located in Blackwell, Oklahoma. Prior to the acquisition, BOSTD produced several product lines for our Tensar operations under a contract manufacturing arrangement.

On July 12, 2023, we completed the acquisition of EDSCO Fasteners, LLC ("EDSCO"), a leading provider of anchoring solutions for the electrical transmission market, with four manufacturing facilities located in North Carolina, Tennessee, Texas and Utah. Following the acquisition, EDSCO was rebranded as CMC Anchoring Systems.

Operating results for ASR, Kodiak, Roane and Tendon are presented within the North America Steel Group segment. Operating results for BOSTD and CMC Anchoring Systems are presented within the Emerging Businesses Group segment. The acquired operations of ASR, Kodiak, Roane, Tendon, BOSTD and CMC Anchoring Systems are collectively referred to as the "2023 acquisitions."

Capital Expenditures

During the fourth quarter of 2023, our third micro mill was placed into service. Initial commercial production of The new facility, located in Mesa, Arizona, allows us to more efficiently meet underlying West Coast and Pacific Northwest demand for steel products. Designed to produce both rebar commenced during commissioning, prior to the startup of and merchant bar, production that will commence in early calendar year 2024. This micro mill is the first in the world to produce merchant bar quality products through a continuous production process process. Initial commercial production of rebar commenced during commissioning, prior to the startup of merchant bar production, which commenced during the second quarter of 2024. The merchant bar products produced at this facility will consist of a wide variety of shapes and sizes of long steel, and, combined with rebar production, the capacity of this micro mill is approximately 40% greater than that of the other micro mills we have constructed. The micro mill will employ the latest technology in electric arc furnace ("EAF") power supply systems which will allow us to directly connect the EAF and the ladle furnace to renewable energy sources such as solar and wind. The new facility, located in Mesa, Arizona, allows us to Additionally, this micro mill is the Company's first micro mill to more efficiently meet underlying West Coast utilize Q-ONE technology on an EAF, which provides energy efficiencies and Pacific Northwest demand for steel products. precise electrical control during production, creating a stable and consistent output.

In December 2022, we announced that our planned fourth micro mill will be located in Berkeley County, West Virginia. This new micro mill will be geographically situated to serve the Northeast, Mid-Atlantic and Mid-Western U.S. markets and will enhance our steel production capabilities by achieving synergies within the existing network of downstream fabrication plants. Site improvements and foundations for the micro mill are nearing completion. We expect this micro mill to be commissioned in late calendar 2025.

Russian Invasion of Ukraine

The Russian invasion of Ukraine did not have a direct material adverse impact on our business, financial condition or results of operations during the three or six months ended November 30, 2023 February 29, 2024 or 2022, February 28, 2023. Our Europe Steel Group segment has not experienced an interruption in energy supply and was able to identify alternate sources for a limited number of materials previously procured through Russia. However, the Russian invasion of Ukraine has led to economic slowdowns in Europe, including significant volatility in commodity prices and credit markets, as well as reductions in demand and supply chain interruptions, and has contributed to global inflation. We will continue to monitor disruptions in supply of energy and materials and the indirect effects on our operations of inflationary pressures, reductions in demand, foreign exchange rate fluctuations, commodity pricing, potential cybersecurity risks and sanctions resulting from the invasion.

See Part I, Item 1A, Risk Factors, of our 2023 Form 10-K for further discussion related to the above business conditions and developments.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no material changes to our critical accounting policies and estimates as set forth in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, included in our 2023 Form 10-K.

RESULTS OF OPERATIONS SUMMARY

Business Overview

CMC is an innovative solutions provider helping build a stronger, safer and more sustainable world. Through an extensive manufacturing network principally located in the U.S. and Central Europe, we offer the Company offers products and technologies to meet the critical reinforcement needs of the global construction sector. CMC's solutions support construction across a wide variety of applications, including infrastructure, non-residential, residential, industrial and energy generation and transmission. Our operations are conducted through three reportable segments: North America Steel Group, Europe Steel Group and Emerging Businesses Group.

North America Steel Group

The North America Steel Group segment is primarily composed of a vertically integrated network of recycling facilities, steel mills and fabrication operations located in the U.S.

The scrap metal recycling facilities process and sell ferrous and nonferrous scrap metals (collectively referred to as "raw materials") to steel mills and foundries, aluminum sheet and ingot manufacturers, brass and bronze ingot makers, copper refineries and mills, secondary lead smelters, specialty steel mills, high temperature alloy manufacturers and other consumers. Ferrous scrap metal processed by our recycling operations is the primary raw material used by our steel mills.

Our steel mill operations consist of six EAF mini mills, three EAF micro mills and one rerolling mill. The steel mills manufacture finished long steel products including rebar, merchant bar, light structural and other special sections and wire rod, as well as semi-finished billets for rerolling and forging applications (collectively referred to as "steel products"). The primary end markets for our steel mills are construction and fabricating industries, metals service centers, original equipment manufacturers and agricultural, energy and petrochemical industries.

The fabricated rebar operations shear, bend, weld and fabricate steel that is used to reinforce concrete during the construction of commercial and non-commercial buildings, hospitals, convention centers, industrial plants, power plants, highways, bridges, arenas, stadiums and dams, among other projects. Many of the projects are fixed price over the life of the project. We also provide installation services of fabricated rebar in certain markets. Steel for our fabrication operations is obtained primarily from our steel mills. Additionally, we fabricate steel fence posts primarily for use in residential and commercial landscaping and agricultural and livestock containment. Further, we supply post-tension cable for use in a variety of projects, such as slab-on-grade foundations, bridges, buildings, parking structures and rock-and-soil anchors. The fabrication and post-tension cable offerings are collectively referred to as "downstream products" in the context of the North America Steel Group segment.

Europe Steel Group

The Europe Steel Group segment is primarily composed of a vertically integrated network of recycling facilities, an EAF mini mill and fabrication operations located in Poland.

The scrap metal recycling facilities process ferrous scrap metals for use almost exclusively by the mini mill. Nonferrous scrap metal is not material to this segment's operations. The mini mill is a significant manufacturer of steel products including rebar, merchant bar, wire rod and semi-finished billets in Central Europe and includes three rolling lines. The first rolling line is designed to allow efficient and flexible production of a range of medium section merchant bar products. The second rolling line is dedicated primarily to rebar production. The third rolling line is designed to produce high grade wire rod. The mini mill sells steel products primarily to fabricators, manufacturers, distributors and construction companies, mostly to customers located within Poland. However, the mini mill also exports steel products to the Czech Republic, Germany, Hungary, Slovakia and other countries.

The fabrication operations obtain rebar and wire rod primarily from the mini mill for use in the production of fabricated rebar, fabricated mesh, wire mesh, assembled rebar cages, welded steel mesh, cold rolled wire rod, cold rolled rebar and other fabricated rebar by-products. The products manufactured by the fabrication operations (collectively referred to as "downstream products" in the context of the Europe Steel Group segment) are sold primarily to contractors for incorporation into construction projects. In addition to sales of downstream products in the Polish market, the Company also exports downstream products to neighboring countries such as the Czech Republic and Germany.

Emerging Businesses Group

Our Emerging Businesses Group segment provides construction-related solutions and value-added products with strong, underlying growth fundamentals to serve domestic and international markets that are adjacent to those served by our vertically integrated operations in the North America Steel Group segment and the Europe Steel Group segment. The Emerging Businesses Group segment's portfolio consists of CMC Construction Services™ products (collectively referred to as "construction products"), Tensar® products and solutions (collectively referred to as "ground stabilization products" solutions") and CMC Impact Metals™, CMC Anchoring Systems and performance reinforcing steel products (collectively referred to as "downstream products" in the context of the Emerging Businesses Group segment).

- CMC Construction Services™ operations sell and rent construction-related products and equipment to concrete installers and other businesses in the construction industry.
- Tensar® operations sell geogrids and Geopier® foundation systems. Geogrids are polymer-based products used for ground stabilization, soil reinforcement and asphalt optimization in construction applications, including roadways, public infrastructure and industrial facilities. Geopier® foundation systems are ground improvement rammed aggregate pier and other foundation solutions that increase the load-bearing characteristics of ground structures and working surfaces and can be applied in soil types and construction situations in which traditional support methods are impractical or would make a project infeasible.
- CMC Impact Metals™ operations manufacture heat-treated, high-strength steel products, such as high-strength bar for the truck trailer industry, special bar quality steel for the energy market and armor plate for military vehicles.
- CMC Anchoring Systems' operations supply a custom engineered line of anchor cages, bolts and fasteners that are fabricated principally from rebar and are used primarily to secure high voltage electrical transmission poles to concrete foundations.
- Our group of performance reinforcing steel offerings include innovative products such as Galvabar® (galvanized rebar with a zinc alloy coating that provides corrosion protection and post-fabrication formability), ChromX® (designed for high-strength capabilities, corrosion resistance and a service life of more than 100 years) and CryoSteel® (a cryogenic reinforcing steel that exceeds minimum performance requirements for strength and ductility at extremely low temperatures).

Key Performance Indicators

When evaluating our results for the period, we compare net sales, in the aggregate and for each of our reportable segments, in the current period to net sales in the corresponding period. Specifically, for the North America Steel Group segment and the Europe Steel Group segment we focus on changes in average selling price per ton and tons shipped compared to the prior period for each of our vertically integrated product categories as these are the two variables that typically have the greatest impact on our net sales for those reportable segments. Of the products evaluated by changes in average selling price per ton and tons shipped within the North America Steel Group and Europe Steel Group segments, raw materials include ferrous and nonferrous scrap, steel products include rebar, merchant bar and other steel products, such as billets and wire rod, and downstream products include fabricated rebar, steel fence posts and wire mesh. The evaluation of average selling price per ton and tons shipped for downstream products exclude post-tension cable, which is not measured on a per ton basis.

Adjusted EBITDA is used by management to compare and evaluate the period-over-period underlying business operational performance of our reportable segments. Adjusted EBITDA is the sum of the Company's earnings before interest expense, income taxes, depreciation and amortization and impairment expense. Although there are many factors that can impact a segment's adjusted EBITDA and, therefore, our overall earnings, changes in metal margins of our steel products and downstream products period-over-period in the North America Steel Group and Europe Steel Group segments is a consistent area of focus for our Company and industry. Metal margin is a metric used by management to monitor the results of our vertically integrated organization. For our steel products, metal margin is the difference between the average selling price per ton of rebar, merchant bar and other steel products and the cost of ferrous scrap per ton utilized by our steel mills to produce these products. An increase or decrease in input costs can impact profitability of these products when there is no corresponding change in selling prices. The metal margin for our North America Steel Group and Europe Steel Group segments' downstream products is the difference between the average selling price per ton of fabricated rebar and steel fence post products and the scrap input costs to produce these products. The majority of our North America Steel Group and Europe Steel Group segments' downstream products selling prices per ton are fixed at the beginning of a project and these projects last one to two years on average. Because the selling price generally remains fixed over the life of a project, changes in input costs over the life of the project can significantly impact profitability.

Financial Results Overview

(in thousands, share data)	Three Months Ended November 30,		(in thousands, share data)	Three Months Ended	Six Months Ended	
	2023	2022		February 29, 2024	February 28, 2023	February 28, 2023
Net sales	\$2,003,051	\$2,227,313				
Net earnings	176,273	261,774				

Diluted earnings per share	\$ 1.49	Diluted earnings per share	\$ 2.20
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Net sales decreased \$224.3 million \$169.7 million, or 10% 8%, for the three months ended November 30, 2023 February 29, 2024, compared to the corresponding period, and decreased \$394.0 million, or 9%, for the six months ended February 29, 2024, compared to the corresponding period. See discussions below, labeled North America Steel Group, Europe Steel Group and Emerging Businesses Group within our Segment Operating Data section, for further information on our period-over-period net sales results.

During the three and six months ended November 30, 2023 February 29, 2024, we achieved net earnings of \$176.3 million \$85.8 million and \$262.1 million, respectively, compared to net earnings of \$261.8 million \$179.8 million and \$441.6 million, respectively, during the corresponding period periods. The change in net earnings in the three and six months ended November 30, 2023 February 29, 2024, compared to the corresponding period periods, was primarily due to compression in steel products metal margins in both our North America Steel Group segment and Europe Steel Group segment, driven by decreases in steel products average selling prices, while the cost of ferrous scrap utilized per ton remained relatively flat. This increased. The year-over-year change in net earnings also reflects includes \$66.3 million of government assistance recognized in the Europe Steel Group segment during the three six months ended November 30, 2023 February 29, 2024, compared to \$9.5 million of government assistance recognized in the corresponding period.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses increased \$6.2 million \$16.6 million and \$22.8 million during the three and six months ended November 30, 2023 February 29, 2024, respectively, compared to the corresponding period periods. Contributing to the period-over-period increase was \$3.8 million increases were \$2.9 million and \$6.6 million of incremental SG&A expenses from the 2023 acquisitions in the three and six months ended November 30, 2023 February 29, 2024, respectively, compared to the expenses recorded during the corresponding period periods. Additionally, labor-related expenses increased \$1.7 million during the three months ended November 30, 2023, as compared to the respective corresponding period periods, the three and information technology six months ended February 29, 2024 included \$4.2 million and \$4.4 million of increased benefit restoration plan expenses and \$2.9 million and \$3.0 million of increased \$1.5 million professional services expenses. The increase in SG&A expenses during the three six months ended November 30, 2023, compared to the corresponding period. These increases were February 29, 2024 was offset, in part, by a \$4.2 million pension plan settlement charge in the corresponding period, six months ended February 28, 2023, with no such settlement charge in the three six months ended November 30, 2023 February 29, 2024. All The remaining fluctuations in SG&A expenses during the three and six months ended February 29, 2024, compared to the corresponding periods, were individually immaterial, due to multiple factors of which no single category was material.

Interest Expense

Interest expense decreased increased by \$1.3 million \$1.9 million during the three months ended November 30, 2023 February 29, 2024, compared to the corresponding period, and remained relatively flat during the six months ended February 29, 2024, compared to the corresponding period. While quarter-over-quarter interest expense decreased by \$2.7 million due to a lower average balance of long-term debt outstanding during the first second quarter of 2024 compared to the first quarter of 2023 drove a \$4.7 million corresponding period, this decrease in interest expense, partially was offset by a \$3.4 million \$4.2 million reduction in capitalized interest during the three months ended November 30, 2023 February 29, 2024, compared to the corresponding period.

Income Taxes

The effective income tax rate rates for the three and six months ended February 29, 2024 were 26.6% and 23.3%, respectively, compared to 23.6% and 23.1%, respectively, in the corresponding periods. The increase for the three months ended November 30, 2023 February 29, 2024, compared with the corresponding period, is due to multiple factors of which no single item was 21.6% material. The effective income tax rate remained relatively flat for the six months ended February 29, 2024 when compared to 22.7% in the corresponding period. The decrease is primarily due to a tax benefit driven by an international restructuring transaction during the three months ended November 30, 2023.

SEGMENT OPERATING DATA

The operational data by product category presented in the North America Steel Group and Europe Steel Group tables below is calculated using averages and therefore, it is not meaningful to quantify the effect that any individual metric had on segment net sales or adjusted EBITDA during each period presented. See Note 13, Segment Information, in Part I, Item 1, Financial Statements, of this Form 10-Q for more information on our reportable segments.

North America Steel Group

	Three Months Ended November 30,		Three Months Ended (in thousands, except per ton amounts)	February 29, 2024	Six Months Ended	
	2023	2022			February 28, 2023	February 28, 2023

Net sales from external customers	Net sales from external customers	\$1,592,650	\$1,664,161
Adjusted EBITDA	Adjusted EBITDA	266,820	349,787
External tons shipped	External tons shipped		
External tons shipped	External tons shipped		
Raw materials	Raw materials		
Raw materials	Raw materials	374	316
Rebar	Rebar	522	461
Merchant bar and other	Merchant bar and other	230	243
Steel products	Steel products	752	704
Downstream products	Downstream products	346	382
Average selling price (per ton)	Average selling price (per ton)		
Average selling price (per ton)	Average selling price (per ton)		
Raw materials	Raw materials		
Raw materials	Raw materials	\$ 783	\$ 824
Steel products	Steel products	892	1,020
Downstream products	Downstream products	1,389	1,399
Cost of ferrous scrap utilized per ton	Cost of ferrous scrap utilized per ton	\$ 343	\$ 325
Cost of ferrous scrap utilized per ton	Cost of ferrous scrap utilized per ton		
Steel products metal margin per ton	Steel products metal margin per ton	549	695

Net sales from external customers in our North America Steel Group segment decreased 4% and 3% during the three and six months ended November 30, 2023 February 29, 2024, respectively, compared to the corresponding period periods. The decrease primarily resulted from a reduction in steel products average selling prices per ton of 5% for raw materials 8% and 13% for steel products 10% during the three and six months ended November 30, 2023 February 29, 2024, respectively, compared to the corresponding period, resulting from increased import pressures periods, and reductions in the U.S. In contrast, downstream product products average selling prices remained flat.

The overall reduction per ton, compared to the corresponding periods, in both cases due to increased competitive pricing in our key markets. These reductions in net sales from external customers due to these changes in driven by lower average selling prices was were partially offset by year-over-year increased shipments of raw materials and steel products in both periods presented due to continued strong construction activity and demand in our end-use markets, which outpaced year-over-year decreased shipments of downstream products. markets.

During the three and six months ended November 30, 2023 February 29, 2024, we achieved adjusted EBITDA of \$266.8 million \$222.3 million and \$489.1 million, respectively, compared to adjusted EBITDA of \$349.8 million \$274.2 million and \$624.0 million, during the respective corresponding period. periods. The decrease in adjusted EBITDA during the three and six months ended November 30, 2023 February 29, 2024 was primarily due to an 18% and a 21% 20% erosion of steel products metal margin per ton, as respectively, compared to the corresponding period, while periods, and 9% and 6% decreases in downstream products margin over scrap per ton, remained relatively flat. respectively, compared to the corresponding periods. The decrease in steel products metal margin per ton was mainly driven by decreased margins resulted from the decreased steel products and downstream products average selling prices per ton mentioned above, as well as the slight increase combined with increases in the cost of ferrous scrap utilized per ton. during both periods.

Europe Steel Group

		Three Months Ended November 30,		Three Months Ended		Six Months Ended		
(in thousands, except per ton amounts)	(in thousands, except per ton amounts)	2023	2022	(in thousands, except per ton amounts)	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Net sales from external customers	Net sales from external customers	\$225,175	\$386,503					
Adjusted EBITDA	Adjusted EBITDA	38,942	61,248					
External tons shipped	External tons shipped							
External tons shipped								
Rebar	Rebar	122	204					
Merchant and other		221	269					
Rebar								
Rebar								
Merchant bar and other								
Steel products	Steel products	343	473					
Average selling price (per ton)	Average selling price (per ton)							
Average selling price (per ton)								
Average selling price (per ton)								
Steel products								
Steel products								
Steel products	Steel products	\$ 633	\$ 792					

Cost of ferrous scrap per ton	Cost of ferrous scrap utilized per ton	\$ 365	\$ 366
Cost of ferrous scrap utilized per ton			
Cost of ferrous scrap utilized per ton			
Steel products metal margin per ton	Steel products metal margin per ton	268	426

Net sales from external customers in our Europe Steel Group segment decreased \$161.3 million \$145.1 million, or 43%, and \$306.4 million, or 42%, during the three and six months ended November 30, 2023 February 29, 2024, respectively, compared to the corresponding period periods. The decrease was decreases were primarily due to a reduction reductions in steel products shipment volumes of 37% and 32% during the three and six months ended February 29, 2024, respectively, compared to the corresponding periods, and reductions in steel products average selling price prices per ton of 20% 11% and 16% during the three and six months ended November 30, 2023 February 29, 2024, respectively, compared to the corresponding period periods. The slowdown in demand and a 27% decrease in steel products shipment volumes during the three months ended November 30, 2023, compared to the corresponding period. The reduced steel products average selling price and slowdown in demand compared to the corresponding period prices per ton were driven by the indirect impacts of macroeconomic factors affecting the overall global business climate in European end markets, such as inflation and rising interest rates, which resulted in consumer uncertainties lower construction and delayed construction starts across our end markets industrial activity. During both the first quarter of 2024, three and six months ended February 29, 2024, overall, the U.S. dollar weakened compared to the Polish zloty. Using actual results for the first quarter of 2024, three and six months ended February 29, 2024, measured at the comparable period's periods' average currency rates, foreign currency translation would result in a decrease decreases in net sales from external customers of approximately \$25.7 million \$18.0 million and \$43.7 million for the three and six months ended November 30, 2023 February 29, 2024, respectively.

Adjusted EBITDA for the three and six months ended November 30, 2023 February 29, 2024 decreased \$22.3 million \$20.1 million and \$42.4 million, respectively, compared to the corresponding periods. The adjusted EBITDA loss of \$8.6 million in the three months ended February 29, 2024 resulted primarily from a decrease in steel products metal margin per ton of \$88, or 24%, during the three months ended February 29, 2024, compared to the corresponding period. Steel products metal margin per ton also decreased \$158, \$127, or 37% 32%, during the three six months ended November 30, 2023 February 29, 2024, compared to the corresponding period, due to period. Both decreases were a result of the sharp decline declines in steel products average selling prices described above, while the cost of ferrous scrap utilized per ton remained relatively flat. Adjusted EBITDA for the three and six months ended February 29, 2024 was also negatively impacted by lower shipment volumes compared to the corresponding periods, as described above. Offsetting the impact of the decrease in steel products metal margin per ton, results during the first quarter of 2024 six months ended February 29, 2024 benefited from government assistance programs established to offset the rising costs of electricity and natural gas and the indirect costs of rising carbon emission rights included in energy costs. The government assistance recognized under the programs during the first quarter of 2024 six months ended February 29, 2024 was \$66.3 million, compared to \$9.5 million of government assistance recognized in the first quarter of 2023 six months ended February 28, 2023. Using actual results for the first quarter of 2024, three and six months ended February 29, 2024, measured at the comparable period's periods' average currency rates, foreign currency translation would result in an immaterial change to adjusted EBITDA loss during the three months ended February 29, 2024 and a decrease in adjusted EBITDA of approximately \$4.9 million \$4.1 million for the three six months ended November 30, 2023 February 29, 2024.

Emerging Businesses Group

(in thousands)	(in thousands)	Three Months Ended November 30,		(in thousands)	Three Months Ended	Six Months Ended
		2023	2022		February 29, 2024	
Net sales from external customers	Net sales from external customers	\$177,239	\$170,534			
Adjusted EBITDA	Adjusted EBITDA	30,862	31,427			

Net sales from external customers in our Emerging Businesses Group segment increased \$6.7 million \$2.4 million, or 4% 2%, for the three months ended November 30, 2023 February 29, 2024, compared to the corresponding period, and increased \$9.1 million, or 3%, for the six months ended February 29, 2024, compared to the corresponding period. The acquired CMC Anchoring Systems operations contributed to the year-over-year change changes by providing \$12.7 million \$12.0 million and \$24.7 million of net sales from external customers in the first quarter of 2024, three and six months ended February 29, 2024, respectively, with no such activity in the corresponding period periods. See Note 2, Changes in Business, in Part I, Item 1, Financial Statements, of this Form 10-Q for more information on the acquisition of CMC Anchoring Systems. This increase was These

increases were offset, in part, by a \$5.8 million, or 7%, decrease in net sales from CMC Construction Services' operations for the three and six months ended February 29, 2024, respectively, compared to the corresponding periods, primarily resulting from job site delays caused by weather disruptions. Our Tensar operations also experienced reduced net sales for the three and six months ended February 29, 2024, compared to the corresponding periods, due to weather-related shipment disruptions in the timing of significant precipitation U.S. and economic conditions in key markets, which delayed project starts during the three months ended November 30, 2023, international markets.

Adjusted EBITDA decreased \$8.6 million, or 32%, for the three months ended November 30, 2023 remained relatively flat February 29, 2024, compared to the corresponding period, and decreased \$9.2 million, or 16%, for the six months ended February 29, 2024, compared to the corresponding period. The acquired CMC Anchoring Systems operations contributed \$2.4 million of adjusted EBITDA during the first quarter of 2024, with no such activity in the corresponding period. This increase was offset by a \$1.6 million decrease in adjusted EBITDA from CMC Construction Services' operations, which fluctuated in line with the decrease three and six months ended February 29, 2024, compared to the corresponding periods, were primarily a result of the decline in net sales from external customers for CMC Construction Services and our Tensar operations as described above, which impacted fixed cost leverage, and a \$1.3 million decrease in adjusted EBITDA more than offset the positive contribution from the reduction in average selling prices of Galvabars® products, which decreased faster than the corresponding input costs acquired CMC Anchoring Systems operations.

Corporate and Other

(in thousands)	Three Months Ended November 30,		Three Months Ended February 29, 2024	Six Months Ended February 29, 2024	Six Months Ended February 28, 2023
	2023	2022	(in thousands)		
Adjusted EBITDA loss	Adjusted EBITDA loss	\$30,987	\$39,726		

Adjusted EBITDA loss for Corporate and Other reported an adjusted EBITDA loss of \$31.0 million for increased \$18.9 million and \$10.2 million during the three and six months ended November 30, 2023 February 29, 2024, respectively, compared to an adjusted EBITDA loss of \$39.7 million in the corresponding period. One contributing factor to the decrease periods. The increase in adjusted EBITDA loss was during each period is partially due to the recognition of \$17.7 million of other revenue from our New Markets Tax Credit ("NMTC") transactions during the three and six months ended February 28, 2023, with no such transactions in the three and six months ended February 29, 2024. Additionally, there were \$4.1 million and \$6.6 million of increased professional services expenses during the three and six months ended February 29, 2024, compared to the respective corresponding periods. These increases to adjusted EBITDA loss were offset by \$3.9 million and \$7.7 million of increased interest income on short-term investments during the three and six months ended February 29, 2024, respectively, compared to the corresponding periods. Additionally, the six months ended February 28, 2023 included a \$4.2 million pension plan settlement charge, recorded during the three months ended November 30, 2022, with no such settlement charge in the three six months ended November 30, 2023 February 29, 2024. Additionally, labor-related expenses decreased by \$3.7 million during the three months ended November 30, 2023, compared to the corresponding period.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Capital Resources

Cash flows from operating activities are our principal sources of liquidity and result from sales of products offered by the vertically integrated operations in the North America Steel Group segment and the Europe Steel Group segment, products offered by our Emerging Businesses Group segment and related materials and services, as described in Part I, Item 1, Business, of our 2023 Form 10-K and Note 1, Nature of Operations and Accounting Policies, in Part I, Item 1, Financial Statements, of this Form 10-Q.

We have a diverse and generally stable customer base, and regularly maintain a substantial amount of accounts receivable. We actively monitor our accounts receivable and, based on market conditions and customers' financial condition, record allowances when we believe accounts are uncollectible. We use credit insurance internationally to mitigate the risk of customer insolvency. We estimate that the amount of credit-insured or financially assured receivables was approximately 13% 11% of total trade receivables at November 30, 2023 February 29, 2024.

We use futures or forward contracts to mitigate the risks from fluctuations in commodity prices, foreign currency exchange rates, interest rates and natural gas, electricity and other energy prices. See Note 8, Derivatives, in Part I, Item 1, Financial Statements, of this Form 10-Q for further information.

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The table below reflects our sources, facilities and availability of liquidity at November 30, 2023 February 29, 2024. See Note 7, Credit Arrangements, in Part I, Item 1, Financial Statements, of this Form 10-Q for additional information.

(in thousands)	(in thousands)	Liquidity Sources and Facilities		Availability
		Facilities	Availability (in thousands)	
Cash and cash equivalents	Cash and cash equivalents	\$704,603		

Notes due from 2030 to 2032	Notes due from 2030 to 2032	(1)	900,000	(1)
Revolver	Revolver	600,000	599,057	
Series 2022	Series 2022			
Bonds, due 2047	Bonds, due 2047	145,060	—	
Poland credit facilities	Poland credit facilities	149,996	148,577	
Poland accounts receivable facility	Poland accounts receivable facility	71,998	71,998	

(1) We believe we have access to additional financing and refinancing, if needed, although we can make no assurances as to the form or terms of such financing.

We continually review our capital resources to determine whether we can meet our short and long-term goals. We anticipate our current cash balances, cash flows from operations and available sources of liquidity will be sufficient to maintain operations, make necessary capital expenditures, invest in the development of new micro mills, pay dividends, fund potential expenditures in connection with litigation or other legal proceedings and opportunistically repurchase shares for at least the next twelve months. Additionally, we expect our long-term liquidity position will be sufficient to meet our long-term liquidity needs with cash flows from operations and financing arrangements. However, in the event of changes in business conditions or other developments, including a sustained market deterioration, unanticipated regulatory developments, significant acquisitions, competitive pressures, or to the extent our liquidity needs prove to be greater than expected or cash generated from operations is less than anticipated, we may need additional liquidity. To the extent we elect to finance our long-term liquidity needs, we believe that the potential financing capital available to us in the future will be sufficient.

We estimate that our 2024 capital spending will range from \$550 million to \$600 million. We regularly assess our capital spending based on current and expected results and the amount is subject to change.

In January 2024, our Board authorized an increase of \$500.0 million to the existing share repurchase program. We had remaining authorization to repurchase \$510.4 million of shares of CMC common stock at February 29, 2024. See Note 11, Stockholders' Equity and Earnings per Share, in Part I, Item 1, Financial Statements, of this Form 10-Q for more information on the share repurchase program.

Our credit arrangements require compliance with certain non-financial and financial covenants, including an interest coverage ratio and a debt to capitalization ratio. At November 30, 2023 February 29, 2024, we believe we were in compliance with all covenants contained in our credit arrangements.

As of November 30, 2023 February 29, 2024 and August 31, 2023, we had no off-balance sheet arrangements that may have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

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Cash Flows

Operating Activities

Net cash flows from operating activities were \$261.1 million \$350.0 million and \$372.4 million \$558.9 million for the three six months ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, respectively. Contributing to the change was a decrease in net earnings of \$85.5 million year-over-year. \$179.5 million year-over-year and a \$25.0 million decrease in deferred income taxes and other long-term taxes. Additionally, there was a \$45.6 million \$49.0 million year-over-year net decrease increase in cash provided used by operating assets and liabilities. Cash provided used by accounts receivable decreased by \$59.4 million inventory increased year-over-year in line with the fluctuations in net sales from external customers described due to both greater inventory volumes and prices during a higher scrap price environment in the Segment Operating Data section, above. The cash provided by accounts receivable was second quarter of 2024 compared to the corresponding period, offset, in part, by remaining fluctuations a year-over-year decrease in cash used by inventory and accounts payable, accrued expenses and other payables payables. These reductions to cash flows from operating activities were offset, in part, by \$35.1 million of additional depreciation and amortization expense year-over-year, which were primarily driven by attributable to our third micro mill being placed into service during the declining scrap price environment in the first fourth quarter of 2023, compared to the minor fluctuations in working capital cash flows during a relatively stable scrap price environment in the first quarter of 2024, 2023.

Investing Activities

Net cash flows used by investing activities were \$66.5 million and \$195.6 million for the three six months ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, respectively. The fluctuation in net cash flows used by investing activities was driven by a \$63.7 million \$65.2 million decrease in cash used by acquisitions during the three six months ended November 30, 2023 February 29, 2024, compared to the corresponding period, along with a \$66.1 million \$128.5 million reduction of capital expenditures during the three six months ended November 30, 2023 February 29, 2024, compared to the corresponding period. See Note 2, Changes in Business, in Part I, Item 1, Financial Statements, of this Form 10-Q for more information about the acquisitions completed during the corresponding period.

Financing Activities

Net cash flows used by financing activities were \$84.0 million and \$273.8 million for the three months ended November 30, 2023 February 29, 2024 and 2022, February 28, 2023, respectively. The \$189.8 million \$135.9 million decrease in net cash flows used by financing activities during the three months ended November 30, 2023 February 29, 2024, compared to the corresponding period, included a \$145.4 million \$143.1 million decrease in repayments of long-term debt, offset, in part, by a \$20.7 million decrease \$10.0 million increase in treasury stock acquired under the share repurchase program and a \$17.8 million decrease \$4.7 million increase in net proceeds from repayments under our Polish accounts receivable facility. See Note 7, Credit Arrangements, in Part I, Item 1, Financial Statements, of this Form 10-Q for more information regarding our Polish accounts receivable facility and Note 11, Stockholders' Equity and Earnings per Share, in Part I, Item 1, Financial Statements, of this Form 10-Q for more information on the share repurchase program, program and Note 7, Credit Arrangements, in Part I, Item 1, Financial Statements, of this Form 10-Q for more information regarding our Polish accounts receivable facility.

CONTRACTUAL OBLIGATIONS

Our material cash commitments from known contractual and other obligations primarily consist of obligations for long-term debt and related interest, leases for properties and equipment and purchase obligations as part of normal operations. See Note 7, Credit Arrangements, in Part I, Item 1, Financial Statements, of this Form 10-Q for more information regarding scheduled maturities. The amount and composition of our long-term debt. Interest payable on our long-term debt was \$43.5 million due material cash commitments have not changed materially since those disclosed in the twelve months following November 30, 2023 and \$377.4 million due thereafter. Additionally, we have a U.S. federal repatriation tax obligation resulting from the repatriation tax provisions of the Tax Cuts and Jobs Act ("TCJA"), of which \$4.2 million was due in the twelve months following November 30, 2023 and \$12.5 million due thereafter. 2023 Form 10-K.

As of November 30, 2023, our undiscounted purchase obligations were approximately \$740 million due in the next twelve months and \$340 million due thereafter under purchase orders and "take or pay" arrangements. These purchase obligations include all enforceable, legally binding agreements to purchase goods or services that specify all significant terms, regardless of the duration of the agreement, and exclude agreements with variable terms for which we are unable to estimate the minimum amounts. The "take or pay" arrangements are multi-year commitments with minimum annual purchase requirements and are entered into primarily for purchases of commodities used in operations such as electrodes and natural gas.

Of the purchase obligations due within the twelve months following November 30, 2023, approximately 22% were for consumable production inputs, such as alloys, 20% were for capital expenditures in connection with normal business operations, 19% were for commodities and 15% were for the construction of our fourth micro mill. Of the purchase obligations due thereafter, 71% were for commodities and 6% were for the construction of our fourth micro mill. The remainder of the purchase obligations are for goods and services in the normal course of business.

Operating lease liabilities due in the twelve months following November 30, 2023 were approximately \$35.5 million and \$129.7 million due thereafter. Finance lease liabilities due in the twelve months following November 30, 2023 were approximately \$30.0 million and \$73.3 million due thereafter. Additionally, leases that have not yet commenced, primarily for vehicles, with aggregate fixed payments over their terms, were approximately \$17.1 million, with \$8.5 million to commence in 2024 and \$8.6 million to commence in 2025.

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Other Commercial Commitments

We maintain stand-by letters of credit to provide support for certain transactions that governmental agencies, our insurance providers and suppliers require. At November 30, 2023 February 29, 2024, we had committed \$41.7 million under these arrangements, of which \$0.9 million reduced availability under the Revolver (as defined in Note 7, Credit Arrangements, in Part I, Item 1, Financial Statements, of this Form 10-Q).

CONTINGENCIES

In the ordinary course of conducting our business, we become involved in litigation, administrative proceedings and governmental investigations, including environmental matters. We may incur settlements, fines, penalties or judgments because of some of these matters. Liabilities and costs associated with litigation-related loss contingencies require estimates and judgments based on our knowledge of the facts and circumstances surrounding each matter and the advice of our legal counsel. We record liabilities for litigation-related losses when a loss is probable, and we can reasonably estimate the amount of the loss. We evaluate the measurement of recorded liabilities each reporting period based on the current facts and circumstances specific to each matter. The ultimate losses incurred upon final resolution of litigation-related loss contingencies may differ materially from the estimated liability recorded at a particular balance sheet date. Changes in estimates are recorded in earnings in the period in which such changes occur. We do not believe that any currently pending legal proceedings to which we are a party will have a material adverse effect, individually or in the aggregate, on our results of operations, cash flows or financial condition. See Note 12, Commitments and Contingencies, in Part I, Item 1, Financial Statements, of this Form 10-Q for more information, information on pending litigation and other matters.

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains or incorporates by reference a number of "forward-looking statements" within the meaning of the federal securities laws with respect to general economic conditions, key macro-economic drivers that impact our business, the effects of ongoing trade actions, the effects of continued pressure on the liquidity of our customers, potential synergies and organic growth provided by acquisitions and strategic investments, demand for our products, shipment volumes, metal margins, the ability to operate our steel mills at full capacity, future availability and cost of supplies of raw materials and energy for our operations, growth rates in certain segments, product margins within our Emerging Businesses Group, share repurchases, legal proceedings, construction activity, international trade, the impact of the Russian invasion of Ukraine, capital expenditures, tax credits, our liquidity and our ability to satisfy future liquidity requirements, estimated contractual obligations, the expected capabilities and benefits of new facilities, the timeline for execution

of our growth plan and our expectations or beliefs concerning future events. The statements in this report that are not historical statements, are forward-looking statements. These forward-looking statements can generally be identified by phrases such as we or our management "expects," "anticipates," "believes," "estimates," "future," "intends," "may," "plans to," "ought," "could," "will," "should," "likely," "appears," "projects," "forecasts," "outlook" or other similar words or phrases, as well as by discussions of strategy, plans or intentions.

Our forward-looking statements are based on management's expectations and beliefs as of the time this Form 10-Q was filed with the SEC or, with respect to any document incorporated by reference, as of the time such document was prepared. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. Except as required by law, we undertake no obligation to update, amend or clarify any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, new information or circumstances or any other changes. Important factors that could cause actual results to differ materially from our expectations, among others, include the following:

- changes in economic conditions which affect demand for our products or construction activity generally, and the impact of such changes on the highly cyclical steel industry;
- rapid and significant changes in the price of metals, potentially impairing our inventory values due to declines in commodity prices or reducing the profitability of downstream contracts within our vertically integrated steel operations due to rising commodity pricing;
- excess capacity in our industry, particularly in China, and product availability from competing steel mills and other steel suppliers including import quantities and pricing;
- the impact of the Russian invasion of Ukraine on the global economy, inflation, energy supplies and raw materials;
- increased attention to environmental, social and governance ("ESG") matters, including any targets or other ESG or environmental justice initiatives;

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- operating and startup risks, as well as market risks associated with the commissioning of new projects could prevent us from realizing anticipated benefits and could result in a loss of all or a substantial part of our investments;
- impacts from global public health crises on the economy, demand for our products, global supply chain and on our operations;
- compliance with and changes in existing and future laws, regulations and other legal requirements and judicial decisions that govern our business, including increased environmental regulations associated with climate change and greenhouse gas emissions;
- involvement in various environmental matters that may result in fines, penalties or judgments;
- evolving remediation technology, changing regulations, possible third-party contributions, the inherent uncertainties of the estimation process and other factors that may impact amounts accrued for environmental liabilities;
- potential limitations in our or our customers' abilities to access credit and non-compliance with their contractual obligations, including payment obligations;
- activity in repurchasing shares of our common stock under our share repurchase program;
- financial and non-financial covenants and restrictions on the operation of our business contained in agreements governing our debt;
- our ability to successfully identify, consummate and integrate acquisitions and realize any or all of the anticipated synergies or other benefits of acquisitions;
- the effects that acquisitions may have on our financial leverage;

- risks associated with acquisitions generally, such as the inability to obtain, or delays in obtaining, required approvals under applicable antitrust legislation and other regulatory and third-party consents and approvals;
- lower than expected future levels of revenues and higher than expected future costs;
- failure or inability to implement growth strategies in a timely manner;
- the impact of goodwill or other indefinite-lived intangible asset impairment charges;
- the impact of long-lived asset impairment charges;
- currency fluctuations;
- global factors, such as trade measures, military conflicts and political uncertainties, including changes to current trade regulations, such as Section 232 trade tariffs and quotas, tax legislation and other regulations which might adversely impact our business;
- availability and pricing of electricity, electrodes and natural gas for mill operations;
- our ability to hire and retain key executives and other employees;
- our ability to successfully manage the transition to a new chief executive officer; leadership transitions;
- competition from other materials or from competitors that have a lower cost structure or access to greater financial resources;
- information technology interruptions and breaches in security;
- our ability to make necessary capital expenditures;

- availability and pricing of raw materials and other items over which we exert little influence, including scrap metal, energy and insurance;
- unexpected equipment failures;
- losses or limited potential gains due to hedging transactions;
- litigation claims and settlements, court decisions, regulatory rulings and legal compliance risks;
- risk of injury or death to employees, customers or other visitors to our operations; and
- civil unrest, protests and riots.

Refer to the "Risk Factors" disclosed in the section entitled "Risk Factors" in Part I, Item 1A of our 2023 Form 10-K for specific information regarding additional risks that would cause actual results to differ from those expressed or implied by these forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual results, performance or our achievements, or industry results, to differ materially from historical results, any future results, or performance or achievements expressed or implied by such forward-looking

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statements. Accordingly, readers of this Form 10-Q are cautioned not to place undue reliance on any forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of November 30, 2023, the U.S. dollar equivalent of the Company's total gross foreign currency exchange contract commitments increased \$63.5 million, or 29%, compared to August 31, 2023. This increase was primarily due to forward contracts denominated in Polish zloty with a U.S. dollar functional currency, which increased \$41.2 million as of November 30, 2023, compared to August 31, 2023.

There ~~were~~ have been ~~no other~~ material changes to the information set forth in Part II, Item 7A, Quantitative and Qualitative Disclosures about Market Risk, included in our 2023 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. This term refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within required time periods, and includes controls and procedures designed to ensure that such information is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Form 10-Q, and they have concluded that as of that date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended ~~November 30, 2023~~ February 29, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding our legal proceedings, refer ~~On October 30, 2020, plaintiff Pacific Steel Group ("PSG") filed a suit in the United States District Court for the Northern District of California alleging that Commercial Metals Company, CMC Steel Fabricators, Inc. and CMC Steel US, LLC violated the federal and California state antitrust laws and California common law by entering into an exclusivity agreement for certain steel mill equipment manufactured by one of the Company's equipment suppliers. PSG seeks, among other things, a jury trial on its claims in addition to Note 12, Commitments injunctive relief, compensatory damages, fees and Contingencies, in Part I, Item 1, Financial Statements, costs. Fact and expert discovery are complete, and summary judgment briefing and arguments are under advisement by the court. Pending the resolution of summary judgment, a jury trial is scheduled for July 2024. The Company believes that it has substantial defenses and intends to vigorously defend against PSG's claims. The Company has not recorded any liability for this Form 10-Q matter as it does not believe a loss is probable, and it cannot estimate any reasonably possible loss or range of possible loss. It is possible that an unfavorable resolution to this matter could have an adverse effect on the Company's results of operations, financial position or cash flows.~~

With respect to administrative or judicial proceedings arising under any federal, state or local provisions that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment, **we have** the Company has determined that **we** will disclose any such proceeding to which a governmental authority is a party if **we** reasonably believe **believes** such proceeding could result in monetary sanctions, exclusive of interest and costs, of at least \$1.0 million. **We believe** The Company believes that this threshold is reasonably designed to result in disclosure of environmental proceedings that are material to **our** the Company's business or financial condition. Applying this threshold, there were no environmental matters to disclose for this period.

ITEM 1A. RISK FACTORS

There were no material changes to the risk factors previously disclosed in Part I, Item 1A, Risk Factors, of our 2023 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information about purchases of equity securities registered by the Company pursuant to Section 12 of the Exchange Act made by the Company or any affiliated purchasers during the quarter ended **November 30, 2023** **February 29, 2024**.

Period	Issuer Purchases of Equity Securities ⁽¹⁾				Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs as of the End of Period	
	Total Number of Shares		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		
	Purchased	Announced Plans or Programs				
September 1, 2023 - September 30, 2023	110,000	\$ 52.96		110,000	\$ 80,897,040	
October 1, 2023 - October 31, 2023	210,752	43.36		210,752	71,758,832	
November 1, 2023 - November 30, 2023	300,891	44.68		300,891	58,313,809	
	621,643			621,643		

Period	Issuer Purchases of Equity Securities ⁽¹⁾				Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs as of the End of Period	
	Total Number of Shares		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		
	Purchased	Announced Plans or Programs				
December 1, 2023 - December 31, 2023	270,058	\$ 47.41		270,058	\$ 45,509,040	
January 1, 2024 - January 31, 2024	299,399	50.52		299,399	530,383,288	
February 1, 2024 - February 29, 2024	375,748	53.25		375,748	510,374,682	
	945,205			945,205		

(1) On October 13, 2021, the Company announced that the Board of Directors authorized a share repurchase program under which the Company may repurchase up to \$350.0 million of the Company's outstanding common stock. On January 10, 2024, the Company announced that the Board authorized an increase of \$500.0 million to the existing share repurchase program. The share repurchase program does not require the Company to purchase any dollar amount or number of shares of CMC common stock and may be modified, suspended, extended or terminated by the Company at any time without prior notice. See Note 11, Stockholders' Equity and Earnings per Share, in Part I, Item 1, Financial Statements, of this Form 10-Q for more information on the share repurchase program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended **November 30, 2023** **February 29, 2024**, none of the Company's directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, certain long-term debt instruments are omitted because the total amount of securities authorized thereunder does not exceed 10% of the total assets of CMC and its subsidiaries on a consolidated basis. The Company agrees to furnish copies of such instruments to the SEC upon its request.

- 2.1† [Agreement and Plan of Merger, dated as of December 3, 2021, by and among Commercial Metals Company, Tahoe Merger Sub Inc., TAC Acquisition Corp. and Castle Harlan Inc. \(filed as Exhibit 2.1 to Commercial Metals Company's Current Report on Form 8-K filed December 7, 2021 and incorporated herein by reference\).](#)
- 3.1(a) [Restated Certificate of Incorporation dated March 2, 1989 \(filed as Exhibit 3\(i\) to Commercial Metals Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2009 and incorporated herein by reference\).](#)
- 3.1(b) [Certificate of Amendment of Restated Certificate of Incorporation dated February 1, 1994 \(filed as Exhibit 3\(i\)\(a\) to Commercial Metals Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2009 and incorporated herein by reference\).](#)
- 3.1(c) [Certificate of Amendment of Restated Certificate of Incorporation dated February 17, 1995 \(filed as Exhibit 3\(i\)\(b\) to Commercial Metals Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2009 and incorporated herein by reference\).](#)
- 3.1(d) [Certificate of Amendment of Restated Certificate of Incorporation dated January 30, 2004 \(filed as Exhibit 3\(i\)\(d\) to Commercial Metals Company's Quarterly Report on Form 10-Q for the quarter ended February 29, 2004 and incorporated herein by reference\).](#)
- 3.1(e) [Certificate of Amendment of Restated Certificate of Incorporation dated January 26, 2006 \(filed as Exhibit 3\(i\) to Commercial Metals Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2006 and incorporated herein by reference\).](#)
- 3.1(f) [Certificate of Designation, Preferences and Rights of Series A Preferred Stock \(filed as Exhibit 2 to Commercial Metals Company's Form 8-A filed August 3, 1999 and incorporated herein by reference\).](#)
- 3.2 [Amended and Restated Bylaws \(filed as Exhibit 3.1 to Commercial Metals Company's Current Report on Form 8-K dated June 21, 2022 and incorporated herein by reference\).](#)
- 10.1 [Amended and Restated Terms and Conditions of Employment dated as of October 13, 2023 between Commercial Metals Company and Paul Lawrence \(filed as Exhibit 10.1 to Commercial Metals Company's Current Report on Form 8-K dated October 13, 2023 and incorporated herein by reference\).](#)
- 10.2 [Amended and Restated Terms and Conditions of Employment dated as of October 13, 2023 between Commercial Metals Company and Ty Garrison \(filed as Exhibit 10.2 to Commercial Metals Company's Current Report on Form 8-K dated October 13, 2023 and incorporated herein by reference\).](#)
- 10.3 [Amended and Restated Terms and Conditions of Employment dated as of October 13, 2023 between Commercial Metals Company and Jody Absher \(filed as Exhibit 10.3 to Commercial Metals Company's Current Report on Form 8-K dated October 13, 2023 and incorporated herein by reference\).](#)
- 10.4 [Amended and Restated Terms and Conditions of Employment dated as of October 13, 2023 between Commercial Metals Company and Jennifer Durbin \(filed as Exhibit 10.4 to Commercial Metals Company's Current Report on Form 8-K dated October 13, 2023 and incorporated herein by reference\).](#)
- 10.5 [Amended and Restated Terms and Conditions of Employment dated as of October 10, 2023 between Commercial Metals Company and Steve Simpson \(filed herewith\).](#)
- 31.1 [Certification of Peter R. Matt, President and Chief Executive Officer of Commercial Metals Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(filed herewith\).](#)
- 31.2 [Certification of Paul J. Lawrence, Senior Vice President and Chief Financial Officer of Commercial Metals Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(filed herewith\).](#)
- 32.1 [Certification of Peter R. Matt, President and Chief Executive Officer of Commercial Metals Company, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(furnished herewith\).](#)

32.2	<u>Certification of Paul J. Lawrence, Senior Vice President and Chief Financial Officer of Commercial Metals Company, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u>
101.INS	Inline XBRL Instance Document (filed herewith).
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed herewith).
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith).
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith).
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith).
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith).
104	Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101).

† Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5), and the Company agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

SIGNATURE

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.

COMMERCIAL METALS COMPANY

January 8, March 26, 2024

/s/ Paul J. Lawrence

Paul J. Lawrence

Senior Vice President and Chief Financial Officer

(Duly authorized officer and principal financial officer of the registrant)

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1 AMENDED AND RESTATED TERMS AND CONDITIONS OF EMPLOYMENT These Amended and Restated Terms and Conditions of Employment (the "Agreement") are entered into and effective as of this 10th day of October, 2023 ("Effective Date") by and between COMMERCIAL METALS COMPANY, a Delaware corporation (the "Employer" or the "Company") and STEVE SIMPSON (the "Executive"). The Employer and Executive are collectively referred to as the "Parties," and individually as a "Party." This Agreement amends, restates and supersedes that certain Terms and Conditions of Stock Award, Employment and Separation by and between the Company and Executive dated August 26, 2019 (the "Prior Agreement") in its entirety. RECITALS: WHEREAS, the Employer and Executive are parties to the Prior Agreement, pursuant to which Executive is currently employed by the Company; WHEREAS, as a condition to eligibility for receiving stock awards, to set terms of their employment relationship, and to protect the good will and confidential business information of the Company, the Executive and the Company desire to amend and restate the Prior Agreement in the form of this Agreement on the terms stated herein; and WHEREAS, Executive desires to be employed by Employer as its Senior Vice President North American Steel Group pursuant to all of the terms and conditions hereinafter set forth. NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed as follows:

1. PURPOSE. The purpose of this Agreement is to formalize the terms and conditions of Executive's employment with Employer as Senior Vice President North American Steel Group. This Agreement may only be amended by a writing signed by both Parties.

2. DEFINITIONS. For the purposes of this Agreement, the following words and terms shall have the following meanings:

- a. "AFFILIATE" or "AFFILIATES" shall mean any corporation, partnership, joint venture, association, unincorporated organization or any other legal entity that, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Employer.
- b. "CAUSE" shall mean (i) Executive's commission of theft, embezzlement, fraud, financial impropriety, any other act of dishonesty relating to his employment with the Company, or any willful violation of Company policies (including the Company's ethics policies) or lawful directives of the Company, or any law, rules, or regulations applicable to the Company, including, but not limited to, those established by the Securities and Exchange Commission, or any self-regulatory organization having jurisdiction or authority over Executive or the Company or any willful failure by Executive to inform the Company of any violation of any law, rule or regulation by the Company or one of its direct or indirect subsidiaries, provided, however, that Cause shall not include any act or omission of Executive that the Executive reasonably believes is not a violation of any such policies, directives, law, rules or regulations based on the advice of legal counsel for the Company; (ii) Executive's willful commission of acts that would support the finding of a felony or any lesser crime.



2 having as its predicate element fraud, dishonesty, misappropriation, or moral turpitude; (iii) Executive's failure to perform his duties and obligations under this Agreement (other than during any period of disability) which failure to perform is not remedied within thirty (30) days after written notice thereof to the Executive by the Chief Executive Officer of the Company; or (iv) Executive's commission of an act or acts in the performance of his duties under this Agreement amounting to gross negligence or willful misconduct, including, but not limited to, any breach of Section 8 of this Agreement. c. CONFIDENTIAL INFORMATION. During the course of his employment, Executive will receive Confidential Information of the Company. Confidential Information means information (1) disclosed to or known by Executive as a consequence of or through his employment with Employer or Affiliate; and (2) which relates to any aspect of Employer's or Affiliate's business, research, or development. "Confidential Information" includes, but is not limited to, Employer's and Affiliate's trade secrets, proprietary information, business plans, marketing plans, financial information, employee performance, compensation and benefit information, cost and pricing information, identity and information pertaining to customers, suppliers and vendors, and their purchasing history with Employer, any business or technical information, design, process, procedure, formula, improvement, or any portion or phase thereof, that is owned by or has, at the time of termination, been used by the Employer, any information related to the development of products and production processes, any information concerning proposed new products and production processes, any information concerning marketing processes, market feasibility studies, cost data, profit plans, capital plans and proposed or existing marketing techniques or plans, financial information, including, without limitation, information set forth in internal records, files and ledgers, or incorporated in profit and loss statements, fiscal reports, business plans or other financial or business reports, and information provided to Employer or Affiliate by a third party under restrictions against disclosure or use by Employer or others. d. "CONFLICT OF INTEREST" means any situation in which the Executive has two or more duties or interests that are mutually incompatible and may tend to conflict with the proper and impartial discharge of the Executive's duties, responsibilities or obligations to Employer, including but not limited to those described in Employer's Code of Conduct (the "Code") that Executive has either not disclosed to Employer or has disclosed and not been granted a waiver by the Audit Committee of the Board of Directors of Employer under the provisions of such

Code. e. "GOOD REASON" shall mean (i) the occurrence, without Executive's written consent, of a breach of any material provision of this Agreement by Employer; or (ii) a significant reduction in the authorities, duties, responsibilities, compensation and/or title of Executive as set forth in this Agreement. Executive shall give Employer written notice within the guidelines of Section 409A of the Internal Revenue Code of 1986, as amended (the "IRC") of an intent to terminate this Agreement for "Good Reason" as defined in this Agreement, and (except as set forth above) provide Employer with thirty (30) business days after receipt of such written notice from Executive to remedy the alleged Good Reason. 3. DURATION. This Agreement shall, unless terminated as hereinafter provided, continue in effect through the first anniversary of the Effective Date. Unless Executive or Employer gives written notice of his or its intent not to renew this Agreement no later than thirty (30) days prior to its expiration, this Agreement shall automatically continue in effect for successive additional one (1) year terms subject to all other terms and conditions contained herein.



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3.4. DUTIES AND RESPONSIBILITIES. During the term of this Agreement, Executive shall diligently render services to Employer as Senior Vice President North American Steel Group in accordance with Employer's directives, and shall use his best efforts and good faith in accomplishing such directives. Executive shall report to the President and Chief Executive Officer of the Company. Executive agrees to devote his full-time efforts, abilities, and attention (defined to mean not normally less than forty (40) hours/week) to the business of Employer, and shall not engage in any activities which will interfere with such efforts. 5. COMPENSATION AND BENEFITS. In return for the services to be provided by Executive pursuant to this Agreement, Employer agrees to pay Executive as follows: a. SALARY. Executive shall receive an annual base salary of not less than \$490,000 (\$18,846.15 bi-weekly), less applicable taxes and withholdings, during the term of this Agreement. This salary may be increased at the sole discretion of Employer, and may not be decreased without Executive's written consent. Notwithstanding the foregoing, the Executive may voluntarily decrease his salary at any time. b. BONUS. Executive shall be eligible to receive a bonus (the "Bonus") for each fiscal year of Employer ending August 31 during the term of this Agreement (subject to pro rata for any partial fiscal year of employment) pursuant to Employer's 2013 Cash Incentive Plan, as amended from time to time. Employer's discretionary incentive plan, and any other short and long-term incentive plans as may be applicable to executives of similar level in the Company. The amount of any annual or long-term bonus shall be determined by, and in the sole discretion of, Employer's Board of Directors. The Bonus, if any, shall be paid in a lump sum, as soon as practicable following the end of the Employer's fiscal year to which the Bonus relates, but in no event later than November 30 following the end of such fiscal year. c. PAYMENT AND REIMBURSEMENT OF EXPENSES. Employer shall pay or reimburse the Executive for all reasonable travel and other expenses incurred by Executive in performing his obligations under this Agreement in accordance with the policies and procedures of Employer. d. INSURANCE, FRINGE BENEFITS AND PERQUISITES. Executive shall be entitled to participate in or receive insurance and any other benefits under any plan or arrangement generally made available to the employees or executive officers of Employer, including short and long-term plans for grants of equity, short and long-term bonus and incentive plans, health and welfare benefit plans, life insurance coverage, disability insurance, and hospital, surgical, medical, and dental benefits for Executive and his qualified dependents, (to the extent Executive elects to participate in such coverage where optional), and fringe benefit plans or arrangements, all subject to and on a basis consistent with the terms, conditions, and overall administration by Employer of such plans and arrangements. e. VACATION. In accordance with the policies of Employer, Executive shall be entitled to the number of paid vacation days in each employment year determined by Employer from time to time for its employees generally, but not fewer than twenty (20) business days in any employment year (prorated based on start date of employment in any year in which Executive is employed hereunder for less than the entire year in accordance with the number of days in such year during which Executive is so employed). f. EXECUTIVE EMPLOYEE CONTINUITY AGREEMENT. Executive and

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4 Employer are party to a separate agreement known as the Executive Employee Continuity Agreement (the "EECA"). The EECA remains in effect and is not superseded by this Agreement. Except as to restrictive covenants, to the extent that there are conflicts between this Agreement and the EECA, terms of the EECA shall control. As to restrictive covenants, terms of this Agreement shall control over any conflict in terms. 6. TERMINATION. Executive's employment with Employer is "at-will", meaning that either Party may terminate this Agreement and the employment relationship at any time, with or without Cause, or Good Reason. Any termination of Executive's employment pursuant to this Agreement will also serve as termination of any and all offices, positions and directorships held by Executive with the Company and any of its subsidiaries and affiliates. Executive's employment will terminate upon his death, or if he is unable to perform the functions of his position with reasonable accommodation for four (4) consecutive months, or for a total of six (6) months during any twelve (12) month period. Employer may terminate Executive's employment at any time without notice for Cause (in accordance with the provisions of Section 2(b) herein), or, following fourteen (14) days written notice to Executive, without Cause. a. Executive may terminate his employment upon ninety (90) days written notice to Employer. In the event Executive terminates his employment in this manner, he shall remain in Employer's employ subject to all terms and conditions of this Agreement for the entire ninety (90) day period, performing such duties to which Executive may be directed by the Company. b. Executive may terminate this Agreement for Good Reason in accordance with the provisions of Section 2(e) herein. 7. SEVERANCE. Except in the event of a Qualified Termination within twenty-four (24) months following a Change in Control, as both are defined in the EECA, and which are governed exclusively by the EECA (for clarity, in such instance, Executive shall not be entitled to any severance under this Agreement), Executive shall be entitled to the following compensation, in addition to any accrued but unpaid salary, in the event that this Agreement and his employment are terminated under the following conditions, which are the exclusive compensation and remedies for termination of this Agreement and the employment relationship: a. TERMINATION RESULTING FROM DEATH OR DISABILITY. Subject to the provisions of Section 7(d) below, in the event Executive's employment is terminated as a result of his death or disability, Executive or his estate shall be entitled to (i) such life insurance or disability benefits as Executive may be entitled to pursuant to any life or disability insurance then maintained by the Employer for the benefit of its employees and executive officers; (ii) a pro rata share of the Bonus in an amount as determined by Employer's Board of Directors in their sole discretion, payable no later than November 30 following the end of Employer's fiscal year during which such termination occurs; (iii) pursuant to the terms and conditions of the Employer's 2013 Cash Incentive Plan, as amended from time to time, payment, at such time as all other participants in that plan receive payment, of any cash incentive attributable to periods during which Executive was employed; (iv) to the extent permitted by the terms and conditions of Employer's 2013 Long Term Equity Incentive Plan, as amended from time to time, or other applicable equity incentive plan(s) and to the extent authorized by the terms of each of Executive's outstanding award or grant agreements entered into pursuant to such plan(s); immediate vesting of all stock appreciation rights, restricted stock, and/or stock options previously awarded Executive; and (v) to the extent permitted by the terms and conditions of the CMC Retirement Plan, as amended from time to time, and 2005 Benefit Restoration Plan, as amended from time to time, maintained by the Employer, crediting of any Employer contribution to

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5 the Executive's account attributable to the plan year during which termination occurs and accelerated full vesting of any previously unvested Employer contributions to the Executive's account in such plans. Except as otherwise provided by this Section 7(a) or Section 7(d) below, any amount payable pursuant to this Section 7(a) shall be paid on the 60th day following Executive's termination due to Executive's death or disability. b. TERMINATION WITHOUT CAUSE BY EMPLOYER, NON-RENEWAL BY EMPLOYER, OR FOR GOOD REASON BY EXECUTIVE. Except in the event of a Constructive Termination related to a Change of Control (as both terms are defined in the ECA between the parties), in the event Executive's employment is terminated without Cause by the Employer, or for Good Reason by the Executive, or the Employer elects not to renew the Agreement pursuant to Section 3 either at the end of the initial term or any successive one-year extension, subject to Executive's execution of a general release agreement in favor of Employer releasing all pending or potential claims, Executive shall be entitled to: (i) an amount equal to two times the Executive's then-current annual base salary and (ii) the benefits described above in Section 7(a)(v). If Executive elects not to renew this Agreement, except for Good Reason, then he shall be entitled only to any accrued but unpaid salary through the date of such termination. Except as otherwise provided by Section 7(d) below, any amount payable pursuant to this Section 7(b) shall be paid on the 60th day following Executive's termination. c. TERMINATION FOR CAUSE. In the event Executive's employment is terminated for Cause by Employer or without Good Reason by Executive, the Executive shall only be entitled to accrued but unpaid salary through the date of his termination and will not be entitled to any additional compensation or benefits except as expressly required by applicable law concerning compensation and benefits upon termination of employment. d. DELAY OF SEVERANCE PAYMENTS. To the extent that any post-termination payments to which Executive becomes entitled under this Agreement constitute deferred compensation subject to Section 409A of the Internal Revenue Code (IRC), and Executive is deemed at the time of such termination to be a "specified employee" under said Section 409A, then such payment will not be made or commence until the earliest of (i) the expiration of the six months period measured from the date of Executive's "separation from service" and (ii) the date of Executive's death following such "separation from service". Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or installments) in the absence of this Section 7(d) will be paid to Executive or Executive's beneficiary in one lump sum. 8. NON-COMPETITION, NON-SOLICITATION, AND CONFIDENTIALITY. Employer and Executive acknowledge and agree that while Executive is employed pursuant to this Agreement, he will be provided access to Confidential Information of Employer and its Affiliates, will be provided with specialized training on how to perform his duties, and will be provided contact with Employer's and Affiliates' customers and potential customers throughout the world. Executive further recognizes and agrees that: (a) Employer and its Affiliates have devoted a considerable amount of time, effort, and expense to develop its Confidential Information, training,

6 and business goodwill, all of which are valuable assets to the Employer; (b) that Executive will have broad responsibilities regarding the management and operation of Employer's and Affiliates' world-wide operations, as well as its marketing and finances, its existing and future business plans, customers and technology; and (c) disclosure or use of Employer's or Affiliates' Confidential Information and additional information described herein to which Executive will have access, would cause irreparable harm to the Employer. Therefore, in consideration of all of the foregoing, Employer and Executive agree as follows: a. **NON-COMPETITION DURING AND AFTER EMPLOYMENT.** As stated in Section 2(c) herein, Executive will receive Confidential Information by virtue of his employment in an executive capacity with the Company. Accordingly, Executive agrees that during the term of his employment for the Company and for a period of eighteen (18) months after termination of his employment for any reason, he will not compete with Employer or Affiliates in any location in the world in which Employer or Affiliates have operations as of the date of Executive's termination, by engaging in the conception, design, development, production, marketing, selling, sourcing or servicing of any product or providing of any service that is substantially similar to the products or services that Employer or any of its Affiliates provided during Executive's employment or planned to provide during Executive's employment and of which Executive had knowledge, responsibility or authority, and that he will not work for, assist, or become affiliated or connected with, as an owner, partner, consultant, or in any other capacity, either directly or indirectly, any individual or business which offers or performs services, or offers or provides products substantially similar to the services and products provided by Employer or Affiliates during Executive's employment, or that were planned to be provided during Executive's employment and of which Executive had knowledge, responsibility or authority. Additionally, during this period, Executive will not accept employment with or provide services in any capacity to any individual, business entity, investor, or investment fund that is actively involved in or assessing an acquisition of a controlling interest in the Company or purchase of substantially all assets of the Company. The restrictive covenants set forth in this Agreement are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company. b. **CONFLICTS OF INTEREST.** Executive agrees that for the duration of Executive's employment, he will not engage, either directly or indirectly, in any Conflict of Interest, and that Executive will promptly inform the General Counsel as to each offer received by Executive to engage in any such activity. Executive further agrees to disclose to Employer any other facts of which Executive becomes aware which might involve or give rise to a Conflict of Interest or potential Conflict of Interest. c. **NON-SOLICITATION OF CUSTOMERS AND EMPLOYEES.** Executive further agrees that for a period of two (2) years after the termination of his employment for any reason he will not either directly or indirectly, on his own behalf or on behalf of others (i) solicit or accept any business from any customer or supplier or prospective customer or supplier with whom Executive personally dealt or solicited or had contact with at any time during Executive's employment, (ii) solicit, recruit or otherwise attempt to hire, or personally cause to hire any of the then current employees or consultants of Employer or any of its Affiliates, or who were former employees or consultants of Employer or any of its Affiliates during the preceding twelve months, to work or perform services for Executive or for any other entity, firm, corporation, or individual; or (iii) solicit or attempt to influence any of Employer's or any of its Affiliates' then current customers or clients to purchase any products or services substantially similar to the products or services provided by Employer or Affiliates during

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7 Executive's employment (or that were planned to be provided during Executive's employment) from any business that offers or performs services or products substantially similar to the services or products provided by Employer or Affiliates. d. NON-DISCLOSURE OR USE OF CONFIDENTIAL INFORMATION. (i) Executive further agrees that during the term of his employment and thereafter he will not, except as Employer may otherwise consent or direct in writing, reveal or disclose, sell, use, lecture upon, publish, or otherwise disclose to any third party any Confidential Information or proprietary information of Employer or Affiliates, or authorize anyone else to do these things at any time either during or subsequent to his employment with Employer. If Executive becomes legally compelled by deposition, subpoena or other court or governmental action to disclose any Confidential Information, then the Executive shall give Employer prompt notice to that effect, and will cooperate with Employer if Employer seeks to obtain a protective order concerning the Confidential Information. Executive will disclose only such Confidential Information as his counsel shall advise is legally required. (ii) Executive agrees to deliver to Employer, at any time Employer may request, all documents, memoranda, notes, plans, records, reports, and other documentation, models, components, devices, or computer software, whether embodied in electronic format on a computer hard drive, disk or in other form (and all copies of all of the foregoing), relating to the businesses, operations or affairs of Employer or any Affiliates and any other Confidential Information that Executive may then possess or have under his control. (iii) This section shall continue in full force and effect after termination of Executive's employment and after the termination of this Agreement for any reason, including expiration of this Agreement. Executive's obligations under this section of this Agreement with respect to any specific Confidential Information and proprietary information shall cease when that specific portion of Confidential Information and proprietary information becomes publicly known, in its entirety and without combining portions of such information obtained separately and without breach by Executive of his obligations under this Agreement. It is understood that such Confidential Information and proprietary information of Employer and Affiliates includes matters that Executive conceives or develops during his employment, as well as matters Executive learns from other employees of Employer or Affiliates. (iv) Notwithstanding any other provision of this Agreement, Executive may disclose Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having authority over Executive or the business of the Company or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information. Executive and the Company agree that nothing in this Agreement (or any other agreement with the Company) is intended to interfere with Executive's right to (i) report possible violations of federal, state or local law or regulation to any governmental agency or entity charged with the enforcement of any such laws (such as the Securities Exchange Commission), (ii) make other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulation, (iii) file a claim or charge with any state human rights commission or any other government agency or entity, or (iv) testify, assist or participate in an investigation, hearing or proceeding conducted by any state human rights commission or any other government or law enforcement agency, entity or court. In making or initiating any such reports or disclosures, Executive need not seek the Company's prior authorization and is not required to notify the Company of any such reports or disclosures.



8 (v) Executive is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state or local government official, either directly or indirectly or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. e. Survival of Restrictive Covenants. All restrictive covenants herein shall survive termination of this Agreement and Executive's employment, regardless of reason, including expiration of the Agreement by passage of time and non-renewal. 9. REMEDIES. Executive acknowledges that the restrictions contained in Section 8, in view of the nature of the Employer and its Affiliates' global business and Executive's global position with the Employer, are reasonable and necessary to protect the Employer and Affiliates' legitimate business interests, including its Confidential Information, training and business goodwill, and that any violation of this Agreement would result in irreparable injury to the Employer. In the event of a breach by the Executive of any provision of Section 8, the Employer shall be entitled, in addition to any other remedies that may be available, to a temporary restraining order and injunctive relief restraining the Executive from the commission of any breach without the necessity of proving irreparable harm or posting of a bond, and to recover the Employer's attorneys' fees, costs and expenses related to the breach and any such action to enforce the provisions of Section 8. The existence of any claim or cause of action by Executive against the Employer, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Employer of the restrictive covenants contained in Section 8. 10. REFORMATION. The Executive and the Employer agree that all of the covenants contained in Section 8 shall survive the termination of Executive's employment and/or termination or expiration of this Agreement, and agree further that in the event any of the covenants contained in Section 8 shall be held by any court to be ineffective in any particular area or jurisdiction only if said covenant is modified to limit its duration or scope, then the court shall have such authority to so reform the covenant and the Parties shall consider such covenant(s) and/or other provisions of Section 8 to be amended and modified with respect to that particular area or jurisdiction so as to comply with the order of any such court and, as to all other jurisdictions, the covenants contained herein shall remain in full force and effect as originally written. Should any court hold that these covenants are void or otherwise unenforceable in any particular area or jurisdiction, then the Employer may consider such covenant(s) and/or provisions of Section 8 to be amended and modified so as to eliminate therefrom the particular area or jurisdiction as to which such covenants are so held void or otherwise unenforceable and, as to all other areas and jurisdictions covered hereunder, the covenants contained herein shall remain in full force and effect as originally written. 11. TOLLING. If the Executive violates any of the restrictions contained in this agreement, the restrictive period will be continued and enlarged for such length of time as the Employee is in violation of the restrictive covenant. 12. NOTICE TO FUTURE EMPLOYERS. If Executive, in the future, seeks or is offered employment, or any other position or capacity with another company or entity, the Executive agrees to inform each new employer or entity before accepting employment, of the existence of the restrictions in Section 8. Further, before taking any employment position with any company or entity during the 18-month period described in Section 8, the Executive agrees to give prior written notice to the Employer, including



9 the name of such company or entity and confirming in that notice that he has provided a copy of Section 8 to such new employer or entity. 13. INVENTIONS. a. Executive acknowledges that during the term of this Agreement, Executive may be involved in (1) the conception or making of improvements, discoveries, or inventions (whether or not patentable and whether or not reduced to practice), (2) the production of original works of authorship (whether or not registrable under copyright or similar statutes) or (3) the development of trade secrets relating to Employer's or any of its Affiliates' business. Executive acknowledges that all original works of authorship which are made by Executive (solely or jointly with others) within the scope of his employment, and which are protectable by copyright, are "works made for hire," pursuant to the United States Copyright Act (17 U.S.C., Section 101) and are consequently owned by the Employer or any of its Affiliates. Executive further acknowledges that all improvements, discoveries, inventions, trade secrets or other form of intellectual property is the exclusive property of Employer or any of its Affiliates. b. Executive hereby waives any rights he may have in or to such intellectual property, and Executive hereby assigns to Employer or any of its Affiliates all right, title and interest in and to such intellectual property. At Employer's or any of its Affiliates' request and at no expense to Executive, Executive shall execute and deliver all such papers, including any assignment documents, and shall provide such cooperation as may be necessary or desirable, or as Employer or any of its Affiliates may reasonably request, to enable Employer or any of its Affiliates to secure and exercise its rights to such intellectual property. 14. RETURN OF PROPERTY. All lists, records, designs, patents, plans, manuals, memoranda and other property

delivered to the Executive by or on behalf of Employer or any of its Affiliates or by any of their clients or customers, and all records and emails compiled by the Executive that pertain to the business of the Employer or any of its Affiliates (whether or not confidential) shall be and remain the property of the Employer and be subject at all times to its discretion and control. Likewise, all correspondence and emails with clients, customers or representatives, reports, research, records, charts, advertising materials, and any data collected by the Executive, or by or on behalf of the Employer or any of its Affiliates or its representatives (whether or not confidential) shall be delivered promptly to the Employer without request by it upon termination of Executive's employment. 15. ASSIGNMENT. This Agreement may be assigned by Employer, but cannot be assigned by Executive. 16. BINDING AGREEMENT. Executive understands that his obligations under this Agreement are binding upon Executive's heirs, successors, personal representatives, and legal representatives. 17. EXECUTIVE'S REPRESENTATIONS. Executive represents that his acceptance of employment with Employer (a) will not result in a breach of any of Executive's obligations and agreements with any current or former employer, partnership or other person and (b) would not otherwise result in any liability to Employer or any of its Affiliates. In addition, Executive represents to Employer that he is not a party or subject to (i) any restrictive covenants, including without limitation, relating to competition, solicitation or confidentiality (other than general obligations to maintain confidentiality) that precludes or would materially interfere with his employment with Employer as contemplated by, and as of the date of, this Agreement, and/or (ii) any agreement with any other employer, partnership or other person that in any way materially compromises, limits or restricts Executive's ability to perform his duties for Employer as contemplated by, and as of the date of, this Agreement.



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10.18. NOTICES. All notices pursuant to this Agreement shall be in writing and sent certified mail, return receipt requested, addressed as follows: Executive: Employer: Steve Simpson Commercial Metals Company [***] Attention: Chief Legal Officer [***] 6565 North MacArthur Blvd., Suite 800 Irving, Texas 75039 19. WAIVER. No waiver by either Party to this Agreement of any right to enforce any term or condition of this Agreement, or of any breach hereof, shall be deemed a waiver of such right in the future or of any other right or remedy available under this Agreement. 20. SEVERABILITY. Subject to the provisions of Section 10 herein, if any provision of this Agreement is determined to be void, invalid, unenforceable, or against public policy, such provisions shall be deemed severable from the Agreement, and the remaining provisions of the Agreement will remain unaffected and in full force and effect. Furthermore, any breach by Employer of any provision of this Agreement shall not excuse Executive's compliance with the requirements of Section 10. 21. ENTIRE AGREEMENT AND UNDERSTANDING. The terms and provisions contained herein shall constitute the entire agreement between the Parties with respect to Executive's employment with Employer during the time period covered by this Agreement. The Parties represent and warrant that they have read and understood each and every provision of this Agreement, and that they are free to obtain advice from legal counsel of choice, if necessary and desired, in order to interpret any and all provisions of this Agreement, and that both Parties have voluntarily entered into this Agreement. 22. EFFECTIVE DATE. It is understood that this Agreement shall be effective as of the Effective Date and that the terms of this Agreement shall remain in full force and effect both during Executive's employment and where applicable thereafter. 23. GOVERNING LAW; RESOLUTION OF DISPUTES; WAIVER OF JURY TRIAL. This Agreement shall, at the choice of the Employer, be construed according to the laws of the State of Texas. All disputes relating to the interpretation and enforcement of the provisions of this Agreement shall, be resolved and determined exclusively by the federal or state courts in Dallas County, Texas. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, AND EXECUTIVE'S EMPLOYMENT AND COMPENSATION, OR TERMINATION THEREFROM. [Signature Page to Follow]

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11 IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above. EXECUTIVE EMPLOYER COMMERCIAL METALS COMPANY /s/ Steve Simpson Steve Simpson By: /s/ Peter Matt Peter Matt
President and Chief Executive Officer

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EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Peter R. Matt, certify that:

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **January 8, 2024** **March 26, 2024**

/s/ Peter R. Matt

Peter R. Matt

President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Paul J. Lawrence, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commercial Metals Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **January 8, 2024** **March 26, 2024**

/s/ Paul J. Lawrence

Paul J. Lawrence

Senior Vice President and Chief Financial Officer

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

In connection with the Quarterly Report of Commercial Metals Company (the "Company") on Form 10-Q for the period ended November 30, 2023 February 29, 2024 (the "Report"), I, Peter R. Matt, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, 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.

/s/ Peter R. Matt

Peter R. Matt
President and Chief Executive Officer

Date: January 8, 2024 March 26, 2024

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

In connection with the Quarterly Report of Commercial Metals Company (the "Company") on Form 10-Q for the period ended November 30, 2023 February 29, 2024 (the "Report"), I, Paul J. Lawrence, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, 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.

/s/ Paul J. Lawrence

Paul J. Lawrence
Senior Vice President and Chief Financial Officer

Date: January 8, 2024 March 26, 2024

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