REFINITIV

DELTA REPORT

10-Q

RDUS - SCHNITZER STEEL INDUSTRIE

10-Q - NOVEMBER 30, 2023 COMPARED TO 10-Q - MAY 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1719
CHANGES	258
DELETIONS	595
ADDITIONS	866

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

FORM 10-Q

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

For the Quarterly Period Ended May 31, November 30, 2023

or

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

For the Transition Period from __________ to __________

Commission File Number 000-22496

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SCHNITZER STEEL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

OREGON	**93-0341923**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
299 SW Clay Street, Suite 350 400, Portland, Oregon	**97201**
(Address of principal executive offices)	*(Zip Code)*

(503) 224-9900

(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

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

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

The registrant had 27,311,089 27,661,685 shares of Class A common stock, par value of $1.00 per share, and 200,000 shares of Class B common stock, par value of $1.00 per share, outstanding as of June 23, 2023 January 2, 2024.

SCHNITZER STEEL INDUSTRIES, INC.*dba* RADIUS RECYCLING

FORM 10-Q

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FORWARD-LOOKING STATEMENTS

Statements and information included in this Quarterly Report on Form 10-Q by Schnitzer Steel Industries, Inc.*dba* Radius Recycling that are not purely historical are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Except as noted herein or as the context may otherwise require, all references to "we," "our," "us," "the Company," "Radius Recycling," and "SSI" "Radius" refer to Schnitzer Steel Industries, Inc.*dba* Radius Recycling and its consolidated subsidiaries.

Forward-looking statements in this Quarterly Report on Form 10-Q include statements regarding future events or our expectations, intentions, beliefs, and strategies regarding the future, which may include statements regarding the impact of equipment upgrades, equipment failures, and facility damage on production, including timing of repairs and resumption of operations; the realization of insurance recoveries; the Company's outlook, growth initiatives, or expected results or objectives, including pricing, margins, sales volumes, and profitability; completion of acquisitions and integration of acquired businesses; the progression and impact of investments in processing and manufacturing technology improvements and information technology systems; the impacts of supply chain disruptions, inflation, and rising interest rates; liquidity positions; our ability to generate cash from continuing operations; trends, cyclicality, and changes in the markets we sell into; strategic direction or goals; targets; changes to manufacturing and production processes; the realization of deferred tax assets; planned capital expenditures; the cost of and the status of any agreements or actions related to our compliance with environmental and other laws; expected tax rates, deductions, and credits; the impact of sanctions and tariffs, quotas, and other trade actions and import restrictions; the impact of pandemics, epidemics, or other public health emergencies, such as the coronavirus disease 2019 ("COVID-19") pandemic; the impact of labor shortages or increased labor costs; obligations under our retirement plans; benefits, savings, or additional costs from business realignment, cost containment, and productivity improvement programs; the potential impact of adopting new accounting pronouncements; and the adequacy of accruals.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and often contain words such as "outlook," "target," "aim," "believes," "expects," "anticipates," "intends," "assumes," "estimates," "evaluates," "may," "will," "should," "could," "opinions," "forecasts," "projects," "plans," "future," "forward," "potential," "probable," and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking.

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

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

SCHNITZER STEEL INDUSTRIES, INC.*dba* RADIUS RECYCLING

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands, except per share amounts)

(Currency - U.S. Dollar)

	May 31, 2023	August 31, 2022	November 30, 2023	August 31, 2023
Assets				
Current assets:				
Cash and cash equivalents	$ 4,511	$ 43,803	$ 4,408	$ 6,032
Accounts receivable, net of allowance for credit losses of $1,513 and $1,566	297,444	237,654		
Accounts receivable, net of allowance for credit losses of $1,476 and $1,590			191,415	210,442
Inventories	298,979	315,189	281,062	278,642
Refundable income taxes	2,298	1,696	3,135	3,245
Prepaid expenses and other current assets	56,143	73,044	55,427	51,979
Total current assets	659,375	671,386	535,447	550,340
Property, plant and equipment, net of accumulated depreciation of $894,216 and $855,032	697,396	664,120		
Property, plant and equipment, net of accumulated depreciation of $919,522 and $902,231			698,715	706,805
Operating lease right-of-use assets	118,399	122,413	114,965	115,686
Investments in joint ventures	10,120	12,841	10,268	10,750
Goodwill	268,595	255,198	229,345	229,419
Intangibles, net of accumulated amortization of $10,927 and $7,256	34,055	26,155		
Intangibles, net of accumulated amortization of $13,957 and $12,442			32,720	32,540
Deferred income taxes	22,695	24,598	22,438	22,713
Other assets	55,793	49,886	48,756	47,696
Total assets	$ 1,866,428	$ 1,826,597	$ 1,692,654	$ 1,715,949
Liabilities and Equity				
Current liabilities:				
Short-term borrowings	$ 6,724	$ 6,041	$ 5,641	$ 5,813
Accounts payable	209,795	217,689	200,569	209,423
Accrued payroll and related liabilities	29,018	59,702	26,976	35,144
Environmental liabilities	11,521	13,031	11,891	13,743
Operating lease liabilities	20,357	21,660	19,923	19,835
Accrued income taxes	1,074	3,856	346	358
Other accrued liabilities	63,667	59,594	39,813	39,614
Total current liabilities	342,156	381,573	305,159	323,930
Deferred income taxes	61,761	63,328	47,665	58,617
Long-term debt, net of current maturities	344,084	242,521	278,280	243,579
Environmental liabilities, net of current portion	54,340	55,469	52,352	53,034
Operating lease liabilities, net of current maturities	98,175	101,651	95,267	96,086
Other long-term liabilities	26,320	23,581	29,655	29,044
Total liabilities	926,836	868,123	808,378	804,290
Commitments and contingencies (Note 5)				
Schnitzer Steel Industries, Inc. (“SSI”) shareholders’ equity:				
Radius Recycling (“Radius”) shareholders’ equity:				

Preferred stock – 20,000 shares $1.00 par value authorized, none issued	—	—	—	—
Class A common stock – 75,000 shares $1.00 par value authorized, 27,311 and 26,747 shares issued and outstanding	27,311	26,747		
Class A common stock – 75,000 shares $1.00 par value authorized, 27,663 and 27,312 shares issued and outstanding			27,663	27,312
Class B common stock – 25,000 shares $1.00 par value authorized, 200 and 200 shares issued and outstanding	200	200	200	200
Additional paid-in capital	23,287	22,975	22,258	26,035
Retained earnings	925,399	941,146	870,975	894,316
Accumulated other comprehensive loss	(40,185)	(37,089)	(40,102)	(39,683)
Total SSI shareholders' equity	936,012	953,979		
Total Radius shareholders' equity			880,994	908,180
Noncontrolling interests	3,580	4,495	3,282	3,479
Total equity	939,592	958,474	884,276	911,659
Total liabilities and equity	$ 1,866,428	$ 1,826,597	$ 1,692,654	$ 1,715,949

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

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SCHNITZER STEEL INDUSTRIES, INC.*dba* RADIUS RECYCLING

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share amounts)

(Currency - U.S. Dollar)

	Three Months Ended May 31,		Nine Months Ended May 31,		Three Months Ended November 30,	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenues	$ 809,610	$ 1,010,087	$ 2,164,293	$ 2,591,403	$ 672,897	$ 598,730
Operating expense:						
Cost of goods sold	713,685	834,375	1,946,633	2,188,158	633,420	550,011
Selling, general and administrative	68,527	77,672	196,712	194,020	63,102	64,228
(Income) from joint ventures	(285)	(762)	(1,386)	(1,589)	(673)	(790)
Asset impairment charges	—	932	—	932		
Restructuring charges and other exit-related activities	169	26	2,589	52	35	1,592
Operating income	27,514	97,844	19,745	209,830		
Operating loss					(22,987)	(16,311)
Interest expense	(5,146)	(2,223)	(13,378)	(5,496)	(4,810)	(3,324)
Other loss, net	(1,306)	(34)	(5,289)	(136)	(170)	(3,884)
Income from continuing operations before income taxes	21,062	95,587	1,078	204,198		
Income tax expense	(7,221)	(20,037)	(676)	(43,207)		

Income from continuing operations	13,841	75,550	402	160,991		
Loss from continuing operations before income taxes					(27,967)	(23,519)
Income tax benefit					10,170	6,032
Loss from continuing operations					(17,797)	(17,487)
Loss from discontinued operations, net of tax	(233)	(46)	(78)	(46)	(2)	(69)
Net income	13,608	75,504	324	160,945		
Net loss					(17,799)	(17,556)
Net income attributable to noncontrolling interests	(148)	(870)	(299)	(2,497)	(165)	(232)
Net income attributable to SSI shareholders	$ 13,460	$ 74,634	$ 25	$ 158,448		
Net loss attributable to Radius shareholders					$ (17,964)	$ (17,788)
Net income per share attributable to SSI shareholders:						
Net loss per share attributable to Radius shareholders:						
Basic:						
Income per share from continuing operations	$ 0.49	$ 2.65	$ —	$ 5.63		
Net income per share	$ 0.48	$ 2.65	$ —	$ 5.63		
Loss per share from continuing operations					$ (0.64)	$ (0.64)
Net loss per share					$ (0.64)	$ (0.64)
Diluted:						
Income per share from continuing operations	$ 0.48	$ 2.52	$ —	$ 5.33		
Net income per share	$ 0.47	$ 2.52	$ —	$ 5.33		
Loss per share from continuing operations					$ (0.64)	$ (0.64)
Net loss per share					$ (0.64)	$ (0.64)
Weighted average number of common shares:						
Basic	28,114	28,143	27,980	28,161	28,219	27,723
Diluted	28,659	29,625	28,646	29,741	28,219	27,723

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

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SCHNITZER STEEL INDUSTRIES, INC.*dba* RADIUS RECYCLING

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) LOSS

(Unaudited, in thousands)

(Currency - U.S. Dollar)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2023	2022	2023	2022
Net income	$ 13,608	$ 75,504	$ 324	$ 160,945
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	362	153	(3,245)	(240)
Pension obligations, net	58	40	149	549
Total other comprehensive income (loss), net of tax	420	193	(3,096)	309
Comprehensive income (loss)	14,028	75,697	(2,772)	161,254
Less comprehensive income attributable to noncontrolling interests	(148)	(870)	(299)	(2,497)
Comprehensive income (loss) attributable to SSI shareholders	$ 13,880	$ 74,827	$ (3,071)	$ 158,757

	Three Months Ended November 30,	
	2023	2022
Net loss	$ (17,799)	$ (17,556)
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments	(499)	(2,246)
Cash flow hedges, net	(107)	—
Pension obligations, net	187	33
Total other comprehensive loss, net of tax	(419)	(2,213)
Comprehensive loss	(18,218)	(19,769)
Less comprehensive income attributable to noncontrolling interests	(165)	(232)
Comprehensive loss attributable to Radius shareholders	$ (18,383)	$ (20,001)

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

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SCHNITZER STEEL INDUSTRIES, INC.*dba* RADIUS RECYCLING

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited, in thousands, except per share amounts)

(Currency - U.S. Dollar)

	Common Stock						Accumulated			
	Class A		Class B		Additional		Other	Total Radius		
							Comprehensive	Shareholders'	Noncontrolling	Total
					Paid-in	Retained				
Three Months Ended November 30, 2022	**Shares**	**Amount**	**Shares**	**Amount**	**Capital**	**Earnings**	**Loss**	**Equity**	**Interests**	**Equity**
Balance as of September 1, 2022	26,747	$ 26,747	200	$ 200	$ 22,975	$ 941,146	$ (37,089)	$ 953,979	$ 4,495	$ 958,474
Net (loss) income	—	—	—	—	—	(17,788)	—	(17,788)	232	(17,556)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(2,213)	(2,213)	—	(2,213)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(962)	(962)
Issuance of restricted stock	672	672	—	—	(672)	—	—	—	—	—
Restricted stock withheld for taxes	(254)	(254)	—	—	(6,553)	—	—	(6,807)	—	(6,807)
Share-based compensation cost	—	—	—	—	2,832	—	—	2,832	—	2,832
Dividends ($0.1875 per common share)	—	—	—	—	—	(5,264)	—	(5,264)	—	(5,264)
Balance as of November 30, 2022	27,165	$ 27,165	200	$ 200	$ 18,582	$ 918,094	$ (39,302)	$ 924,739	$ 3,765	$ 928,504

	Common Stock	Accumulated
		ed

Three Months Ended May 31, 2022	Class A Shares	Class A Amount	Class B Shares	Class B Amount	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss	Total SSI Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance as of March 1, 2022	27,433	$ 27,433	200	$ 200	$ 40,821	$ 866,776	$ (34,438)	$ 900,792	$ 3,857	$ 904,649
Net income	—	—	—	—	—	74,634	—	74,634	870	75,504
Other comprehensive income, net of tax	—	—	—	—	—	—	193	193	—	193
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(545)	(545)
Share repurchases	(244)	(244)	—	—	(9,749)	—	—	(9,993)	—	(9,993)
Issuance of restricted stock	89	89	—	—	(89)	—	—	—	—	—
Restricted stock withheld for taxes	(31)	(31)	—	—	(1,395)	—	—	(1,426)	—	(1,426)
Share-based compensation cost	—	—	—	—	4,838	—	—	4,838	—	4,838
Dividends ($0.1875 per common share)	—	—	—	—	—	(5,350)	—	(5,350)	—	(5,350)
Balance as of May 31, 2022	27,247	$ 27,247	200	$ 200	$ 34,426	$ 936,060	$ (34,245)	$ 963,688	$ 4,182	$ 967,870

Three Months Ended May 31, 2023	Common Stock Class A Shares	Common Stock Class A Amount	Common Stock Class B Shares	Common Stock Class B Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total SSI Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance as of March 1, 2023	27,255	$ 27,255	200	$ 200	$ 20,831	$ 917,266	$ (40,605)	$ 924,947	$ 3,491	$ 928,438
Net income	—	—	—	—	—	13,460	—	13,460	148	13,608
Other comprehensive income, net of tax	—	—	—	—	—	—	420	420	—	420

Three Months Ended November 30, 2023	Common Stock Class A Shares	Common Stock Class A Amount	Common Stock Class B Shares	Common Stock Class B Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Radius Shareholders' Equity	Noncontrolling Interests	Total Equity

Balance as of September 1, 2023											27,312	$ 27,312	200	$ 200	$ 26,035	$ 894,316	$ (39,683)	$ 908,180	$ 3,479	$ 911,659
Net (loss) income											—	—	—	—	—	(17,964)	—	(17,964)	165	(17,799)
Other comprehensive loss, net of tax											—	—	—	—	—	—	(419)	(419)	—	(419)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(59)	(59)	—	—	—	—	—	—	—	—	(362)	(362)
Issuance of restricted stock	84	84	—	—	(84)	—	—	—	—	—	562	562	—	—	(562)	—	—	—	—	—
Restricted stock withheld for taxes	(28)	(28)	—	—	(774)	—	—	(802)	—	(802)	(211)	(211)	—	—	(4,591)	—	—	(4,802)	—	(4,802)
Share-based compensation cost	—	—	—	—	3,314	—	—	3,314	—	3,314	—	—	—	—	1,376	—	—	1,376	—	1,376
Dividends ($0.1875 per common share)	—	—	—	—	—	(5,327)	—	(5,327)	—	(5,327)	—	—	—	—	—	(5,377)	—	(5,377)	—	(5,377)
Balance as of May 31, 2023	27,311	$ 27,311	200	$ 200	$ 23,287	$ 925,399	$ (40,185)	$ 936,012	$ 3,580	$ 939,592										
Balance as of November 30, 2023											27,663	$ 27,663	200	$ 200	$ 22,258	$ 870,975	$ (40,102)	$ 880,994	$ 3,282	$ 884,276

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

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SCHNITZER STEEL INDUSTRIES, INC.*dba* RADIUS RECYCLING

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY CASH FLOWS

(Unaudited, in thousands, except per share amounts) thousands)

(Currency - U.S. Dollar)

	Common Stock				Additional		Accumulated Other Comprehensive	Total SSI Shareholders'	Noncontrolling	Total
	Class A		Class B							
Nine Months Ended May 31, 2022	**Shares**	**Amount**	**Shares**	**Amount**	**Paid-in Capital**	**Retained Earnings**	**Loss**	**Equity**	**Interests**	**Equity**
Balance as of September 1, 2021	27,332	$ 27,332	200	$ 200	$ 49,074	$ 793,712	$ (34,554)	$ 835,764	$ 4,015	$ 839,779
Net income	—	—	—	—	—	158,448	—	158,448	2,497	160,945
Other comprehensive income, net of tax	—	—	—	—	—	—	309	309	—	309

Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(2,330)	(2,330)
Share repurchases	(444)	(444)	—	—	(17,414)	—	—	(17,858)	—	(17,858)
Issuance of restricted stock	568	568	—	—	(568)	—	—	—	—	—
Restricted stock withheld for taxes	(209)	(209)	—	—	(10,794)	—	—	(11,003)	—	(11,003)
Share-based compensation cost	—	—	—	—	14,128	—	—	14,128	—	14,128
Dividends ($0.5625 per common share)	—	—	—	—	—	(16,100)	—	(16,100)	—	(16,100)
Balance as of May 31, 2022	27,247	$ 27,247	200	$ 200	$ 34,426	$ 936,060	$ (34,245)	$ 963,688	$ 4,182	$ 967,870

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

	Three Months Ended November 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	$ (17,799)	$ (17,556)
Adjustments to reconcile net loss to cash used in operating activities:		
Asset impairment charges	219	4,000
Exit-related asset impairments	—	143
Depreciation and amortization	23,471	21,451
Inventory write-downs	—	575
Deferred income taxes	(10,834)	(5,741)
Undistributed equity in earnings of joint ventures	(673)	(790)
Share-based compensation expense	1,376	2,816
(Gain) loss on disposal of assets, net	(418)	300
Unrealized foreign exchange loss, net	356	141
Credit loss (recovery), net	14	(18)
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	15,833	16,925
Inventories	293	(27,846)
Income taxes	405	(293)
Prepaid expenses and other current assets	(2,771)	1,839
Other long-term assets	(1,184)	(1,212)
Operating lease assets and liabilities	(65)	313
Accounts payable	353	(18,692)
Accrued payroll and related liabilities	(8,163)	(28,902)
Other accrued liabilities	(683)	(8,709)

Environmental liabilities	(2,523)	(2,452)
Other long-term liabilities	494	1,556
Distributed equity in earnings of joint ventures	1,000	—
Net cash used in operating activities	(1,299)	(62,152)
Cash flows from investing activities:		
Capital expenditures	(24,808)	(47,520)
Acquisitions, net of acquired cash	—	(26,902)
Proceeds from insurance and sale of assets	609	2,219
Net cash used in investing activities	(24,199)	(72,203)
Cash flows from financing activities:		
Borrowings from long-term debt	135,099	186,356
Repayment of long-term debt	(100,568)	(78,781)
Payment of debt issuance costs	—	(135)
Taxes paid related to net share settlement of share-based payment awards	(4,802)	(6,807)
Distributions to noncontrolling interests	(362)	(962)
Dividends paid	(5,551)	(5,540)
Net cash provided by financing activities	23,816	94,131
Effect of exchange rate changes on cash	58	(40)
Net decrease in cash and cash equivalents	(1,624)	(40,264)
Cash and cash equivalents as of beginning of period	6,032	43,803
Cash and cash equivalents as of end of period	$ 4,408	$ 3,539

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

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SCHNITZER STEEL INDUSTRIES, INC.*dba* RADIUS RECYCLING

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

(Currency - U.S. Dollar)

	Nine Months Ended May 31,	
	2023	**2022**
Cash flows from operating activities:		
Net income	$ 324	$ 160,945
Adjustments to reconcile net income to cash provided by operating activities:		
Asset impairment charges	5,455	932
Exit-related asset impairments	254	—
Depreciation and amortization	66,390	54,566
Inventory write-downs	575	3,199
Deferred income taxes	(933)	23,851
Undistributed equity in earnings of joint ventures	(1,386)	(1,589)
Share-based compensation expense	8,438	14,046
Loss on disposal of assets, net	10	1,192
Unrealized foreign exchange loss, net	126	193
Credit loss, net	195	17
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(71,016)	(43,340)

Inventories	23,215	(164,196)
Income taxes	(2,992)	8,843
Prepaid expenses and other current assets	(12,476)	(14,771)
Other long-term assets	(3,868)	(1,068)
Operating lease assets and liabilities	(276)	(2,049)
Accounts payable	10,259	44,874
Accrued payroll and related liabilities	(30,451)	(16,890)
Other accrued liabilities	10,381	1,747
Environmental liabilities	(2,542)	(14,744)
Other long-term liabilities	2,850	650
Distributed equity in earnings of joint ventures	2,000	1,600
Net cash provided by operating activities	4,532	58,008
Cash flows from investing activities:		
Capital expenditures	(101,270)	(97,972)
Acquisitions, net of acquired cash	(26,902)	(177,070)
Proceeds from insurance and sale of assets	10,775	18,244
Purchase of equity investment	—	(5,000)
Deposit on land option	—	(80)
Net cash used in investing activities	(117,397)	(261,878)
Cash flows from financing activities:		
Borrowings from long-term debt	501,761	895,175
Repayment of long-term debt	(403,129)	(655,440)
Payment of debt issuance costs	(156)	—
Repurchase of Class A common stock	—	(17,858)
Taxes paid related to net share settlement of share-based payment awards	(7,611)	(11,003)
Distributions to noncontrolling interests	(1,214)	(2,330)
Dividends paid	(16,023)	(16,172)
Net cash provided by financing activities	73,628	192,372
Effect of exchange rate changes on cash	(55)	(195)
Net decrease in cash and cash equivalents	(39,292)	(11,693)
Cash and cash equivalents as of beginning of period	43,803	27,818
Cash and cash equivalents as of end of period	$ 4,511	$ 16,125

	Three Months Ended November 30,	
	2023	2022
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for:		
Interest	$ 4,428	$ 2,703
Income taxes paid (refunded), net	$ 235	$ (16)
Schedule of noncash investing and financing transactions:		
Purchases of property, plant and equipment included in liabilities	$ 7,120	$ 17,134

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

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(Unaudited, in thousands)
(Currency - U.S. Dollar)

	Nine Months Ended May 31,	
	2023	2022
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for:		
Interest	$ 11,763	$ 3,249
Income taxes, net	$ 4,565	$ 10,502
Schedule of noncash investing and financing transactions:		
Purchases of property, plant and equipment included in liabilities	$ 12,605	$ 19,868

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

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SCHNITZER STEEL INDUSTRIES, INC. RADIUS RECYCLING

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Unaudited Condensed Consolidated Financial Statements of Schnitzer Steel Industries, Inc.*dba* Radius Recycling and its majority-owned and wholly-owned subsidiaries (the "Company") have been prepared pursuant to generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and the rules and regulations of the United States Securities and Exchange Commission (the "SEC") for Form 10-Q, including Article 10 of Regulation S-X. The year-end condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. Certain information and note disclosures normally included in annual financial statements have been condensed or omitted pursuant to the rules and regulations of the SEC. In the opinion of management, all normal, recurring adjustments considered necessary for a fair statement have been included. Management suggests that these Unaudited Condensed Consolidated Financial Statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2022 August 31, 2023. The results for the three and nine months ended May 31, 2023 November 30, 2023 and 2022 are not necessarily indicative of the results of operations for the entire fiscal year.

Company Name

On July 26, 2023, Schnitzer Steel Industries, Inc. announced its new brand and assumed name, Radius Recycling. The Company will seek shareholder approval to amend the Company's Articles of Incorporation to change its legal name to Radius Recycling, Inc. at its Annual Meeting of Shareholders to be held on January 30, 2024.

Segment Reporting

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

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

Cash and Cash Equivalents

Cash and cash equivalents include short-term securities that are not restricted by third parties and have an original maturity date of 90 days or less. Included in accounts payable are book overdrafts representing outstanding payments in excess of funds on deposit of $55 60 million and $56 62 million as of May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023, respectively.

Accounts Receivable, net

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

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

Also included in accounts receivable are short-term advances to scrap metal suppliers used as a mechanism to acquire unprocessed scrap metal. The advances are generally repaid with scrap metal, as opposed to cash. Repayments of advances with scrap metal are treated as noncash operating activities in the Unaudited Condensed Consolidated Statements of Cash Flows and totaled $8million and $93 million for each of the ninethree months ended May 31, 2023November 30, 2023 and 2022, respectively.2022.

Prepaid Expenses

The Company's prepaid expenses, reported within prepaid expenses and other current assets in the Unaudited Condensed Consolidated Balance Sheets, totaled $3324 million and $4327 million as of May 31, 2023November 30, 2023 and August 31, 2022August 31, 2023, respectively, and consisted primarily of prepaid insurance, deposits on capital projects, prepaid services, and prepaid property taxes.

Other Assets

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

Receivables from insurers represent the portion of insured losses expected to be recovered from the Company's insurers under various insurance policies or from a Qualified Settlement Fund holding settlement amounts deposited by certain insurers of claims against the Company related to the Portland Harbor Superfund site. The receivables are recorded at an amount not to exceed the recorded loss and only if the terms of legally enforceable insurance contracts support that the insurance recovery will not be disputed and is deemed collectible, or if recovery of the loss by the Company from a Qualified Settlement Fund is probable. Receivables from insurers totaled $1920 million and $2814 million as of May 31, 2023November 30, 2023 and August 31, 2022August 31, 2023, respectively. As of May 31, 2023November 30, 2023, receivables from insurers comprised primarily $11 million relating to environmental claims, $5 million relating to property loss and damage and other claims in connection with the December 2021 fire at the Company's shredder facility in Everett, Massachusetts, $10 million relating to environmental claims, $23 million relating to workers' compensation claims, and $1 million relating to third-party claims. As of August 31, 2022August 31, 2023, receivables from insurers comprised primarily $10 million relating to environmental claims, $2 million relating to workers' compensation claims, $1 million relating to third-party claims, and $1 million relating to property loss and damage and other claims in connection with the December 2021 fire at the Company's shredder facility in Everett, Massachusetts, $7 million relating to environmental claims, $6 million relating to third-party claims, and $4 million relating to workers' compensation claims. Massachusetts. See "Accounting for Impacts of Involuntary Events" below in this Note for further discussion of receivables and advance payments from insurers relating to property damage and business interruption claims.

Other assets as of both May 31, 2023 and August 31, 2022 also included approximately $7 million in connection with cash deposited into a client trust account in the second quarter of fiscal 2021 to fund the remediation of a site, a portion of which was previously leased to and operated by an indirect, wholly-owned subsidiary. The cash was deposited into the client trust account by other potentially liable parties in connection with settlement of a lawsuit relating to allocation of the remediation costs, including agreement by the Company's subsidiary to perform certain remedial actions. See "Other Legacy Environmental Loss Contingencies" within "Contingencies – Environmental" in Note 5 - Commitments and Contingencies for further discussion of this matter.

The Company invested $5 million in the equity of a privately-held Canadian recycling technology entity in May 2022. The Company's influence over the operating and financial policies of the entity is not significant, and, thus, the investment is accounted for under the guidance for investments in equity securities. The equity investment does not have a readily determinable fair value and, therefore, is carried at cost and adjusted for impairments and observable price changes. The investment is reported within other assets in the Unaudited Condensed Consolidated Balance Sheets. The carrying value of the investment was $5 million as of both May 31, 2023 and August 31, 2022. The Company has not recorded any impairments or upward or downward adjustments to the carrying value of the investment since acquisition.

The Company invested $6 million in the equity of a privately-held U.S. waste and recycling entity in fiscal 2017. The investment is accounted for under the guidance for investments in equity securities. In August 2022, the privately-held entity merged with a publicly-traded U.S. entity. As a result of the merger, the Company's investment became held in equity units of a subsidiary of the publicly-traded entity, which equity units are not publicly traded but are exchangeable for shares of the publicly traded entity. The timing and magnitude of exchange is solely at the discretion of the publicly-traded entity. During the first half of fiscal 2023, the equity investment was determined to not have a readily determinable fair value and, therefore, was carried at cost and adjusted for impairments and observable price changes. In the first quarter of fiscal 2023, the Company identified an impairment indicator for its investment and, based on its fair value measurement incorporating observable trading prices of the publicly-traded entity and unobservable inputs, recognized a $4 million impairment in other loss, net on the Unaudited Condensed Consolidated Statement of Operations. During the third quarter of fiscal 2023, the publicly-traded entity allowed for an exchange event, and the Company exchanged its full investment in the subsidiary's equity units for shares of the publicly-traded entity, which have a readily determinable fair value, and which the Company still held as of May 31, 2023 November 30, 2023. As a result, in of November 30, 2023 and August 31, 2023, the third quarter fair value of fiscal 2023, the Company recorded a investment was less than $1 million downward adjustment of the equity investment to its fair value of and $1 million, as of May 31, 2023, which loss is reported within other loss, net on the Unaudited Condensed Consolidated Statement of Operations. respectively. The investment is reported within prepaid expenses and other current assets as of May 31, 2023, and within other assets as of August 31, 2022, in the Unaudited Condensed Consolidated Balance Sheets.

Other assets as of both November 30, 2023 and August 31, 2023 included approximately $5 million of capitalized cloud computing arrangement implementation costs. Amortization of capitalized implementation costs is recorded on a straight-line basis over the term of the cloud computing arrangement, which is the non-cancellable period of the agreement, together with periods covered by renewal options which the Company is reasonably certain to exercise. This amortization expense is reported within operating expense, separately from depreciation and amortization expense for property, plant, and equipment and intangible assets as reported on the Unaudited Condensed Consolidated Statements of Cash Flows.

Accounting for Impacts of Involuntary Events

Assets destroyed or damaged as a result of involuntary events are written off or reduced in carrying value to their salvage value. When recovery of all or a portion of the amount of property damage loss or other covered expenses through insurance proceeds is demonstrated

to be probable, a receivable is recorded and offsets the loss or expense up to the amount of the total loss or expense. No gain is recorded until all contingencies related to the insurance claim have been resolved.

On May 22, 2021, the Company experienced a fire at its steel mill in McMinnville, Oregon. Direct physical loss or damage to property from the incident was limited to the mill's melt shop, with no bodily injuries and no physical loss or damage to other buildings or equipment. As a result of the fire, the rolling mill production ceased in early June 2021. In August 2021, the steel mill began ramping up operations following the substantial completion of replacement and repairs of property and equipment in the melt shop that had been lost or damaged by the fire. The Company experienced the loss of business income during the shutdown of the steel mill and the subsequent ramp-up phase which was substantially completed during the second quarter of in fiscal 2022. The Company filed insurance claims for the physical loss and damage experienced at the mill's melt shop and business income losses resulting from the matter. As of August 31, 2021, prepaid expenses and other current assets included an initial $10 million insurance receivable recognized in fiscal 2021, primarily offsetting applicable losses including capital purchases of $10 million that had been incurred by the Company as of August 31, 2021. In the first nine months of fiscal 2022, the Company increased the amount of this insurance receivable to $25 million and recognized a related $15 million insurance recovery gain, $3 million and $12 million of which were recognized in the first and second quarters of fiscal 2022, respectively, within cost of goods sold in the Unaudited Condensed

Consolidated Statements of Operations, reflecting recovery of applicable losses incurred as a result of the fire to date. In addition, during the first nine months of fiscal 2022, the Company received advance payments from insurers totaling approximately $30 million towards the Company's claims, and not reflecting any final or full settlement of claims with the insurers, which amount reduced the $25 million insurance receivable to zero with the remaining amount of advance payments reported within other accrued liabilities in the Unaudited Condensed Consolidated Balance Sheets. In the third fourth quarter of fiscal 2023, the Company received additional advance payments from reached a full and final settlement with its insurers of approximately $13 million towards the Company's claims, increasing the total of such advance payments from insurers to approximately $43 million, for its claims. All insurance proceeds and not reflecting any final or full settlement of claims recovery gains in connection with the insurers. The amount of advance payments reported within other accrued liabilities was $18 million Company's claims had been received and recognized, respectively, as of May 31, 2023 and $5 million as of August 31, 2022 August 31, 2023.

On December 8, 2021, the Company experienced a fire at its metals recycling facility in Everett, Massachusetts. Direct physical loss or damage to property from the incident was limited to the facility's shredder building and equipment, with no bodily injuries and no physical loss or damage to property reported at other buildings or equipment. As a result of the fire, shredding operations ceased, while all non-shredding operations at the facility continued, including torching, shearing, separating, and sorting purchased non-shreddable recycled ferrous metals. On January 28, 2022, shredding operations at the facility began ramping up following the replacement and repairs to shredder equipment that had been damaged. Completion of the remainder of repair and replacement of property that experienced physical loss or damage, primarily buildings and improvements, will occur over a longer period and impacts on business income may continue. In addition, shredding operations temporarily ceased at the facility on June 18, 2022 and, following discussions with the Massachusetts Department of Environmental Protection and the Massachusetts Attorney General's office, the Company installed a temporary emission capture system and controls that allowed for the resumption of shredding operations on November 11, 2022 and for continued operation during the repair and replacement of the shredder enclosure building. Non-shredding operations at the facility continued during this period. The repair and replacement of most property that experienced physical loss or damage, primarily buildings and improvements, was substantially completed by the end of fiscal 2023. The Company filed insurance claims for the property that experienced physical loss or damage and anticipated business income losses resulting from the matter. In fiscal 2022, after the fire, the Company recognized an aggregate $17 million insurance receivable and related insurance recovery gain, $10 million and $1 million of which were recorded in the second and third quarters of fiscal 2022, respectively. In each of the third quarter and first nine months of fiscal 2023, the Company recognized an additional $2 million insurance receivable and related insurance recovery gain. As of May 31, 2023 August 31, 2023, the Company had recognized, a total of in aggregate, $20 34 million in insurance recovery gains all reported within cost of goods sold, reflecting recovery of applicable losses to date including impairment charges of $7 million related to the carrying value of plant and equipment assets lost had received, in or damaged by the fire and initial capital purchases, non-capitalizable repair and replacement costs, and other applicable losses totaling $13 million. Also, in the third quarters of fiscal 2023 and 2022, the Company received aggregate, advance payments from insurers totaling approximately $8 33 million and $7 million, respectively, towards the Company's its claims, and not reflecting any final or full settlement of claims with the insurers, which amounts reduced insurers. During the first quarter of fiscal 2024, the Company recognized an additional $4 million insurance receivable to and related insurance recovery gain, reported within cost of goods sold on the Unaudited Condensed Consolidated Statements of Operations. As of November 30, 2023 and August 31, 2023, the Company had receivables from its insurers of $5 million and $10 1 million, as of May 31, 2023 and August 31, 2022, respectively. The insurance receivable is respectively, reported within prepaid expenses and other current assets in on the Unaudited Condensed Consolidated Balance Sheets.

Investments in Joint Ventures

As of August 31, 2022, the Company had two 50%-owned joint venture interests which were accounted for under the equity method of accounting. On November 7, 2022, the Company sold its ownership interest in one of the 50%-owned joint ventures for approximately $2 million. No gain or loss was recognized as a result of the sale.

Business Acquisitions

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

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash and cash equivalents, accounts receivable, and accounts receivable. derivative financial instruments. The majority of cash and cash equivalents is maintained with major financial institutions. Balances with these and certain other institutions exceeded the Federal Deposit Insurance Corporation insured amount of $250 thousand as of May 31, 2023 November 30, 2023. Concentration of credit risk with respect to accounts receivable is limited because a large number of geographically diverse customers make up the Company's customer base. The Company controls credit risk through credit approvals, credit limits, credit insurance, letters of credit or other collateral, cash deposits, and monitoring procedures. The Company is exposed to a residual credit risk with respect to open letters of credit by virtue of the possibility of the failure of a bank providing a letter of credit. The counterparties to the Company's derivative financial instruments are major financial institutions.

Recent Accounting Pronouncements

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

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

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Note 2 - Inventories

Inventories consisted of the following (in thousands):

	May 31, 2023	August 31, 2022	November 30, 2023	August 31, 2023
Processed and unprocessed scrap metal	$ 153,255	$ 166,368	$ 134,026	$ 143,986
Semi-finished goods	13,232	20,009	13,627	9,959
Finished goods	69,207	72,625	67,643	60,348
Supplies	63,285	56,187	65,766	64,349
Inventories	$ 298,979	$ 315,189	$ 281,062	$ 278,642

Note 3 - Business Acquisitions

Fiscal 2023 Business Acquisition

On November 18, 2022, the Company used cash on hand and borrowings under its existing credit facilities to acquire the operating assets of ScrapSource, a recycling services company that provides solutions for industrial companies that generate scrap metal from their manufacturing process. The acquired business expands the Company's Company's national recycling services operations, giving rise to expected benefits supporting the amount of acquired goodwill. The transaction qualified as a business combination for accounting purposes, which involves application of the acquisition method described in Accounting Standards Codification Topic 805, *Business Combinations*, and summarized in "Business Acquisitions" in Note 1 - Summary of Significant Accounting Policies. The total purchase consideration was of approximately $25 million. As of million was allocated to the date of this report, measurement of the fair values of certain assets acquired and liabilities assumed is still preliminary and subject to change based on the completion of valuation procedures.

The following table summarizes the provisional their respective estimated fair values on the date of the acquisition. The $13 million excess of the total purchase consideration over the fair value of the identifiable net assets acquired and liabilities assumed by the Company was recorded as of the November 18, 2022 acquisition date (in thousands):

Operating lease right-of-use assets	$	466
Goodwill(1)		13,105
Other intangible assets		11,955
Other assets		9
Total assets acquired		25,535
Operating lease liability		466
Total liabilities assumed		466
Net assets acquired	$	25,069

(1) All of the provisional amount of acquired goodwill is tax deductible.

The following table summarizes the provisional purchase price allocation to the identifiable intangible assets and their estimated useful lives as of the November 18, 2022 acquisition date (in thousands):

			Useful Life
Supplier relationships	$	10,375	6
Non-compete intangible assets		1,360	5
Customer relationships		220	6
	$	11,955	

goodwill. The results of operations for the acquired ScrapSource business beginning as of the November 18, 2022 acquisition date are included in the accompanying financial statements. For each of the three and nine months ended May 31, 2023 November 30, 2022, the revenues and net income contributed by the acquired ScrapSource business and reported in the Unaudited Condensed Consolidated Statements of Operations were not material to the financial statements taken as a whole.

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Fiscal 2022 Business Acquisitions

On October 1, 2021, the Company completed the acquisition of eight metals recycling facilities across Mississippi, Tennessee, and Kentucky from Columbus Recycling, a provider of recycled ferrous and nonferrous metal products and recycling services. The total purchase consideration of $117 million was allocated to the assets acquired and liabilities assumed based on their respective estimated fair values on the date of the acquisition. The $65 million excess of the total purchase consideration over the fair value of the identifiable net assets acquired was recorded as goodwill. The results of operations for the acquired Columbus Recycling business beginning as of the October 1, 2021 acquisition date are included in the accompanying financial statements.

On April 29, 2022, the Company completed the acquisition of two recycling facilities in the greater Atlanta, Georgia metropolitan area, including a metal shredding operation and recycled auto-parts center, from the previous owners of Encore Recycling. The total purchase consideration of $64 million was allocated to the assets acquired and liabilities assumed based on their respective estimated fair values on the date of the acquisition. The $21 million excess of the total purchase consideration over the fair value of the identifiable net assets acquired was recorded as goodwill. The results of operations for the acquired Encore Recycling business beginning as of the April 29, 2022 acquisition date are included in the accompanying financial statements.

Unaudited Pro Forma Information

The following unaudited pro forma information presents the effect on the consolidated financial results of the Company of the Columbus Recycling and Encore Recycling businesses acquired during fiscal 2022 as though the businesses had been acquired as of the beginning of fiscal 2021 (in thousands):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2022		2022	
Revenues	$	1,029,000	$	2,671,500
Net income	$	79,000	$	173,000
Net income attributable to SSI shareholders	$	78,000	$	170,500

There are no individually material, nonrecurring pro forma adjustments directly attributable to the business combinations included in these pro forma revenues and earnings.

For the three months ended May 31, 2022 and for the nine months ended May 31, 2023 and 2022, November 30, 2022, the unaudited pro forma amounts of revenues and net income of the acquired ScrapSource business were not material to the financial statements taken as a whole and, whole; therefore, are not included in the unaudited pro forma information presented above.

The information included in the unaudited pro forma amounts is derived from historical information obtained from for the sellers of the businesses. These unaudited pro forma results Company are not necessarily indicative provided.

Note 4 - Goodwill

The Company evaluates goodwill for impairment annually on July 1 and upon the occurrence of certain triggering events or substantive changes in circumstances that indicate that the fair value of goodwill may be impaired. There were no triggering events identified during the first nine three months of fiscal 2023 2024 requiring an interim goodwill impairment test, and the Company did not record a goodwill impairment charge in any of the periods presented.

Impairment of goodwill is tested at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). A component of an operating segment is required to be identified as a reporting unit if the component is a business for which discrete financial information is available and segment management regularly reviews its operating results. The Company most recently performed the quantitative impairment test for goodwill carried by two three of its reporting units, consisting of a two regional metals recycling operation operations and its network of auto parts stores, as of July 1, 2022 July 1, 2023. For one of the metals recycling reporting units and the autos reporting units unit subject to the quantitative impairment test, the estimated fair value of the reporting unit exceeded its carrying amount by approximately 32 24% and 44 33%, respectively, as of July 1, 2022 July 1, 2023. For the other metals recycling reporting unit, the estimated fair value of the reporting unit was less than its carrying amount, resulting in a partial impairment of goodwill of $39

 million.

The determination of fair value of the reporting units used to perform the impairment test requires judgment and involves significant estimates and assumptions about the expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact management's assumptions used to estimate the reporting units' fair value. Although the Company believes the assumptions used in testing the July 1, 2023 test of its reporting units' goodwill for impairment are reasonable, a lack of recovery or further deterioration in market conditions for recycled metals from current levels, a sustained trend of weaker than anticipated financial performance for the reporting units with allocated goodwill, including the pace and extent of operating margin and volume recovery, a lack of recovery or further decline in the Company's share price from current levels for a sustained period, of time, or an increase in the market-based weighted average cost of capital, among other factors, could significantly impact the Company's impairment analysis and may result in future goodwill impairment charges that, if incurred, could have a material adverse effect on its financial condition and results of operations.

The gross change in the carrying amount of goodwill for the nine three months ended May 31, 2023 November 30, 2023 was as follows (in thousands):

		Goodwill
August 31, 2022	$	255,198
Additions(1)		14,759
Measurement period adjustments(2)		(725)
Foreign currency translation adjustment		(637)
May 31, 2023	$	268,595

		Goodwill
August 31, 2023	$	229,419
Foreign currency translation adjustment		(74)
November 30, 2023	$	229,345

(1) Additions to goodwill relate entirely to the ScrapSource business acquired on November 18, 2022 and are exclusive of measurement period adjustments. See Note 3 - Business Acquisitions.

(2) Measurement period adjustments relate to the acquired ScrapSource and Encore Recycling businesses.

Note 5 - Commitments and Contingencies

Contingencies - Environmental

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

Changes in the Company’s environmental liabilities for the nine three months ended May 31, 2023 November 30, 2023 were as follows (in thousands):

Balance as of September 1, 2022	Liabilities Established (Released), Net	Payments and Other	Balance as of May 31, 2023	Short-Term	Long-Term	Balance as of September 1, 2023	Liabilities Established (Released), Net	Payments and Other	Balance as of November 30, 2023	Short-Term	Long-Term
$ 68,500	$ 7,170	$ (9,809)	$ 65,861	$ 11,521	$ 54,340	66,777	$ 131	$ (2,665)	$ 64,243	$ 11,891	$ 52,352

As of May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023, the Company had environmental liabilities of $66 64 million and $69 67 million, respectively, for the potential remediation of locations where it has conducted business or has environmental liabilities from historical or recent activities. These liabilities relate to the investigation and potential remediation of waterways and soil and groundwater contamination and may also involve natural resource damages, governmental fines and penalties, and claims by third parties for personal injury and property damage. Except for Portland Harbor and certain liabilities discussed under “Other Legacy Environmental Loss Contingencies” below, such liabilities were not individually material at any site.

Portland Harbor

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

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

From 2000 to 2017, the EPA oversaw a remedial investigation/feasibility study ("RI/FS") at Portland Harbor. The Company was not among the parties that performed the RI/FS, but it contributed to the costs through an interim settlement with the performing parties. The performing parties have indicated that they incurred more than $155 million in that effort.

In January 2017, the EPA issued a Record of Decision ("ROD") that identified the selected remedy for Portland Harbor. The EPA has estimated the total cost of the selected remedy at $1.7 billion with a net present value cost of $1.05 billion (at a 7% discount rate) and an estimated construction period of 13 years following completion of the remedial designs. In the ROD, the EPA stated that the cost estimate is an order-of-magnitude engineering estimate that is expected to be within +50% to -30% of the actual project cost and that changes in the cost elements are likely to occur as a result of new information and data collected during the engineering design. Accordingly, the final cost may differ materially from that set forth in the ROD. The Company has identified a number of concerns regarding the remedy described in the ROD, which is based on data that is more than 15 years old, and the EPA's estimates for the costs and time required to implement the selected remedy. Moreover, the ROD provided only Portland Harbor site-wide cost estimates and did not provide sufficient detail to estimate costs for specific sediment management areas within Portland Harbor. In addition, the ROD did not determine or allocate the responsibility for remediation costs among the PRPs.

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

In December 2017, the Company and three other PRPs entered into an Administrative Settlement Agreement and Order on Consent with the EPA to perform such pre-remedial design investigation and baseline sampling over a two-year period. The report analyzing the results concluded that Portland Harbor conditions have improved substantially since the data forming the basis of the ROD was collected. The EPA found with a few limited corrections that the new baseline data is of suitable quality and stated that such data will be used, in addition to existing and forthcoming design-level data, to inform implementation of the ROD. However, the EPA did not agree that the data or the analysis warranted a change to the remedy at this time and reaffirmed its commitment to proceed with remedial design. The Company and other PRPs disagree with the EPA's position on use of the more recent data and will continue to pursue limited, but critical, changes to the selected remedy for Portland Harbor during the remedial design phase.

The EPA encouraged PRPs to step forward (individually or in groups) to enter into consent agreements to perform remedial design in various project areas covering Portland Harbor. While certain PRPs executed consent agreements for remedial design work, because of the EPA's refusal to date to modify the remedy to reflect the most current data on Portland Harbor conditions and because of concerns with the terms of the consent agreement, the Company elected not to enter into a consent agreement. In April 2020, the EPA issued a unilateral administrative order ("UAO") to the Company and MMGL, LLC ("MMGL"), an unaffiliated company, for the remedial design work in a portion of Portland Harbor designated as the River Mile 3.5 East Project Area. As required by the UAO, the Company notified the EPA of its intent to comply while reserving all of its sufficient cause defenses. Failure to comply with a UAO, without sufficient cause, could subject the Company to significant penalties or treble damages. Pursuant to the optimized remedial design timeline set forth in the UAO, the EPA's expected schedule for completion of the remedial design work was four years. At the time it issued the UAO in April 2020, the EPA estimated the cost of the work at approximately $4 million. The Company has agreed with the other respondent to the UAO, MMGL, that the Company will lead the performance and be responsible for a portion of the costs of the work for remedial design under the UAO and also entered into an agreement with another PRP pursuant to which such other PRP has agreed to fund a portion of the costs of such work. These agreements are not an allocation of liability or claims associated with Portland Harbor as between the respondents or with respect to any third party. As of May 31, 2023 each of November 30, 2023 and August 31, 2022 August 31, 2023, the Company had $2 1 million and $3 million, respectively, in environmental reserves related to this matter. The Company has insurance policies and Qualified Settlement Funds ("QSFs") pursuant to which the Company is being reimbursed for the costs it has incurred for remedial design. See further discussion of the QSFs below in this Note. As of both May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023, the Company had insurance and other receivables in the same amount as the environmental reserves for such remedial design work under the UAO. See "Other Assets" in Note 1 - Summary of Significant Accounting Policies for further discussion of insurance and other related receivables. The Company also expects to pursue in the future allocation or contribution from other PRPs for a portion of such remedial design costs. In February 2021, the EPA announced that 100 percent of Portland Harbor's Harbor's areas requiring active cleanup are in the remedial design phase of the process.

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

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

In addition to the remedial action process overseen by the EPA, the Portland Harbor Natural Resource Trustee Council ("Trustee Council") is assessing natural resource damages at Portland Harbor. In 2008, the Trustee Council invited the Company and other PRPs to participate in funding and implementing the Natural Resource Injury Assessment for Portland Harbor. The Company and other participating PRPs ultimately agreed to fund the first two phases of the three-phase assessment, which included the development of the Natural Resource Damage Assessment Plan ("AP") and implementation of the AP to develop information sufficient to facilitate early settlements between the Trustee Council and Phase 2 participants and the identification of restoration projects to be funded by the settlements. In late May 2018, the Trustee Council published notice of its intent to proceed with Phase 3, which will involve the full implementation of the AP and the final injury and damage determination. The Company is proceeding with the process established by the Trustee Council regarding early settlements under Phase 2. The Company has established an environmental reserve of approximately $2.3 million for this alleged natural resource damages liability as it continues to work with the Trustee Council to finalize an early settlement. As of both May 31, 2023 each of November 30, 2023 and August 31, 2022 August 31, 2023, the Company had a receivable in the same amount as the environmental reserve. See "Other Assets" in Note 1 - Summary of Significant Accounting Policies for further discussion of insurance and other related receivables.

On January 30, 2017, one of the Trustees, the Confederated Tribes and Bands of the Yakama Nation, which withdrew from the council in 2009, filed a suit against approximately 30 parties, including the Company, seeking reimbursement of certain past and future response costs in connection with remedial action at Portland Harbor and recovery of assessment costs related to natural resources damages from releases at and from Portland Harbor to the Multnomah Channel and the Lower Columbia River. The parties filed various motions to dismiss or stay this suit, and in August 2019, the court issued an order denying the motions to dismiss and staying the action. The Company intends to defend against the claims in this suit and does not have sufficient information to determine the likelihood of a loss in this matter or to estimate the amount of damages being sought or the amount of such damages that could be allocated to the Company.

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The Company's environmental liabilities as of May 31, 2023 each of November 30, 2023 and August 31, 2022 August 31, 2023 included $5 million and $6 million, respectively, relating to the Portland Harbor matters described above.

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

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

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The Oregon Department of Environmental Quality is separately providing oversight of investigations and source control activities by the Company at various sites adjacent to Portland Harbor that are focused on controlling any current "uplands" releases of contaminants into the Willamette River. The Company has accrued liabilities for source control and related work at two sites, reflecting estimated costs of primarily investigation and design, which costs have not been material in the aggregate to date. No liabilities have been established in connection with investigations for any other sites because the extent of contamination, required source control work, and the Company's responsibility for the contamination and source control work, in each case if any, have not yet been determined. The Company believes that, pursuant to its insurance policies and agreements with other third parties, it will be reimbursed for the costs it incurs for required source control evaluation and remediation work; however, the Company's insurance policies and agreements with other third parties may not cover all of the costs which the Company incurs. As of both May 31, 2023 each of November 30, 2023 and August 31, 2022 August 31, 2023, the Company had an insurance receivable in the same amount as the environmental reserve for such source control work.

Other Legacy Environmental Loss Contingencies

The Company's environmental loss contingencies as of May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023, other than Portland Harbor, include actual or possible investigation and remediation costs from historical contamination at sites currently or formerly owned or formerly operated by the Company or at other sites where the Company may have responsibility for such costs due to past disposal or other activities ("legacy environmental loss contingencies"). These legacy environmental loss contingencies relate to the potential remediation of waterways and soil and groundwater contamination and may also involve natural resource damages, governmental fines and penalties, and claims by third parties for personal injury and property damage. The Company has been notified that it is or may be a potentially responsible party at certain of these sites, and investigation and remediation activities are ongoing or may be required in the future. The Company recognizes a liability for such matters when the loss is probable and can be reasonably estimated. When investigation, allocation, and remediation activities are ongoing or where the Company has not yet been identified as having responsibility or the contamination has not yet been identified, it is reasonably possible that the Company may need to recognize additional liabilities in connection with such sites but the Company cannot currently reasonably estimate the possible loss or range of loss absent additional information or developments. Such additional liabilities, individually or in the aggregate, may have a material adverse effect on the Company's results of operations, financial condition, or cash flows.

In fiscal 2018, the Company accrued $4 million for the estimated costs related to remediation of shredder residue disposed of in or around the 1970s at third-party sites located near each other. Investigation activities have been conducted under oversight of the applicable state regulatory agency. As of both May 31, 2023 each of November 30, 2023 and August 31, 2022 August 31, 2023, the Company had $4 million accrued for this matter. It is reasonably possible that the Company may recognize additional liabilities in connection with this matter at the time such losses are probable and can be reasonably estimated. The Company previously estimated a range of reasonably possible losses related to this matter in excess of current accruals at between zero and $28 million based on a range of remedial alternatives and subject to development and approval by regulators of specific remedy implementation plans. However, subsequent to the development of those remedial alternatives, the Company performed additional investigative activities under new state requirements that are likely to impact the required remedial actions and associated cost estimates, but the scope of such impacts and the amount or the range of the additional associated costs are not reasonably estimable at this time and are subject to further investigation, analysis, and discussion by the Company and regulators. The Company is investigating whether a portion or all of the current and future losses related to this matter, if incurred, are covered by existing insurance coverage or may be offset by contributions from other responsible parties.

In addition, the Company's loss contingencies as of May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023 included $73 million and $85 million, respectively, for the estimated costs related to environmental matters in connection with a closed facility owned and previously operated by an indirect, wholly-owned subsidiary, including monitoring and remediation of soil and groundwater conditions and funding for wellhead treatment facilities. In the third first quarter and first nine months of fiscal 2023, the Company accrued an incremental $61 million and $7 million, respectively, for certain soil remediation activities based on additional information related to estimated costs to complete. Investigation and remediation activities have been conducted under the oversight of the applicable state regulatory agency and are on-going, and the Company's subsidiary has also been working with state and local officials with respect to the protection of public and private water supplies. As part of its activities relating to the protection of public water supplies, the Company's subsidiary agreed to reimburse the municipality for certain studies and plans and to provide funding for the construction and operation by the municipality of wellhead treatment facilities. It is reasonably possible that the Company may recognize additional liabilities in connection with this matter at the time such additional losses are probable and can be reasonably estimated. However, the Company cannot reasonably estimate at this time the possible additional loss or range of possible additional losses associated with this matter pending the on-going implementation of the approved remediation plans for soil and groundwater conditions and completion and operation of the wellhead treatment facilities.

In addition, the Company's loss contingencies as of both May 31, 2023each of November 30, 2023 and August 31, 2022August 31, 2023 included $710 million for the estimated costs related to remediation of a site a portion of which was previously leased to and operated by an indirect, wholly-owned subsidiary. In connection with settlement of a lawsuit relating to allocation of the remediation costs, the Company's subsidiary agreed to perform the remedial action related to metals contamination on the site initially estimated to cost approximately $7.9 million, and another potentially liable party agreed to perform the remedial action related to creosote contamination at the site. As part of the settlement, other potentially liable parties agreed to make payments totaling approximately $7.6 million to fund the remediation of the metals contamination at the site in exchange for a release and indemnity. This amount was fully funded into a client trust account for the Company's subsidiary in December 2020. See "Other Assets" in Note 1 - SummaryIn the fourth quarter of Significant Accounting Policies for further discussionfiscal 2023, the Company increased its estimate of this client trust account.the cost to perform the remedial action by approximately $3 million. It is reasonably possible that the Company may recognize additional liabilities in connection with this matter at the time such additional losses are probable and can be reasonably estimated. However,The Company estimates the Company cannot reasonably estimate at this time the possible additional loss or range of possible additional losses associated with this matter to range from zero to $10 million as of November 30, 2023, pending completion, approval, and implementation of the remediation action plan.

Summary - Environmental Contingencies

With respect to environmental contingencies other than the Portland Harbor Superfund site and the Other Legacy Environmental Loss Contingencies, which are discussed separately above, management currently believes that adequate provision has been made for the potential impact of its environmental contingencies. Historically, the amounts the Company has ultimately paid for such remediation activities have not been material in any given period, but there can be no assurance that such amounts paid will not be material in the future.

Contingencies – Other

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

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Note 6 - Accumulated Other Comprehensive Loss

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

	Three Months Ended May 31, 2023			Three Months Ended May 31, 2022		
	Foreign Currency Translation Adjustments	Pension Obligations, Net	Total	Foreign Currency Translation Adjustments	Pension Obligations, Net	Total
Balances - March 1 (Beginning of period)	$ (38,286)	$ (2,319)	$ (40,605)	$ (32,002)	$ (2,436)	$ (34,438)
Other comprehensive income before reclassifications	362	—	362	153	—	153
Income tax expense	—	—	—	—	—	—
Other comprehensive income before reclassifications, net of tax	362	—	362	153	—	153
Amounts reclassified from accumulated other comprehensive loss	—	75	75	—	52	52
Income tax (benefit)	—	(17)	(17)	—	(12)	(12)
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	58	58	—	40	40
Net periodic other comprehensive income	362	58	420	153	40	193
Balances - May 31 (End of period)	$ (37,924)	$ (2,261)	$ (40,185)	$ (31,849)	$ (2,396)	$ (34,245)

	Three Months Ended November 30, 2023	Three Months Ended November 30, 2022

	Foreign Currency Translation Adjustments	Cash Flow Hedges, net	Pension Obligations, Net	Total	Foreign Currency Translation Adjustments	Pension Obligations, Net	Total
Balances - September 1 (Beginning of period)	$ (37,340)	$ (304)	$ (2,039)	$ (39,683)	$ (34,679)	$ (2,410)	$ (37,089)
Other comprehensive (loss) income before reclassifications	(499)	197	178	(124)	(2,246)	(34)	(2,280)
Income tax benefit (expense)	—	(44)	(40)	(84)	—	8	8
Other comprehensive (loss) income before reclassifications, net of tax	(499)	153	138	(208)	(2,246)	(26)	(2,272)
Amounts reclassified from accumulated other comprehensive loss	—	(336)	63	(273)	—	76	76
Income tax benefit (expense)	—	76	(14)	62	—	(17)	(17)
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	(260)	49	(211)	—	59	59
Net periodic other comprehensive (loss) income	(499)	(107)	187	(419)	(2,246)	33	(2,213)
Balances - November 30 (End of period)	$ (37,839)	$ (411)	$ (1,852)	$ (40,102)	$ (36,925)	$ (2,377)	$ (39,302)

	Nine Months Ended May 31, 2023			Nine Months Ended May 31, 2022		
	Foreign Currency Translation Adjustments	Pension Obligations, Net	Total	Foreign Currency Translation Adjustments	Pension Obligations, Net	Total
Balances - September 1 (Beginning of period)	$ (34,679)	$ (2,410)	$ (37,089)	$ (31,609)	$ (2,945)	$ (34,554)
Other comprehensive (loss) income before reclassifications	(3,245)	(34)	(3,279)	(240)	451	211
Income tax benefit (expense)	—	8	8	—	(101)	(101)
Other comprehensive (loss) income before reclassifications, net of tax	(3,245)	(26)	(3,271)	(240)	350	110
Amounts reclassified from accumulated other comprehensive loss	—	226	226	—	257	257
Income tax (benefit)	—	(51)	(51)	—	(58)	(58)
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	175	175	—	199	199
Net periodic other comprehensive (loss) income	(3,245)	149	(3,096)	(240)	549	309
Balances - May 31 (End of period)	$ (37,924)	$ (2,261)	$ (40,185)	$ (31,849)	$ (2,396)	$ (34,245)

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

Note 7 - Revenue

Disaggregation of Revenues

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

	Three Months Ended May 31,	Nine Months Ended May 31,	Three Months Ended November 30,

	2023	2022	2023	2022	2023	2022
Major product information:						
Ferrous revenues	$ 405,350	$ 530,303	$ 1,101,201	$ 1,434,473	$ 348,897	$ 261,729
Nonferrous revenues	222,904	272,208	580,234	662,779	169,294	177,675
Steel revenues(1)	137,426	165,210	369,766	384,644	113,531	124,515
Retail and other revenues	43,930	42,366	113,092	109,507	41,175	34,811
Total revenues	$ 809,610	$ 1,010,087	$ 2,164,293	$ 2,591,403	$ 672,897	$ 598,730
Revenues based on sales destination:						
Foreign	$ 413,815	$ 533,087	$ 1,122,718	$ 1,439,731	$ 358,021	$ 272,684
Domestic	395,795	477,000	1,041,575	1,151,672	314,876	326,046
Total revenues	$ 809,610	$ 1,010,087	$ 2,164,293	$ 2,591,403	$ 672,897	$ 598,730

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

Receivables from Contracts with Customers

The revenue accounting standard defines a receivable as an entity's right to consideration that is unconditional, meaning that only the passage of time is required before payment is due. As of May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023, receivables from contracts with customers, net of an allowance for credit losses, totaled $296 189 million and $230 208 million, respectively, representing 99% and 97%, respectively, of total accounts receivable reported in the Unaudited Condensed Consolidated Balance Sheets at each reporting date.

Contract Liabilities

Contract consideration received from a customer prior to revenue recognition is recorded as a contract liability and is recognized as revenue when the Company satisfies the related performance obligation under the terms of the contract. The Company's contract liabilities, which consist almost entirely of customer deposits for recycled metal and finished steel sales contracts, are reported within accounts payable in the Unaudited Condensed Consolidated Balance Sheets and totaled $11 million and $8 7 million as of May 31, 2023 each of November 30, 2023 and August 31, 2022, respectively. August 31, 2023. Unsatisfied performance obligations reflected in these contract liabilities relate to contracts with original expected durations of one year or less and, therefore, are not disclosed. The substantial majority of outstanding contract liabilities are reclassified to revenues within three months of the reporting date as a result of satisfying performance obligations.

Note 8 - Share-Based Compensation

In the first quarter of fiscal 2023, 2024, as part of the annual awards under the Company's Long-Term Incentive Plan, the Compensation Committee of the Company's Board of Directors granted 213,080 290,461 restricted stock units ("RSUs") and 211,046 293,239 performance share awards to the Company's key employees and officers under the Company's 1993 Amended and Restated Stock Incentive Plan.

The RSUs have a five-year term and vest 20% per year commencing October 31, 2023 October 31, 2024. The aggregate fair value of all the RSUs granted was based on the market closing price of the underlying Class A common stock on the grant date and totaled $7 million. The compensation expense associated with the RSUs is recognized over the requisite service period of the awards, net of forfeitures, which for participants who were retirement eligible as of the grant date or who will become retirement eligible during the five-year term of the awards is the longer of two years or the period ending on the date retirement eligibility is achieved.

The performance share awards granted in the first quarter of 2024 comprise two separate and distinct awards with different vesting conditions. Awards vest if the threshold level under the specified metric is met at the end of the approximately three-year performance period. For awards granted in the first quarter of fiscal 2023, the The performance metrics are (1) the Company’s total shareholder return (“TSR”) based on the Company’s average TSR percentile rank relative to a designated peer group and (2) the Company’s recycled metal volume growthand its return on capital employed (“ROCE”). growth. Award share payouts depend on the extent to which the performance goals have been achieved, which performance-based payout factors are adjusted by a total shareholder return (“TSR”) modifier based on the Company’s average TSR percentile rank relative to a designated peer group. achieved. The number of shares that a participant receives is equal to the number of performance shares granted multiplied by an initial a payout factor, based on recycled metal volume growth and ROCE, which ranges from a threshold of 50% to a maximum of 200%. The final payout factor is then determined by applying the TSR modifier award stipulates certain limitations to the initial payout factor within in the event the payout reaches a certain range, with a maximum increase defined ceiling level or decrease of 20%. the Company’s TSR is negative.

Half of the performance share awards granted by the Company during During the first quarter of fiscal 2023 were based on 2024, the Company's recycled metal volume growth metric and half were Company granted 148,032 performance share awards based on its ROCE relative TSR metric in each case subject to a TSR modifier with performance measured over a an approximately three-year performance period consisting of the Company’s 2023, 2024, and 2025 fiscal years. ending August 31, 2026. The Company estimated the fair value of performance share TSR awards granted in the first quarter of fiscal 2023 2024 using a Monte-Carlo simulation model utilizing several key assumptions, including the following:

	Percentage
Expected share price volatility (SSI) (Radius)	56.1 47.9 %
Expected share price volatility (Peer group)	60.5 46.6 %
Expected correlation to peer group companies	48.1 46.6 %
Risk-free rate of return	4.16 4.82 %

The estimated aggregate fair value of these the TSR-based performance share awards at the date of grant was $7 3 million. The compensation expense for these awards based on the grant-date fair value, net of estimated forfeitures, is recognized over the requisite service period (or to the date a qualifying employment termination event entitles the recipient to a prorated award, if before the end of the service period), regardless of whether the market condition has been or will be satisfied.

During the first quarter of fiscal 2024, the Company granted 145,207 performance share awards based on its recycled metal volume growth for the three-year performance period consisting of the Company’s 2024, 2025 and 2026 fiscal years. The fair value of the awards granted was based on the market closing price of the underlying Class A common stock on the grant date and totaled $3 million.

The Company accrues compensation cost for these the performance share awards related to recycled metal volume growth based on the probable outcome of achieving specified performance conditions, net of estimated forfeitures, over the requisite service period (or to the date a qualifying employment termination event entitles the recipient to a prorated award, if before the end of the service period).

The Company reassesses whether achievement of the performance conditions is probable at each reporting date. If it is probable that the actual performance results will exceed the stated target performance conditions, the Company accrues additional compensation cost for the additional performance shares to be awarded irrespective of the TSR modifier, the effects of which are incorporated in the grant-date fair value of the awards. awarded. If, upon reassessment, it is no longer probable that the actual performance results will exceed the stated target performance conditions, or that it is no longer probable that the target performance conditions will be achieved, the Company reverses any recognized compensation cost for shares no longer probable of being issued. If the performance conditions are not achieved at the end of the performance period, all related compensation cost previously recognized is reversed.

Performance share awards will be paid in Class A common stock as soon as practicable after the end of the requisite service period and vesting date of October 31, 2025 October 31, 2026.

Note 9 - Derivative Financial Instruments

Interest Rate Swaps

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

In the second fourth quarter of fiscal 2023, the Company granted deferred stock units ("DSUs") entered three pay-fixed interest rate swap transactions, each with a different major financial institution counterparty and designated as a cash flow hedge, to each of its non-employee directors under hedge the variability in interest cash flows associated with the Company's 1993 Stock Incentive Plan, as amended. Each DSU gives variable-rate loans under its bank revolving credit facilities. The interest rate swaps involve the director receipt of variable-rate amounts from the right to receive counterparty in exchange for the Company making fixed-rate payments over the life of the agreement without exchange of the underlying notional amount. These contracts mature in August 2026. As of both November 30, 2023 and August 31, 2023, the total notional amount of these interest rate swaps was $one 150 share million. The fair values of Class A common stock at a future date. The grant reflected an aggregate the interest rate swaps are based upon inputs corroborated by observable market data which is considered Level 2 of 21,438 DSUs that will vest in full on the day before the Company's 2024 annual meeting of shareholders, subject to continued Board service. fair value hierarchy.

The total fair value of these awards at derivative instruments in the grant date was Unaudited Condensed Consolidated Balance Sheet as of November 30, 2023 and August 31, 2023 is as follows (in thousands):

	Asset (Liability) Derivatives		
	Balance Sheet Location	November 30, 2023	August 31, 2023
Interest rate swap contracts	Prepaid expenses and other current assets	$ 930	$ 1,163
Interest rate swap contracts	Other long-term liabilities	(1,461)	(1,555)

See Note 6 - Accumulated Other Comprehensive Loss for tabular presentation of the effects of interest rate swap derivative cash flow hedges on other comprehensive income. All related cash flow hedge amounts reclassified from accumulated other comprehensive income ("AOCI") were recorded in interest expense on the Unaudited Condensed Consolidated Statement of Operations for the three months ended November 30, 2023, which reclassified amounts totaled less than $1 million. Total interest expense was $5 million for the three months ended November 30, 2023. There was no hedge ineffectiveness with respect to the Company's interest rate swap cash flow hedges for the three months ended November 30, 2023.

Note 9 10 - Income Taxes

Effective Tax Rate

The Company's effective tax rate from continuing operations for the third first quarter and first nine months of fiscal 2023 2024 was an expense a benefit on pre-tax income loss of 34.3 36.4% and 62.7%, respectively, compared to 21.0 25.6% and 21.2%, respectively, for the comparable prior year periods. period. The Company's effective tax rate from continuing operations for the third first quarter of fiscal 2023 2024 washigher than the U.S. federal statutory rate of 21% primarily due to the aggregate effect of the Company's financial performance, permanent differences from non-deductible expenses, and also unrecognized tax benefits on intra-period allocation. For allocation of the first nine months of fiscal 2023, the higher-than-statutory effective estimated annual tax rate primarily reflected the Company's near-breakeven financial performance for the period. For the third quarter and first nine months of fiscal 2022, the Company's provision. The Company's effective tax rate from continuing operations approximated for the first quarter of fiscal 2023 was higher than the U.S. federal statutory rate of 21%, reflecting primarily due to discrete tax benefits resulting from vesting of share-based awards in the aggregate quarter, as well as the impact of state taxes and permanent differences from non-deductible expenses on the projected annual effective tax rate applied to the quarterly results, offset by discrete tax benefits resulting from vesting results.

Valuation Allowances

The Company assesses the realizability of its deferred tax assets on a quarterly basis through an analysis of potential sources of future taxable income, including prior year taxable income available to absorb a carryback of tax losses, reversals of existing taxable temporary differences, tax planning strategies, and forecasts of taxable income. The Company considers all negative and positive evidence, including the weight of the evidence, to determine if valuation allowances against deferred tax assets are required. The Company continues to maintain valuation allowances against certain state and Canadian deferred tax assets. Canadian deferred tax assets against which the Company continues to maintain a valuation allowance relate to indefinite-lived assets.

The Company files federal and state income tax returns in the U.S. and foreign tax returns in Puerto Rico and Canada. For U.S. federal income tax returns, fiscal years 2014 to 2022 2023 remain subject to examination under the statute of limitations.

Note 10 11 - Net (Loss) Income Per Share

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

	Three Months Ended May 31,		Nine Months Ended May 31,		Three Months Ended November 30,	
	2023	2022	2023	2022	2023	2022
Income from continuing operations	$ 13,841	$ 75,550	$ 402	$ 160,991		
Net (income) attributable to noncontrolling interests	(148)	(870)	(299)	(2,497)		
Income from continuing operations attributable to SSI shareholders	$ 13,693	$ 74,680	$ 103	$ 158,494		
Loss from continuing operations					$ (17,797)	$ (17,487)
Net income attributable to noncontrolling interests					(165)	(232)
Loss from continuing operations attributable to Radius shareholders					$ (17,962)	$ (17,719)
Loss from discontinued operations, net of tax	(233)	(46)	(78)	(46)	(2)	(69)
Net income attributable to SSI shareholders	$ 13,460	$ 74,634	$ 25	$ 158,448		
Net loss attributable to Radius shareholders					$ (17,964)	$ (17,788)
Computation of shares:						
Weighted average common shares outstanding, basic	28,114	28,143	27,980	28,161	28,219	27,723
Incremental common shares attributable to dilutive performance share awards, restricted stock units and deferred stock units	545	1,482	666	1,580	—	—
Weighted average common shares outstanding, diluted	28,659	29,625	28,646	29,741	28,219	27,723

Common stock equivalent shares of 54,512 525,287 and 52,258 1,084,867 were considered antidilutive and were excluded from the calculation of diluted net (loss) income per share for the three and nine months ended May 31, 2023, respectively, compared to 47,095November 30, 2023 and 172,288 three and nine months ended May 31, 2022, 2022, respectively.

Note 11 12 - Related Party Transactions

The Company purchases recycled metal from one of its joint venture operation operations at prices that approximate fair market value. These purchases totaled $5 million and $10 4 million for each of the three months ended May 31, 2023 November 30, 2023 and 2022, respectively, and $13 million and $21 million for the nine months ended May 31, 2023 and 2022, respectively. 2022.

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

This section includes a discussion of our operations for the three and nine months ended May 31, 2023 November 30, 2023 and 2022. The following discussion and analysis provide information which management believes is relevant to an assessment and understanding of our financial condition and results of operations. The discussion should be read in conjunction with our Annual Report on Form 10-K for the year ended August 31, 2022 August 31, 2023, and the Unaudited Condensed Consolidated Financial Statements and the related Notes thereto included in Part I, Item 1 of this report.

General

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

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

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

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

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

Steel Mill Fire

On May 22, 2021, we experienced a fire at our steel mill in McMinnville, Oregon. Direct physical loss or damage to property from the incident was limited to the mill's melt shop, with no bodily injuries and no physical loss or damage to other buildings or equipment. The rolling mill production ceased in early June 2021. In August 2021, our steel mill began ramping up operations following the substantial completion of replacement and repairs of property and equipment in the melt shop that had been lost or damaged by the fire. We experienced the loss of business income during the shutdown of the steel mill and the subsequent ramp-up phase which was substantially completed during the second quarter of in fiscal 2022. We have insurance that we believe is fully applicable to the losses and have filed insurance claims, which are subject to deductibles and various conditions, exclusions, and limits, for the property that experienced physical loss or damage and business income losses resulting from the matter. The property damage deductible under the policies insuring our assets in this matter is $1 million, while the deductible for lost business income is 10 times the Average Daily Gross Earnings which would have been earned had no interruption occurred, calculated subject to judgments and uncertainties. As of August 31, 2021, prepaid expenses and other current assets included an initial $10 million insurance receivable recognized in fiscal 2021, primarily offsetting applicable losses including capital purchases of $10 million that we had incurred as of August 31, 2021. In the first nine months of fiscal 2022, we increased the amount of this insurance receivable to $25 million and recognized a related $15 million insurance recovery gain, $3 million and $12 million of which were recognized in the first and second quarters of fiscal 2022, respectively, within cost of goods sold in the Unaudited Condensed Consolidated Statements of Operations, reflecting recovery of applicable losses incurred as a result of the fire to date. In addition, during the first nine months of fiscal 2022, we received advance payments from insurers totaling approximately $30 million towards our claims, and not reflecting any final or full settlement of claims with the insurers, which amount reduced the $25 million insurance receivable to zero with the remaining amount of advance payments reported within other accrued liabilities on the Unaudited Condensed Consolidated Balance Sheets.In the third fourth quarter of fiscal 2023, we received additional advance payments from reached a full and final settlement with our insurers of approximately $13 million towards for our claims. All insurance proceeds and recovery gains in connection with our claims increasing the total of such advance payments from insurers to approximately $43 million, had been received and not reflecting any final or full settlement of claims with the insurers. The amount of advance payments reported within other accrued liabilities was $18 million recognized, respectively, as of May 31, 2023 and $5 million as of August 31, 2022 August 31, 2023. These amounts do not reflect potential additional recoveries of business income losses resulting from this matter that may be recognized in the future when settlements of the business interruption claims are resolved.

Everett Facility Shredder Fire

On December 8, 2021, we experienced a fire at our metals recycling facility in Everett, Massachusetts. Direct physical loss or damage to property from the incident was limited to the facility's shredder building and equipment, with no bodily injuries and no physical loss or damage to property reported at other buildings or equipment. As a result of the fire, shredding operations ceased, while all non-shredding operations at the facility continued, including torching, shearing, separating, and sorting purchased non-shreddable recycled ferrous metals. On January 28, 2022, shredding operations at the facility began ramping up following the replacement and repairs to shredder equipment that had been damaged. Completion of the remainder of repair and replacement of property that experienced physical loss or damage, primarily buildings and improvements, will occur over a longer period and impacts on business income may continue. In addition, shredding operations temporarily ceased at the facility on June 18, 2022 and, following discussions with the Massachusetts Department of Environmental Protection and the Massachusetts Attorney General's office, we installed a temporary emission capture system and controls that allowed for us to resume shredding operations on November 11, 2022 and for continued operation during the repair and replacement of the shredder enclosure building. Non-shredding operations at the facility continued during this period. The repair and replacement of most property that experienced physical loss or damage, primarily buildings and improvements, was substantially completed by the end of fiscal 2023. We have insurance that we believe is fully applicable to the losses, including but not limited to the costs of installing the temporary capture and controls system and any associated loss of business income, and have filed insurance claims, which are subject to deductibles and various conditions, exclusions, and limits, for the property damage or loss and business income losses resulting from the matter. The property damage deductible under the policies insuring our assets in this matter is $0.5 million, while the deductible for lost business income is 10 times the Average Daily Gross Earnings which would have been earned had no interruption occurred, calculated subject to judgments and uncertainties. The insurance claims resolution process may extend significantly beyond completion of repair and replacement of the physical plant property that experienced physical loss or damage and the restart of production activities. In fiscal 2022, after the fire, we recognized an aggregate $17 million insurance receivable and related insurance recovery gain, $10 million and $1 million of which were recorded in the second and third quarters of fiscal 2022, respectively. In the third quarter and first nine months of fiscal 2023, we recognized an additional $2 million insurance receivable and related insurance recovery gain. As of May 31, 2023 August 31, 2023, we had recognized, a total of $20 million in aggregate, $34 million in insurance recovery gains all reported within cost of goods sold, reflecting recovery of applicable losses to date including impairment charges of $7 million related to the carrying value of plant and equipment assets lost had received, in or damaged by the fire and initial capital purchases, non-capitalizable repair and replacement costs, and other applicable losses totaling $13 million. Also, in the third quarters of fiscal 2023 and 2022, we received aggregate, advance payments from insurers totaling approximately $8 million and $7 million, respectively, $33 million towards our claims, and not reflecting any final or full settlement of claims with the insurers, which amounts reduced insurers. During the first quarter of fiscal

2024, we recognized an additional $4 million insurance receivable to and related insurance recovery gain, reported within cost of goods sold on the Unaudited Condensed Consolidated Statements of Operations. As of November 30, 2023 and August 31, 2023 we had receivables from our insurers of $5 million and $10 million as of May 31, 2023 and August 31, 2022 $1 million, respectively. The insurance receivable is respectively, reported within prepaid expenses and other current assets in on the Unaudited Condensed Consolidated Balance Sheets. These amounts do not reflect potential additional recoveries of costs for the repair and replacement of property that experienced physical loss or damage or of business income losses resulting from this matter that may be recognized in the future when settlements of the claims are resolved.

Coronavirus Disease 2019 (“COVID-19”)

Following the onset of COVID-19 and its negative effects on our business, most prominently reflected in our fiscal 2020 results, global economic conditions improved beginning in fiscal 2021 and continued to improve through most of fiscal 2022. However, there are ongoing global impacts resulting directly or indirectly from the pandemic, including labor shortages, logistical challenges, and increases in costs for certain goods and services including due to the impact of inflation, which have negatively impacted our sales volumes, operating costs, and financial results to varying degrees.

Use of Non-GAAP Financial Measures

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

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

Financial Highlights of Results of Operations for the Third First Quarter of Fiscal 2023 2024

- Diluted earnings loss per share from continuing operations attributable to SSI Radius shareholders in the third first quarter of each of fiscal 2024 and 2023 was $(compared to $2.52 per share in the prior year quarter. $(0.64).
- Adjusted diluted earnings loss per share from continuing operations attributable to SSI Radius shareholders in the third first quarter of fiscal 2023 2024 was $0.67, ($0 compared to $2.59 per share $(0.44) in the prior year quarter.
- Net income loss in the third first quarter of each of fiscal 2024 and 2023 was $14 million, compared to $76 million in the prior year quarter. $18 million.
- Adjusted EBITDA in the third first quarter of fiscal 2023 2024 was $56 million $1 million, compared to $119 million $8 million in the prior year quarter.

Market conditions for recycled metals Our total revenues were weaker $673 million in the third first quarter of fiscal 2023 compared to 2024, an increase of 12% from $599 million of total revenues in the prior year quarter leading primarily due to higher sales volumes, while gross margin decreased year-over-year primarily reflecting the impact of lower average net metal spreads for our recycled metal and finished steel products. The persistently tight supply conditions for scrap metal, including end of life vehicles, in our domestic markets during the first quarter of fiscal 2024 led to purchase prices for unprocessed scrap metal increasing at a faster rate than selling prices for our ferrous recycled metal which, combined with significantly lower year-over-year platinum group metals (PGM) prices and nonferrous products, higher production and a compression in metal spreads. The average net selling prices for our ferrous and nonferrous products decreased by 24% and 10%, respectively, compared other operating costs, led to margin compression. In the third first quarter of fiscal 2022. Ferrous 2024, ferrous and nonferrous sales volumes increased by 2% 35% and 3% 12%, respectively, compared to the prior year quarter, primarily reflecting the adverse impact on sales volumes in the prior year quarter of disruptions related to an extended shredder outage at the Everett metals recycling facility and a regulatory issue limiting operations at our shredder facility in California, both of which were resolved by mid-November 2022. The increases in ferrous and nonferrous sales volumes also included additional volumes arising from our two acquisition of the ScrapSource business acquisitions completed in April and November 2022, as well as the impact on prior year quarterly ferrous sales volumes of delays in contracting and shipping bulk cargoes. Market conditions for our finished steel products were softer in the third quarter of fiscal 2023, leading to finished November 18, 2022. Finished steel average selling prices decreasing were 18% and lower metal spreads in the first quarter of fiscal 2024 compared to the prior year quarter. Our results quarter, contributing to significantly lower metal spreads, the effect of which was partially offset by a 10% increase in finished steel sales volumes. Contributions from productivity and cost reduction initiatives implemented throughout fiscal 2023, as well as new initiatives identified and commenced in the third first quarter of fiscal 2023 also reflected tighter supply flows and reduced processed volumes in 2024, helped to partially offset the lower price environment, lower year-over-year platinum group metals (PGM) prices, and a less favorable impact from average inventory accounting compared to the prior year quarter. In the third quarter effects of fiscal 2023, we achieved the full quarterly run rate of $10 million of productivity initiatives announced in October 2022 and the full quarterly run rate of $5 million of selling, inflationary pressure on operating costs.

Selling, general, and administrative (“SG&A”) savings initiatives announced in January 2023, which helped to offset the effects of higher operating costs including from inflationary pressure.

SG&A expense in the third first quarter of fiscal 2023 2024 decreased by 12% 2% compared to the prior year quarter reflecting primarily due to lower employee-related expenses, including lower incentive compensation accruals, due to Company performance, and legacy environmental charges, partially offset by higher legacy environmental charges technology-related and legal costs. professional services expenses. Productivity and cost reduction initiatives substantially offset the impact of inflation and growth-related initiatives on our SG&A expense.

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

- For the first nine three months of fiscal 2023, 2024, net cash provided by used in operating activities was $5 million $1 million, compared to $58 million $62 million ir prior year comparable period.
- Debt was $351 million $284 million as of May 31, 2023 November 30, 2023, compared to $249 million as of August 31, 2022 August 31, 2023, as a result of increa borrowings from our credit facilities primarily to fund capital expenditures higher net and working capital needs, and the acquisition of the ScrapSource business. needs
- Debt, net of cash, was $346 million $280 million as of May 31, 2023 November 30, 2023, compared to $205 million $243 million as of August 31, 2022 August 31, 2023

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

Results of Operations

Selected Financial Measures and Operating Statistics

($ in thousands, except for prices and per share amounts)	Three Months Ended May 31,			Nine Months Ended May 31,			Three Months Ended November 30,		
	2023	2022	%	2023	2022	%	2023	2022	%
Ferrous revenues	$ 405,350	$ 530,303	(24)%	$ 1,101,201	$ 1,434,473	(23)%	$ 348,897	$ 261,729	33%
Nonferrous revenues	222,904	272,208	(18)%	580,234	662,779	(12)%	169,294	177,675	(5)%
Steel revenues(1)	137,426	165,210	(17)%	369,766	384,644	(4)%	113,531	124,515	(9)%
Retail and other revenues	43,930	42,366	4%	113,092	109,507	3%	41,175	34,811	18%
Total revenues	809,610	1,010,087	(20)%	2,164,293	2,591,403	(16)%	672,897	598,730	12%

Cost of goods sold	713,685	834,375	(14)%	1,946,633	2,188,158	(11)%	633,420	550,011	15%
Gross margin (total revenues less cost of goods sold)	$ 95,925	$ 175,712	(45)%	$ 217,660	$ 403,245	(46)%	$ 39,477	$ 48,719	(19)%
Gross margin (%)	11.8%	17.4%	(32)%	10.1%	15.6%	(35)%	5.9%	8.1%	(27)%
Selling, general and administrative expense	$ 68,527	$ 77,672	(12)%	$ 196,712	$ 194,020	1%	$ 63,102	$ 64,228	(2)%
Diluted earnings per share from continuing operations attributable to SSI shareholders:									
Diluted loss per share from continuing operations attributable to Radius shareholders:									
Reported	$ 0.48	$ 2.52	(81)%	$ —	$ 5.33	NM	$ (0.64)	$ (0.64)	(—)%
Adjusted(2)	$ 0.67	$ 2.59	(74)%	$ 0.38	$ 5.54	(93)%	$ (0.64)	$ (0.44)	45%
Net income	$ 13,608	$ 75,504	(82)%	$ 324	$ 160,945	(100)%			
Net loss							$ (17,799)	$ (17,556)	1%
Adjusted EBITDA(2)	$ 55,610	$ 119,090	(53)%	$ 95,822	$ 272,435	(65)%	$ 1,061	$ 8,362	(87)%
Average ferrous recycled metal sales prices ($/LT) (3):									
Domestic	$ 414	$ 516	(20)%	$ 365	$ 458	(20)%	$ 342	$ 313	9%
Foreign	$ 414	$ 552	(25)%	$ 380	$ 484	(21)%	$ 359	$ 356	1%
Average	$ 413	$ 541	(24)%	$ 376	$ 477	(21)%	$ 354	$ 340	4%
Ferrous volumes (LT, in thousands):									
Domestic(4)	548	490	12%	1,424	1,329	7%	535	432	24%
Foreign	609	639	(5)%	1,846	2,020	(9)%	617	418	47%
Total ferrous volumes (LT, in thousands)(4)(8)	1,157	1,129	2%	3,270	3,349	(2)%	1,152	851	35%
Average nonferrous sales price ($/pound)(3)(5)	$ 1.01	$ 1.12	(10)%	$ 0.97	$ 1.10	(12)%	$ 0.91	$ 0.90	1%
Nonferrous volumes (pounds, in thousands)(4)(5)	207,714	201,413	3%	535,230	501,785	7%	181,728	162,720	12%
Finished steel average sales price ($/ST)(3)	$ 924	$ 1,129	(18)%	$ 959	$ 1,059	(9)%	$ 831	$ 1,015	(18)%

Finished steel sales volumes (ST, in thousands)	142	135	5 %	369	340	9 %	129	118	10 %
Cars purchased (in thousands)(6)	78	84	(7)%	219	237	(8)%	64	69	(7)%
Number of auto parts stores at period end	50	50	(—)%	50	50	(—)%	50	51	(2)%
Rolling mill utilization(7)	97 %	96 %	1 %	84 %	87 %	(3)%	95 %	81 %	17 %

NM = Not Meaningful

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

(1) Steel revenues include predominantly sales of finished steel products, in addition to sales of semi-finished goods (billets) and steel manufacturing scrap.
(2) See the reconciliations of Non-GAAP Financial Measures at the end of this Item 2.
(3) Price information is shown after netting the cost of freight incurred to deliver the product to the customer.
(4) Ferrous and nonferrous volumes sold externally and delivered to our steel mill for finished steel production.
(5) Average sales price and volume information excludes PGMs in catalytic converters.
(6) Cars purchased by auto parts stores only.
(7) Rolling mill utilization is based on effective annual production capacity under current conditions of 580 thousand tons of finished steel products.
(8) May not foot due to rounding.

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Revenues

Revenues in the third first quarter and first nine months of fiscal 2023 decreased 2024 increased by 20% and 16%, respectively, 12% compared to the prior year periods primarily due to lower average net selling prices for our ferrous and nonferrous products driven by weaker market conditions for recycled metals globally. In the third quarter and first nine months of fiscal 2023, the average net selling prices for our ferrous products decreased by 24% and 21%, respectively, and for our nonferrous products decreased by 10% and 12%, respectively, compared to the prior year periods. quarter. Ferrous sales volumes in the third quarter and first nine months of fiscal 2023 increased by 2% and decreased by 2%, respectively, and nonferrous sales volumes increased by 3% 35% and 7% 12%, respectively, compared to the prior year periods. Our ferrous and nonferrous sales volumes in the fiscal 2023 periods in part reflected additional volumes arising from the Columbus Recycling business acquired on October 1, 2021, the Encore Recycling business acquired on April 29, 2022, and the ScrapSource business acquired on November 18, 2022, as well as year-over-year, primarily reflecting the adverse impact on sales volumes in the prior year periods quarter of the initial Everett shredder downtime. Our ferrous sales volumes in the first nine months of fiscal 2023 were adversely impacted by disruptions related to an extended shredder outage at the Everett metals recycling facility and a regulatory issue limiting operations at our shredder facility in California, both of which were resolved by mid-November 2022, as well as tight supply flows 2022. The increases in the lower price environment. Market conditions for our finished steel products were softer in the third quarter ferrous and first nine months of fiscal 2023, leading to finished steel average selling prices decreasing 18% and 9%, respectively, compared to the prior year periods. Finished steel nonferrous sales volumes increased 9% in the first nine months of fiscal 2023, compared to the prior year period, primarily reflecting the impact on the prior period also included additional volumes arising from our acquisition of the ramp up of steel mill operations that began in August 2021 and which was substantially completed during the second quarter of fiscal 2022. The ramp-up of steel mill operations during the first half of fiscal 2022 followed completion of repair and replacement of damaged property arising from the May 2021 steel mill fire.

Operating Performance

Net income in the third quarter and first nine months of fiscal 2023 was $14 million and near breakeven, respectively, compared to net income of $76 million and $161 million, respectively, in the prior year periods. Adjusted EBITDA in the third quarter and first nine months of fiscal 2023 was $56 million and $96 million, respectively, compared to $119 million and $272 million, respectively, in the prior year periods. The lower price environment for recycled metals, as well as the impact of tight supply flows, reduced processed volumes, and the extended operational disruptions in ScrapSource business on November 18, 2022. In the first quarter of fiscal 2023, had a significant adverse impact on 2024, the average net selling prices for our operating margins ferrous and overall operating results in the first nine months of fiscal 2023. Ferrous metal spreads in the third quarter and first nine months of fiscal 2023 decreased by approximately 32% and 25%, respectively, compared to the prior year periods. Finished steel metal spreads were also lower in the third quarter and first nine months of fiscal 2023 compared to the prior year periods. Our results in the third quarter and first nine months of fiscal 2023 also reflected lower year-over-year PGM prices, recognized fair value losses related to an equity investment, and the impact of inflation on operating costs. The impact from average inventory accounting was less favorable in the third quarter, but more favorable in the first nine months, of fiscal 2023, compared to the prior year periods.

SG&A expense in the third quarter and first nine months of fiscal 2023 decreased by 12% and nonferrous products increased by 4% and 1%, respectively, compared to the prior year periods. quarter, the latter of which excludes PGMs in catalytic converters for which selling prices decreased significantly year-over-year. Finished steel average selling prices were 18% lower year-over-year, more than offsetting a 10% increase in finished steel volumes.

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Operating Performance

Net loss in each of the first quarters of fiscal 2024 and 2023 was $18 million. Adjusted EBITDA in the first quarter of fiscal 2024 was $1 million, compared to $8 million in the prior year quarter. While our total revenues increased year-over-year, mainly from significantly higher ferrous sales volumes and to a lesser degree higher ferrous average net selling prices, gross margin decreased primarily reflecting the impact of lower metal spreads for our recycled metal and finished steel products. The persistently tight supply conditions for scrap metal, including end of life vehicles, in our domestic markets during the first quarter of fiscal 2023 periods reflected 2024 led to purchase prices for unprocessed scrap metal increasing at a faster rate than selling prices for recycled metal which, combined with significantly lower incentive compensation accruals due year-over-year PGM prices and higher production and other operating costs, led to Company performance, partially offset margin compression. Ferrous metal spreads in the first quarter of fiscal 2024 decreased by higher legacy environmental charges and legal costs approximately 15% compared to the prior year quarter. Finished steel metal spreads were lower in the first quarter of fiscal 2022 periods. 2024 driven by an 18% decrease in average selling prices compared to the prior year quarter.

SG&A expense in the first nine months quarter of fiscal 2023 also reflected 2024 decreased by 2% compared to the prior year quarter primarily due to lower employee-related expenses, including lower incentive compensation accruals, and legacy environmental charges, partially offset by higher salaries and wages, outside technology-related and professional services expenses. Productivity and travel expenses, partially resulting from our acquisitions and other growth-related cost reduction initiatives and substantially offset the impact of inflation. The higher expenses inflation and growth-related initiatives on our SG&A expense.

In addition to the $60 million in the first nine months of fiscal 2023 were partially offset by benefits from productivity and cost reduction initiatives when compared to announced in fiscal 2023, for which we achieved the prior year period.

In October 2022, $15 million full quarterly run rate of benefits starting in the third quarter of fiscal 2023, we announced identified and began implementing productivity and cost reduction new initiatives in the first quarter of fiscal 2024 with a targeted annual benefit of approximately $40 million, the vast majority of which is expected to be achieved in fiscal 2023. In addition, in January 2023, we announced incremental initiatives aiming to reduce SG&A costs by approximately $20 million annually, of which approximately two-thirds is expected to be achieved in fiscal 2023. $30 million. These new initiatives aim to improve profitability through a combination of increased yields, efficiencies in processing, procurement, transportation and pricing, procurement, and reduced costs including from headcount reductions, decreased lease costs, professional and outside services, and implementation of operational efficiencies. In the third quarter of fiscal 2023, we achieved reductions. We expect to achieve substantially the full quarterly run rate of benefits from these new initiatives in the second quarter of fiscal 2024. Contributions from productivity and others cost reduction initiatives implemented during throughout fiscal 2022, which 2023, as well as new initiatives identified and commenced in the first quarter of fiscal 2024, helped to partially offset the effects of inflationary pressure on operating costs.

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

Interest Expense

Interest expense was $5 million and $13 million, respectively, for the third first quarter and first nine months of fiscal 2023, 2024, compared to $2 million and $5 million $3 million for the same periods period in the prior year. The increase in interest expense was primarily due to higher interest rates on amounts outstanding under our bank credit facilities as well as increased average borrowings, compared to the prior year periods.

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Income Tax

The effective tax rate from continuing operations for the third first quarter and first nine months of fiscal 2023 2024 was an expense a benefit on pre-tax income loss of 34.3% and 62.7%, respectively, 36.4% compared to 21.0% and 21.2%, respectively, 25.6% for the comparable prior year periods. quarter. Our effective tax rate from continuing operations for the third first quarter of fiscal 2023 2024 was higher than the U.S. federal statutory rate of 21% primarily due to the aggregate effect of the Company's financial performance, permanent differences from non-deductible expenses, and also unrecognized tax benefits on intra-period allocation. allocation of the estimated annual tax provision. For the first nine months quarter of fiscal 2023, the higher-than-statutory effective tax rate primarily reflected our near-breakeven financial performance for the period. For the third quarter and first nine months of fiscal 2022, our effective tax rate approximated from continuing operations was higher than the U.S. federal statutory rate reflecting of 21% primarily due to discrete tax benefits resulting from vesting of share-based awards in the aggregate quarter, as well as the impact of state taxes and permanent differences from non-deductible expenses on the projected annual effective tax rate applied to the quarterly results, offset by discrete tax benefits resulting from vesting of share-based awards in the applicable periods and the favorable effects of other discrete items. results.

Liquidity and Capital Resources

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

Sources and Uses of Cash

We had cash balances of $5 million $4 million and $44 million $6 million as of May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023, respectively. Cash balances are intended to be used primarily for working capital, capital expenditures, dividends, share repurchases, investments, and acquisitions. We use excess cash on hand to reduce amounts outstanding under our credit facilities. As of May 31, 2023 November 30, 2023, debt was $351 million $284 million compared to $249 million as of August 31, 2022 August 31, 2023, and debt, net of cash, was $346 million $280 million as of May 31, 2023 November 30, 2023, compared to $205 million $243 million as of August 31, 2022, which August 31, 2023. The increases in debt were primarily due to increased borrowings from our credit facilities primarily to fund capital expenditures higher net and working capital needs, and the acquisition of the ScrapSource business on November 18, 2022. needs. See the reconciliation of debt, net of cash, in Non-GAAP Financial Measures at the end of this Item 2.

<u>*Operating Activities*</u>

Net cash provided by used in operating activities in the first nine three months of fiscal 2023 2024 was $5 million $1 million, compared to $58 million $62 million in the first nine three months of fiscal 2022. 2023.

Sources of cash other than from earnings in the first nine months of fiscal 2023 included a $23 million decrease in inventories primarily due to lower raw material purchase costs and the timing of purchases and sales, a $10 million increase in accounts payable primarily due to the timing of purchases and payments, and a $10 million increase in other accrued liabilities due in part to receipt of additional advance payments from insurers towards our claims arising from the May 2021 steel mill fire. Uses of cash in the first nine three months of fiscal 2023 2024 included a $71 million increase in accounts receivable primarily due to the timing of sales and collections and a $30 million an $8 million decrease in accrued payroll and related liabilities primarily due to the payment of incentive compensation in the first quarter of fiscal 2023 previously accrued under our fiscal 2022 plans.

2023 plans, a $3 million increase in prepaid expenses and other current assets primarily relating to the recognition of insurance receivables, and a $3 million decrease in environmental liabilities primarily due to payments in connection with legacy environmental matters. Sources of cash other than from earnings in the first nine three months of fiscal 2022 2024 included a $45 million increase $16 million decrease in accounts payable receivable primarily due to higher raw material purchase reflecting the impact of changes in product selling prices and the timing of purchases sales and payments and a $9 million increase in income tax accruals. collections.

Uses of cash in the first nine three months of fiscal 2022 2023 included a $164 million increase in inventories due to higher raw material purchase costs and the timing of purchases and sales, a $43 million increase in accounts receivable primarily due to higher selling prices for most of our products, as well as the timing of sales and collections, a $17 million $29 million decrease in accrued payroll and related liabilities primarily due to the payment of incentive compensation in the first quarter of fiscal 2022 previously accrued under our fiscal 2021 2022 plans, and a $15 million decrease $28 million increase in environmental liabilities inventory primarily due to payments the delay of several bulk shipments to December 2022, and a $19 million decrease in connection with legacy environmental matters. The sources accounts payable due to the timing of purchases and uses payments. Sources of cash related in the first three months of fiscal 2023 included a $17 million decrease in accounts receivable primarily due to operating activities described above also reflect higher net working capital needs during a decrease in selling prices for recycled metals and the ramp-up timing of steel mill operations that began in August 2021 following completion of repair sales and replacement of damaged property arising from the May 2021 steel mill fire. collections.

<u>*Investing Activities*</u>

Net cash used in investing activities was $117 million $24 million in the first nine three months of fiscal 2023, 2024, compared to $262 million $72 million in the first nine three months of fiscal 2022.

Cash used in investing activities in the first nine three months of fiscal 2024 included capital expenditures of $25 million to upgrade our equipment and infrastructure and for investments in advanced metals recovery technology, information technology systems, and environmental and safety-related assets, compared to $48 million in the prior year period.

Cash used in investing activities in the first three months of fiscal 2023 included $25 million paid to acquire the assets of the ScrapSource business on November 18, 2022. We funded the acquisition using cash on hand and borrowings under our existing credit facilities. See Note 3 - Business Acquisitions in the Notes to the Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this report for further detail. Cash used in investing activities in the first three months of fiscal 2023 also included capital expenditures of $101 million $48 million to upgrade our equipment and infrastructure and for investments in advanced metals recovery technology and environmental and safety-related assets, compared to $98 million in the prior year period. Cash flows from investing activities in the first nine months of fiscal 2023 included proceeds of $8 million representing the portion of advance payments from insurers deemed a recovery of capital purchases incurred for repair and replacement of damaged property arising from the December 2021 Everett facility shredder fire, compared to such proceeds totaling $17 million in the prior year period in connection with our insurance claims relating to the May 2021 steel mill fire and the December 2021 Everett facility shredder fire.

Cash used in investing activities in the first nine months of fiscal 2022 included $114 million paid to acquire the assets of the Columbus Recycling business on October 1, 2021, which amount included $7 million paid at closing for estimated net working capital in excess of an agreed-upon benchmark, and also included $63 million paid to acquire the assets of the Encore Recycling business on April 29, 2022, which amount included $8 million paid at closing for estimated net working capital in excess of an agreed-upon benchmark. We funded these acquisitions using cash on hand and borrowings under our existing credit facilities. Cash used in investing activities in the first nine months of fiscal 2022 also included the purchase of an investment in the equity of a privately-held Canadian recycling entity for $5 million. assets.

Financing Activities

Net cash provided by financing activities in the first nine three months of fiscal 2023 2024 was $74 million $24 million, compared to $192 million $94 million in the first nine three months of fiscal 2022. 2023.

Cash flows from provided by financing activities in the first nine three months of fiscal 2023 2024 included $99 million $35 million in net borrowings of debt, compared to $240 million $108 million in the prior year period (refer to Non-GAAP Financial Measures at the end of this Item 2). Uses of cash in the first nine three months of fiscal 2024 and 2023 included $5 million and 2022 included $8 million and $11 million $7 million, respectively, for payment of employee tax withholdings resulting from settlement vesting of share-based awards and $16 million $6 million in each period for the payment of dividends.

Debt

Our senior secured revolving credit facilities, which provide for revolving loans of $800 million and C$15 million, mature in August 2027 pursuant to a credit agreement with Bank of America, N.A., as administrative agent, and other lenders party thereto. Interest rates on outstanding indebtedness under the credit agreement are based, at our option, on either the Secured Overnight Financing Rate (“SOFR”) (or the Canadian Dollar Offered Rate, "CDOR" for C$ loans), plus a spread of between 1.25% and 2.00%, with the amount of the spread based on a pricing grid tied to our ratio of consolidated net funded debt to EBITDA (as defined by the credit agreement), or the greater of (a) the prime rate, (b) the federal funds rate plus 0.50% or (c) the daily rate equal to Term SOFR plus 1.00%, in each case, plus a spread of between 0.25% and 1.00% based on a pricing grid tied to our consolidated net funded debt to EBITDA ratio. In addition, commitment fees are payable on the unused portion of the credit facilities at rates between 0.175% and 0.30% based on a pricing grid tied to our ratio of consolidated net funded debt to EBITDA.

Under the credit agreement, we may establish one or more key performance indicators (“KPIs”) to measure our performance with respect to certain of our environmental, social and governance targets. Subject to the terms and conditions of the credit agreement, we may propose to amend the credit agreement to modify (i) the pricing spread and (ii) the commitment fee rate. Such modifications would be tied to our performance against the KPIs and would allow for (i) the pricing spread to be increased or decreased by no more than (a) 0.025% per KPI and (b) 0.05% for all KPIs, and (ii) the commitment fee rate to be increased or decreased by no more than 0.005% for all KPIs. Such adjustments would be determined on an annual basis and would not be cumulative.

We had borrowings outstanding under our credit facilities of $330 million $265 million as of May 31, 2023 November 30, 2023 and $230 million as of August 31, 2022 August 31, 2023. The weighted average interest rate on amounts outstanding under our credit facilities was 6.72% 6.97% and 3.65% 7.17% as of May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023, respectively.

We use the credit facilities to fund working capital, capital expenditures, dividends, share repurchases, investments, and acquisitions. Our credit agreement contains various representations and warranties, events of default, and financial and other customary covenants which limit (subject to certain exceptions) our ability to, among other things, incur or suffer to exist certain liens, make investments, incur or guaranty additional indebtedness, enter into consolidations, mergers, acquisitions, and sales of assets, make distributions and other restricted payments, change the nature of our business, engage in transactions with affiliates, and enter into restrictive agreements, including agreements that restrict the ability of our subsidiaries to make distributions. The financial covenants under the credit agreement include (a) a consolidated fixed charge coverage ratio, defined as the four-quarter rolling sum of consolidated EBITDA less defined maintenance capital expenditures and certain environmental expenditures divided by consolidated fixed charges, and (b) a consolidated leverage ratio, defined as consolidated funded indebtedness divided by the sum of consolidated net worth and consolidated funded indebtedness.

As of May 31, 2023 November 30, 2023, we were in compliance with the financial covenants under our credit agreement. The consolidated fixed charge coverage ratio was required to be no less than 1.50 to 1.00 and was 2.64 2.67 to 1.00 as of May 31, 2023 November 30, 2023. The consolidated leverage ratio was required to be no more than 0.55 to 1.00 and was 0.28 0.24 to 1.00 as of May 31, 2023 November 30, 2023.

Our obligations under our credit agreement are guaranteed by substantially all of our subsidiaries. The credit facilities and the related guarantees are secured by senior first priority liens on certain of our and our subsidiaries' assets, including equipment, inventory, and accounts receivable.

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

Other debt obligations, which totaled $13 million $12 million as of both May 31, 2023 each of November 30, 2023 and August 31, 2022 August 31, 2023, respectively, primarily relate to equipment purchases, the contract consideration for which includes an obligation to make future monthly payments to the vendor in the form of licensing fees. For accounting purposes, such obligations are treated as a partial financing of the purchase price by the equipment vendor. Monthly payments commence when the equipment is placed in service and achieves specified minimum operating metrics, with payments continuing for a period of four years thereafter.

Capital Expenditures

Capital expenditures totaled $101 million $25 million for the first nine three months of fiscal 2023, 2024, compared to $98 million $48 million for the prior year period. Capital expenditures in the first nine months of fiscal 2023 included approximately $27 million for investments in growth. We currently plan to invest in the range of $110 million to $120 million approximately $100 million in capital expenditures in fiscal 2023, which range excludes capital expenditures associated with the ongoing repair and replacement of the shredder enclosure building damaged by the fire at our Everett facility, as these expenditures are expected to be substantially recovered through insurance. 2024. These capital expenditures include investments in growth, including new nonferrous processing technologies, and to support volume initiatives as well as post-acquisition and other growth projects, and investments to upgrade our equipment, infrastructure, and infrastructure information technology systems, and for environmental and safety-related assets, using cash generated from operations and available credit facilities. Supply chain disruptions have contributed to some delays in construction activities and equipment deliveries related to our capital projects, and to the time required to obtain permits from government agencies, resulting in the deferral of certain capital expenditures. Given the continually evolving nature of such disruptions and other factors impacting the timing of project completion, the extent to which forecasted capital expenditures could be deferred is uncertain.

Environmental Compliance

Building on our commitment to recycling and operating our business in an environmentally responsible manner, we continue to invest in facilities that improve our environmental presence in the communities in which we operate. As part of our capital expenditures discussed in the prior paragraph, we invested approximately $19 million $5 million in capital expenditures for environmental projects in the first nine three months of fiscal 2023, 2024, and we currently plan to invest in the range of $30 million to $40 million approximately $35 million for such projects in fiscal 2023. 2024. These projects include investments in equipment to ensure ongoing compliance with air quality and other environmental regulations and storm water systems.

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

Dividends

On April 5, 2023 October 25, 2023, our Board of Directors declared a dividend for the third first quarter of fiscal 2023 2024 of $0.1875 per common share, which equates to an annual cash dividend of $0.75 per common share. The dividend was paid on May 8, 2023 November 27, 2023.

Share Repurchase Program

As of May 31, 2023 November 30, 2023, pursuant to our board-authorized share repurchase programs, we had remaining authorization to repurchase up to 2.8 million shares of our Class A common stock when we deem such repurchases to be appropriate. We may repurchase our common stock for a variety of reasons, such as to optimize our capital structure and to offset dilution related to share-based compensation arrangements. We consider several factors in determining whether to make share repurchases including, among other things, our cash needs, the availability of funding, our future business plans, and the market price of our stock. We did not repurchase any of our common stock during the first nine months quarter of fiscal 2024 or 2023.

Assessment of Liquidity and Capital Resources

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

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

Contractual Obligations

There were no material changes related to contractual obligations and commitments from the information provided in our Annual Report on Form 10-K for the fiscal year ended August 31, 2022 August 31, 2023.

We maintain stand-by letters of credit to provide support for certain obligations, including workers' compensation and performance bonds. As of May 31, 2023 November 30, 2023, we had $7 million $8 million outstanding under these arrangements.

Critical Accounting Estimates

There were no material changes to our critical accounting estimates as described in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K for the year ended August 31, 2022 August 31, 2023.

Recently Issued Accounting Standards

We have not identified any For a description of recent accounting pronouncements that are expected to may have a material an impact on our financial condition, results of operations, or cash flows, upon adoption. see "Recent Accounting Pronouncements" in Note 1 - Summary of Significant Accounting Policies in the Notes to the Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this report.

Non-GAAP Financial Measures

Debt, net of cash

Debt, net of cash is the difference between (i) the sum of long-term debt and short-term borrowings (i.e., total debt) and (ii) cash and cash equivalents. We believe that presenting debt, net of cash is useful to investors as a measure of our leverage, as cash and cash equivalents can be used, among other things, to repay indebtedness.

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

	May 31, 2023	August 31, 2022	November 30, 2023	August 31, 2023
Short-term borrowings	$ 6,724	$ 6,041	$ 5,641	$ 5,813
Long-term debt, net of current maturities	344,084	242,521	278,280	243,579
Total debt	350,808	248,562	283,921	249,392
Less cash and cash equivalents	4,511	43,803	4,408	6,032

Total debt, net of cash	$ 346,297	$ 204,759	$ 279,513	$ 243,360

Net borrowings (repayments) of debt

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

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

	Nine Months Ended May 31,		Three Months Ended November 30,	
	2023	2022	2023	2022
Borrowings from long-term debt	$ 501,761	$ 895,175	$ 135,099	$ 186,356
Repayments of long-term debt	(403,129)	(655,440)	(100,568)	(78,781)
Net borrowings (repayments) of debt	$ 98,632	$ 239,735	$ 34,531	$ 107,575

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

Management believes that providing these non-GAAP financial measures adds a meaningful presentation of our results from business operations excluding adjustments for charges for legacy environmental matters (net of recoveries), asset impairment charges, adjustments for restructuring charges and other exit-related activities, business development costs not related to ongoing operations including pre-acquisition expenses, amortization of capitalized cloud computing implementation costs, restructuring charges related to non-ordinary course legal settlements, and other exit-related activities, and the income tax benefit allocated to these adjustments, items which are not related to underlying business operational performance, and improves the period-to-period comparability of our results from business operations.

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

	Three Months Ended May 31,		Nine Months Ended May 31,		Three Months Ended November 30,	
	2023	2022	2023	2022	2023	2022
Reconciliation of adjusted EBITDA:						
Net income	$ 13,608	$ 75,504	$ 324	$ 160,945		
Net loss					$ (17,799)	$ (17,556)
Loss from discontinued operations, net of tax	233	46	78	46	2	69
Interest expense	5,146	2,223	13,378	5,496	4,810	3,324
Income tax expense	7,221	20,037	676	43,207		
Income tax benefit					(10,170)	(6,032)
Depreciation and amortization	22,540	18,750	66,390	54,566	23,471	21,451
Charges for legacy environmental matters, net(1)	5,167	62	6,523	4,522	323	1,279
Asset impairment charges(2)	1,455	932	5,455	932	219	4,000
Business development costs					90	235
Amortization of cloud computing software costs(3)					80	—
Restructuring charges and other exit-related activities	169	26	2,589	52	35	1,592
Business development costs	71	920	409	2,079		

Charges related to legal settlements(3)	—	590	—	590		
Adjusted EBITDA	$ 55,610	$ 119,090	$ 95,822	$ 272,435	$ 1,061	$ 8,362
Selling, general and administrative expense:						
As reported	$ 68,527	$ 77,672	$ 196,712	$ 194,020	$ 63,102	$ 64,228
Charges for legacy environmental matters, net(1)	(5,167)	(62)	(6,523)	(4,522)	(323)	(1,279)
Business development costs	(71)	(920)	(409)	(2,079)	(90)	(235)
Adjusted	$ 63,289	$ 76,690	$ 189,780	$ 187,419	$ 62,689	$ 62,714

(1) Legal and environmental charges, net of recoveries, for legacy environmental matters including those related to the Portland Harbor Superfund site and to other legacy environmental loss contingencies. See No Commitments and Contingencies, “Portland Harbor” and “Other Legacy Environmental Loss Contingencies” in the Notes to the Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this report

(2) For the three first quarters of fiscal 2024 and nine months ended May 31, 2023, 2023, asset impairment charges included $1 million $219 thousand and $5 million $4 million, respectively, of impairment and adjustments of an equity investment to fair value reported within "Other loss, net" on the Unaudited Condensed Consolidated Statement of Operations.

(3) Charges related Amortization of cloud computing software costs consists of expense recognized in cost of goods sold and selling, general, and administrative expense resulting from amortization of capit implementation costs for cloud computing IT systems. This expense is not included in depreciation and amortization. No amortization of cloud computing software costs was incurred prior to legal settlements in the and nine months ended May 31, 2022 relate to a claim with a utility provider for past charges. first quarter of fiscal 2024; therefore, prior period Adjusted EBITDA amounts are not impacted.

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

	Three Months Ended May 31,		Nine Months Ended May 31,		Three Months Ended November 30,	
	2023	2022	2023	2022	2023	2022
Income from continuing operations attributable to SSI shareholders:						
Loss from continuing operations attributable to Radius shareholders:						
As reported	$ 13,693	$ 74,680	$ 103	$ 158,494	$ (17,962)	$ (17,719)
Charges for legacy environmental matters, net(1)	5,167	62	6,523	4,522	323	1,279
Asset impairment charges(2)	1,455	932	5,455	932	219	4,000
Business development costs					90	235
Restructuring charges and other exit-related activities	169	26	2,589	52	35	1,592
Business development costs	71	920	409	2,079		
Charges related to legal settlements(3)	—	590	—	590		
Income tax benefit allocated to adjustments(4)	(1,324)	(557)	(4,189)	(1,879)		
Income tax benefit allocated to adjustments(3)					(737)	(1,714)
Adjusted	$ 19,231	$ 76,653	$ 10,890	$ 164,790	$ (18,032)	$ (12,327)
Diluted earnings per share from continuing operations attributable to SSI shareholders:						
Diluted loss per share from continuing operations attributable to Radius shareholders:						

As reported	$ 0.48	$ 2.52	$ —	$ 5.33	$ (0.64)	$ (0.64)
Charges for legacy environmental matters, net, per share(1)	0.18	—	0.23	0.15	0.01	0.05
Asset impairment charges, per share(2)	0.05	0.03	0.19	0.03	0.01	0.14
Business development costs, per share					—	0.01
Restructuring charges and other exit-related activities, per share	0.01	—	0.09	—	—	0.06
Business development costs, per share	—	0.03	0.01	0.07		
Charges related to legal settlements, per share(3)	—	0.02	—	0.02		
Income tax benefit allocated to adjustments, per share(4)	(0.05)	(0.02)	(0.15)	(0.06)		
Adjusted(5)	$ 0.67	$ 2.59	$ 0.38	$ 5.54		
Income tax benefit allocated to adjustments, per share(3)					(0.03)	(0.06)
Adjusted(4)					$ (0.64)	$ (0.44)

(1) Legal and environmental charges, net of recoveries, for legacy environmental matters including those related to the Portland Harbor Superfund site and to other legacy environmental loss contingencies. See No Commitments and Contingencies, "Portland Harbor" and "Other Legacy Environmental Loss Contingencies" in the Notes to the Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this report

(2) For the three first quarters of fiscal 2024 and nine months ended May 31, 2023, 2023, asset impairment charges included $1 million $219 thousand ($0.05 0.01 per share before income tax) share) and $5 million $4 n ($0.19 0.14 per share before income tax) share), respectively, of impairment and other adjustments of an equity investment to fair value reported within "Other loss, net" on the Unaudited Condensed Consoli Statement of Operations.

(3) Charges related to legal settlements in the three and nine months ended May 31, 2022 relate to a claim with a utility provider for past charges.

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

(5) (4) May not foot due to rounding.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

We are exposed to commodity price risk, mainly associated with variations in the market price for ferrous and nonferrous metals, including scrap metal, finished steel products, auto bodies and other commodities. The timing and magnitude of industry cycles are difficult to predict and are impacted by general economic conditions as well as other factors including political and military events. We respond to increases and decreases in forward selling prices by adjusting purchase prices. We actively manage our exposure to commodity price risk and monitor the actual and expected spread between forward selling prices and purchase costs and processing and shipping expense. Sales contracts are based on prices negotiated with our customers, and generally orders are placed 30 to 60 days ahead of the shipment date. However, financial results may be negatively impacted when forward selling prices fall more quickly than we can adjust purchase prices or when customers fail to meet their contractual obligations. We assess the net realizable value of inventory ("NRV") each quarter based upon contracted sales orders and estimated future selling prices. Based on contracted sales and estimates of future selling prices, a 10% decrease in the estimated selling price of inventory would not have had a material NRV impact as of May 31, 2023 November 30, 2023.

Interest Rate Risk

There have been no material changes to our disclosure regarding interest rate risk set forth in Item 7A. Quantitative and Qualitative Disclosures About Market Risk included in our Annual Report on Form 10-K for the year ended August 31, 2022 August 31, 2023.

Credit Risk

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

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

As of May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023, 35% 21% and 24% 38%, respectively, of our accounts receivable balance was covered by letters of credit, and the amount of past due receivables was not material.

Foreign Currency Exchange Rate Risk

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

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission’s rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives. Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, has completed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Consistent with guidance issued by the Securities and Exchange Commission that an assessment of internal controls over financial reporting of a recently acquired business may be omitted from management's evaluation of disclosure controls and procedures, management is excluding an assessment of the internal controls of the ScrapSource business, which we acquired on November 18, 2022, from its evaluation of the effectiveness of our disclosure controls and procedures. The ScrapSource business represented less than 2% of our consolidated total assets and less than 1% of our consolidated total revenues as of and for the nine months ended May 31, 2023. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of May 31, 2023 November 30, 2023, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended May 31, 2023 November 30, 2023, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding reportable legal proceedings is contained in Part I, “Item 3. Legal Proceedings” in our Annual Report on Form 10-K for the fiscal year ended August 31, 2022; August 31, 2023 and in Part II, “Item 1. Legal Proceedings” in our Quarterly Report on Form 10-Q for the quarterly period ended February 28, 2023. Also see Note 5 - Commitments and Contingencies in the Notes to the Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, incorporated by reference herein. herein, and as follows:

We previously disclosed that, on September 3, 2021, the Oregon Department of Environmental Quality (“ODEQ”) issued a Pre-Enforcement Notice (“PEN”) alleging that the Company’s metal shredder facility in Portland, Oregon was in violation of Title V of the federal Clean Air Act (“CAA”). In the PEN, ODEQ also alleged violations of major source new source review, the ODEQ’s Cleaner Air Oregon Program and federal hazardous air pollutant control technology requirements and gave notice to the Company that ODEQ had referred the matter to USEPA for review and possible formal enforcement. On November 3, 2023, ODEQ and the Company entered into a Mutual Agreement and Order resolving the PEN and ODEQ's enforcement concerns, which included an agreement by the Company to pay a civil penalty in the total amount of $500,000.

ITEM 1A. RISK FACTORS

There have been no material changes to our risk factors reported or new risk factors identified since the filing of our Annual Report on Form 10-K for the year ended August 31, 2022 August 31, 2023.

ITEM 5. OTHER INFORMATION

On June 27, 2023 During the three months ended November 30, 2023, Schnitzer Steel Industries, Inc. (the "Company") announced that Michael R. Henderson plans to retire from his position as the Company's Senior Vice President and President, Operations, effective July 21, 2023 or such earlier date as agreed by the Company and Mr. Henderson.

On June 27, 2023, the Company and Mr. Henderson entered into a separation agreement (the "Separation Agreement") under which Mr. Henderson will provide consulting services to the Company for up to a one-year period following his retirement (the "Consulting Term"). In considerationnone of the consulting services, the Company will pay Mr. Henderson a fee Company's directors or officers (as defined in the form of salary continuation payments at Mr. Henderson's current annualized salary rate through the end Rule 16a-1(f) of the Consulting Term. Additionally, Securities Exchange Act of 1934, as amended), adopted, terminated, or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in consideration Item 408 of Mr. Henderson's agreement to a customary release Regulation S-K of claims and certain restrictive covenants pursuant to the Separation Agreement, the Company will provide Mr. Henderson with approximately $20,000 in Company-paid COBRA continuation coverage. In accordance with Mr. Henderson's retirement eligible status under the Company's incentive plans, the Separation Agreement reflects that Mr. Henderson's equity awards will vest and be settled to the extent provided in accordance with their existing terms and Mr. Henderson will be entitled to receive a pro-rated annual bonus for the 2023 fiscal year. Securities Act of 1933, as amended).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
10.1*	Form of Long-Term Incentive Award Agreement under the 1993 Stock Incentive Plan used for awards granted in fiscal 2024.
10.2*	Form of Restricted Stock Unit Award Agreement under the 1993 Stock Incentive Plan used for awards granted in fiscal 2024.
10.3*	Fiscal 2024 Annual Performance Bonus Program for the Chief Executive Officer.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement.

SCHNITZER STEEL INDUSTRIES, INC.*dba* RADIUS RECYCLING

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SCHNITZER STEEL INDUSTRIES, INC.
(Registrant)

Date:	June 27, 2023 January 4, 2024	By:	/s/ Tamara L. Lundgren
			Tamara L. Lundgren
			Chairman, President and Chief Executive Officer
Date:	June 27, 2023 January 4, 2024	By:	/s/ Stefano R. Gaggini
			Stefano R. Gaggini
			Senior Vice President and Chief Financial Officer

Exhibit 10.1

SCHNITZER STEEL INDUSTRIES, INC.
LONG-TERM INCENTIVE AWARD AGREEMENT
(FY2024-FY2026 Performance Period)

On November 10, 2023, the Compensation and Human Resources Committee (the "Committee") of the Board of Directors (the "Board") of Schnitzer Steel Industries, Inc. (the "Company") authorized and granted a performance-based award to _________________ ("Recipient") pursuant to Section 10 of the Company's 1993 Stock Incentive Plan (the "Plan"). By accepting this award, Recipient agrees to all of the terms and conditions of this Agreement.

1. Award. Subject to the terms and conditions of this Agreement, the Company shall issue to the Recipient the number of shares of Class A Common Stock of the Company ("Performance Shares") determined under this Agreement based on (a) the performance of the Company during the 3-year period from September 1, 2023 to August 31, 2026 (the "Performance Period") as described in Section 2, (b) Recipient's continued employment during the Performance Period as described in Section 3, and (c) Recipient's not engaging in actions prohibited by Section 4. Recipient's "Volume Growth Target Share Amount" for purposes of this Agreement is _______ shares and Recipient's "TSR Target Share Amount" for purposes of this Agreement is _______ shares. This award does not include a dividend equivalent cash payment.

2. Performance Conditions.

2.1 Payout Formula. Subject to adjustment under Sections 3, 4, 5, 6, 7 and 8, the number of Performance Shares to be issued to Recipient shall be equal to the sum of (a) the Volume Growth Payout Shares, plus (b) the TSR Payout Shares. The "Volume Growth Payout Shares" shall be equal to the Volume Growth Payout Factor as determined under Section 2.2 below, multiplied by the Volume Growth Target Share Amount. The "TSR Payout Shares" shall be equal to the TSR Payout Factor as determined under Section 2.3 below, multiplied by the TSR Target Share Amount; provided, however, that the number of TSR Payout Shares shall be reduced as necessary to ensure that the total value of the TSR Payout Shares at the time of payout (calculated by multiplying the Value (as defined in Section 7 below) by the number of TSR Payout Shares) shall not be more than 400% of the value of the TSR Target Share Amount on the date of this Agreement (calculated by multiplying the closing market price for Class A Common Stock on the date of this Agreement by the TSR Target Share Amount).

2.2 Volume Growth Payout Factor.

2.2.1 The "Volume Growth Payout Factor" for each fiscal year shall be determined under the table below based on Average Volume Growth of the Company for the Performance Period.

Average Volume Growth	Volume Growth Payout Factor
less than ___%	0%
___%	50%
___%	100%
___% or more	200%

If the Average Volume Growth is between any two data points set forth in the first column of the above table, the Volume Growth Payout Factor shall be determined by interpolation between the corresponding data points in the second column of the table as follows: the difference between the Average Volume Growth and the lower data point shall be divided by the difference between the higher data point and the lower data point, the resulting fraction shall be multiplied by the difference between the two corresponding data points in the second column of the table, and the resulting product shall be added to the lower corresponding data point in the second column of the table, with the resulting sum being the Volume Growth Payout Factor.

2.2.2 The Company's "Average Volume Growth" for the Performance Period shall be equal to the average of the Volume Growth determined for each of the three fiscal years of the Performance Period. The "Volume Growth" for any fiscal year shall be equal to the number of thousands of long tons of ferrous and nonferrous metal sales, inclusive of ferrous tons transferred to the Company's steel mill, by the Company for the fiscal year expressed as a percentage change from the prior fiscal year baseline amount. Volume Growth for a fiscal year can be negative.

2.3 TSR Payout Factor.

2.3.1 The "TSR Payout Factor" shall be determined under the table below based on the Average TSR Percentile Rank of the Company; provided, however, that if the Three-Year TSR as determined under Section 2.3.5 below is less than 0%, the TSR Payout Factor shall not be greater than 100%.

Average TSR Percentile Rank	TSR Payout Factor
less than 25%	0%
25%	50%
50%	100%
90% or more	200%

If the Company's Average TSR Percentile Rank is between any two data points set forth in the first column of the above table, the TSR Payout Factor shall be determined by interpolation between the corresponding data points in the second column of the table as follows: the difference between the Company's Average TSR Percentile Rank and the lower data point shall be divided

by the difference between the higher data point and the lower data point, the resulting fraction shall be multiplied by the difference between the two corresponding data points in the second column of the table, and the resulting product shall be added to the lower corresponding data point in the second column of the table, with the resulting sum being the TSR Payout Factor.

2.3.2 The Company's "Average TSR Percentile Rank" for the Performance Period shall be equal to the average of the TSR Percentile Ranks determined for each of the three fiscal years of the Performance Period. To determine the Company's "TSR Percentile Rank" for any fiscal year the TSR of the Company and each of the Peer Group Companies for that fiscal year shall be calculated, and the Peer Group Companies shall be ranked based on their respective TSR's from lowest to highest. If the Company's TSR is equal to the TSR of any other Peer Group Company, the Company's TSR Percentile Rank shall be equal to the number of Peer Group Companies with a lower TSR divided by the number that is one less than the total number of Peer Group Companies, with the resulting amount expressed as a percentage and rounded to the nearest tenth of a percentage point. If the Company's TSR is between the TSRs of any two Peer Group Companies, the TSR Percentile Ranks of those two Peer Group Companies shall be determined as set forth in the preceding sentence, and the Company's TSR Percentile Rank shall be interpolated as follows. The excess of the Company's TSR over the TSR of the lower Peer Group Company shall be divided by the excess of the TSR of the higher Peer Group Company over the TSR of the lower Peer Group Company. The resulting fraction shall be multiplied by the difference between the TSR Percentile Ranks of the two Peer Group Companies. The product of that calculation shall be added to the TSR Percentile Rank of the lower Peer Group Company, and the resulting sum (rounded to the nearest tenth of a percentage point) shall be the Company's TSR Percentile Rank. The intent of this definition of TSR Percentile Rank is to produce the same result as calculated using the PERCENTRANK.INC function in Microsoft Excel to determine the rank of the Company's TSR within the array consisting of the TSRs of the Peer Group Companies.

2.3.3 The "Peer Group Companies" are ATI Inc., Cabot Corporation, Century Aluminum Company, Cleveland-Cliffs Inc., Inc., Commercial Metals Company, Enviri Corporation, Gerdau S.A., Minerals Technologies Inc., Nucor Corporation, Sims Metal Management Limited, Steel Dynamics, Inc., Suncoke Energy, Inc., Tronox Holdings PLC, and United States Steel Corporation. If prior to the end of any fiscal year in the Performance Period, the common stock of any Peer Group Company ceases to be publicly traded for any reason, then such company shall no longer be considered a Peer Group Company for that fiscal year.

2.3.4 Except as provided below for the first fiscal year of the Performance Period, the "TSR" for the Company and each Peer Group Company for any fiscal year shall be calculated by (1) assuming that $100 is invested in the common stock of the company at a price equal to the average of the closing market prices of the stock for the twenty trading day period ending on the last trading day of the prior fiscal year, (2) assuming that for each dividend paid on the stock during the fiscal year, the amount equal to the dividend paid on the assumed number of shares held is reinvested in additional shares at a price equal to the closing market price of the stock on the ex-dividend date for the dividend, and (3) determining the final dollar value of the total assumed number of shares based on the average of the closing market prices of the stock for the twenty trading day period ending on the last trading day of the fiscal year. The "TSR" shall then equal the amount determined by subtracting $100 from the foregoing final dollar value, dividing the result by 100 and expressing the resulting fraction as a percentage. For the first fiscal

year of the Performance Period, the fiscal year shall be deemed to be the period from the date of this Agreement to August 31, 2024, and the TSR calculation for each company shall be further modified by assuming that $100 is invested in the common stock of the company at a price equal to the closing market price of the stock on the date of this Agreement. For Sims Metal Management Limited, all calculations shall be in Australian dollars. For Gerdau S.A., all calculations shall be in Brazilian reals.

2.3.5 The "Three-Year TSR" for the Company shall be calculated by (1) assuming that $100 is invested in the common stock of the Company at a price equal to the closing market price of the stock on the date of this Agreement, (2) assuming that for each dividend paid on the stock during the period from the date of this Agreement to the end of the Performance Period, the amount equal to the dividend paid on the assumed number of shares held is reinvested in additional shares at a price equal to the closing market price of the stock on the ex-dividend date for the dividend, and (3) determining the final dollar value of the total assumed number of shares based on the average of the closing market prices of the stock for the twenty trading day period ending on the last trading day of the Performance Period. The "Three-Year TSR" shall then equal the amount determined by subtracting $100 from the foregoing final dollar value, dividing the result by 100 and expressing the resulting fraction as a percentage.

3. Employment Condition.

3.1 Full Payout. In order to receive the full number of Performance Shares determined under Section 2, Recipient must be employed by the Company on the October 31 immediately following the end of the Performance Period (the "Vesting Date"). For purposes of Sections 3 and 4, all references to the "Company" shall include the Company and its subsidiaries.

3.2 Retirement; Termination Without Cause After 12 Months. If Recipient's employment with the Company is terminated at any time prior to the Vesting Date because of retirement (as defined in paragraph 6(a)(iv)(D) of the Plan), or if Recipient's employment is terminated by the Company without Cause (as defined below) after the end of the 12th month of the Performance Period and prior to the Vesting Date, Recipient shall, subject to Section 4.1, be entitled to receive a pro-rated award to be paid following completion of the Performance Period. The number of Performance Shares to be issued as a pro-rated award under this Section 3.2 shall be determined by multiplying the number of Performance Shares determined under Section 2 by a fraction, the numerator of which is the number of days Recipient was employed by the Company since the beginning of the Performance Period and the denominator of which is the number of days in the period from the beginning of the Performance Period to the Vesting Date. Any obligation of the Company to issue a pro-rated award under this Section 3.2 shall be subject to and conditioned upon the execution and delivery by Recipient no later than the Vesting Date of a Release of Claims in such form as may be requested by the Company. For purposes of this Section 3.2, "Cause" shall mean (a) the conviction (including a plea of guilty or nolo contendere) of Recipient of a felony involving theft or moral turpitude or relating to the business of the Company, other than a felony predicated on Recipient's vicarious liability, (b) Recipient's continued failure or refusal to perform with reasonable competence and in good faith any of the lawful duties assigned by (or any lawful directions of) the Company that are commensurate with Recipient's position with the Company (not resulting from any illness, sickness or physical or mental incapacity), which continues after the Company has given notice thereof (and a reasonable

opportunity to cure) to Recipient, (c) deception, fraud, misrepresentation or dishonesty by Recipient in connection with Recipient's employment with the Company, (d) any incident materially compromising Recipient's reputation or ability to represent the Company with the public, (e) any willful misconduct by Recipient that substantially impairs the Company's business or reputation, or (f) any other willful misconduct by Recipient that is clearly inconsistent with Recipient's position or responsibilities.

3.3 Death or Disability. If Recipient's employment with the Company is terminated at any time prior to the Vesting Date because of death or disability, Recipient shall be entitled to receive a pro-rated award to be paid as soon as reasonably practicable following such event. The term "disability" means a medically determinable physical or mental condition of Recipient resulting from bodily injury, disease, or mental disorder which is likely to continue for the remainder of Recipient's life and which renders Recipient incapable of performing the job assigned to Recipient by the Company or any substantially equivalent replacement job. For purposes of calculating the pro-rated award under this Section 3.3, the Volume Growth Payout Factor and the TSR Payout Factor shall both be calculated as if the Performance Period ended on the last day of the Company's most recently completed fiscal quarter prior to the date of death or disability. For this purpose, the TSR for the Company and each Peer Group Company for any partial fiscal year shall be determined based on the closing market prices of its stock for the twenty trading day period ending on the last day of the most recently completed fiscal quarter prior to the date of death or disability, before determining the Company's TSR Percentile Rank for that partial fiscal year, and the Average TSR Percentile Rank shall be determined by averaging however many full and partial fiscal years for which a TSR Percentile Rank shall have been determined. The number of Performance Shares to be issued as a pro-rated award under this Section 3.3 shall be determined by multiplying the number of Performance Shares determined after applying the modifications described in the preceding sentences by a fraction, the numerator of which is the number of days Recipient was employed by the Company since the beginning of the Performance Period and the denominator of which is the number of days in the period from the beginning of the Performance Period to the Vesting Date.

3.4 Other Terminations. If Recipient's employment by the Company is terminated at any time prior to the Vesting Date and neither Section 3.2 nor Section 3.3 applies to such termination, Recipient shall not be entitled to receive any Performance Shares.

4. Non-Competition.

4.1 Consequences of Violation. If the Company determines that Recipient has engaged in an action prohibited by Section 4.2 below, then:

4.1.1 Recipient shall immediately forfeit all rights under this Agreement to receive any unissued Performance Shares; and

4.1.2 If Performance Shares were issued to Recipient following completion of the Performance Period, and the Company's determination of a violation occurs on or before the first anniversary of the Vesting Date, Recipient shall repay to the Company (a) the number of shares of Common Stock issued to Recipient under this Agreement (the "Forfeited Shares"), plus (b) the amount of cash equal to the withholding taxes paid by withholding shares of

Common Stock from Recipient as provided in Section 7. If any Forfeited Shares are sold by Recipient prior to the Company's demand for repayment, Recipient shall repay to the Company 100% of the proceeds of such sale or sales. The Company may, in its sole discretion, reduce the amount to be repaid by Recipient to take into account the tax consequences of such repayment for Recipient.

4.2 Prohibited Actions. The consequences described in Section 4.1 shall apply if during Recipient's employment with the Company, or at any time during the period of one year following termination of such employment, Recipient, directly or indirectly, owns, manages, controls, or participates in the ownership, management or control of, or is employed by, consults for, or is connected in any manner with:

4.2.1 any business that (a) is engaged in the steel manufacturing business, (b) produces any of the same steel products as Cascade Steel Rolling Mills, Inc. ("Cascade Steel"), and (c) competes with Cascade Steel for sales to customers in California, Oregon, Washington, Nevada, British Columbia or Alberta;

4.2.2 any business that (a) is engaged in the metals recycling business or the self-service used auto parts business, and (b) operates a metal recycling collection or processing facility or a self-service used auto parts store within 250 miles of any of the Company's facilities or stores.

5. Company Sale.

5.1 If a Company Sale (as defined below) occurs before the Vesting Date, Recipient shall be entitled to receive an award payout no later than the earlier of fifteen (15) days following such event or the last day on which the Performance Shares could be issued so that Recipient may participate as a shareholder in receiving proceeds from the Company Sale. The amount of the award payout under this Section 5.1 shall be the greater of (a) the sum of the Volume Growth Target Share Amount and the TSR Target Share Amount, or (b) the amount determined using a Volume Growth Payout Factor and a TSR Payout Factor and calculated as if the Performance Period ended on the last day of the Company's most recently completed fiscal quarter prior to the date of the Company Sale. For this purpose, the TSR for the Company and each Peer Group Company for any partial fiscal year shall be determined based on the closing market prices of its stock for the twenty trading day period ending on the last day of the most recently completed fiscal quarter prior to the date of the Company Sale, before determining the Company's TSR Percentile Rank for that partial fiscal year, and the Average TSR Percentile Rank shall be determined by averaging however many full and partial fiscal years for which a TSR Percentile Rank shall have been determined. For this purpose, the number of thousands of long tons of ferrous and nonferrous metal sales, inclusive of ferrous tons transferred to the Company's steel mill, used to calculate Volume Growth for any partial fiscal year shall be annualized (e.g., multiplied by 4/3 if the partial period is three quarters) before determining the Volume Growth for that partial fiscal year, and the Average Volume Growth shall be determined by averaging however many full and partial fiscal years for which a Volume Growth shall have been determined.

5.2 For purposes of this Agreement, a "Company Sale" shall mean the occurrence of any of the following events:

5.2.1 any consolidation, merger or plan of share exchange involving the Company (a "Merger") in which the Company is not the continuing or surviving corporation or pursuant to which outstanding shares of Class A Common Stock would be converted into cash, other securities or other property; or

5.2.2 any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company.

6. Certification and Payment. As soon as practicable following the completion of the audit of the Company's consolidated financial statements for the final fiscal year of the Performance Period, the Company shall calculate the Volume Growth Payout Factor, the TSR Payout Factor, and the corresponding numbers of Performance Shares issuable to Recipient. This calculation shall be submitted to the Committee. No later than the Vesting Date the Committee shall certify in writing (which may consist of approved minutes of a Committee meeting) the levels of Volume Growth attained by the Company for each fiscal year of the Performance Period, the levels of TSR and TSR Percentile Rank attained by the Company for each fiscal year of the Performance Period, and the number of Performance Shares issuable to Recipient based on the Company's performance. Subject to applicable tax withholding, the number of Performance Shares so certified shall be issued to Recipient as soon as practicable following the Vesting Date, but no Performance Shares shall be issued prior to certification. No fractional shares shall be issued and the number of Performance Shares deliverable shall be rounded to the nearest whole share. In the event of the death or disability of Recipient as described in Section 3.3 or a Company Sale as described in Section 5, each of which requires an award payout earlier than the Vesting Date, a similar calculation and certification process shall be followed within the time frames required by those sections.

7. Tax Withholding. Recipient acknowledges that, on the date the Performance Shares are issued to Recipient (the "Payment Date"), the Value (as defined below) on that date of the Performance Shares will be treated as ordinary compensation income for federal and state income and FICA tax purposes, and that the Company will be required to withhold taxes on these income amounts. To satisfy the required minimum withholding amount, the Company shall withhold the number of Performance Shares having a Value equal to the minimum withholding amount. For purposes of this Section 7, the "Value" of a Performance Share shall be equal to the closing market price for Class A Common Stock on the last trading day preceding the Payment Date.

8. Changes in Capital Structure. If the outstanding Class A Common Stock of the Company is hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of any stock split, combination of shares or dividend payable in shares, recapitalization or reclassification, appropriate adjustment shall be made by the Committee in the number

and kind of shares subject to this Agreement so that the Recipient's proportionate interest before and after the occurrence of the event is maintained.

9. Approvals. The obligations of the Company under this Agreement are subject to the approval of state, federal or foreign authorities or agencies with jurisdiction in the matter. The Company will use its reasonable best efforts to take steps required by state, federal or foreign law or applicable regulations, including rules and regulations of the Securities and Exchange Commission and any stock exchange on which the Company's shares may then be listed, in connection with the award evidenced by this Agreement. The foregoing notwithstanding, the Company shall not be obligated to deliver Class A Common Stock under this Agreement if such delivery would violate or result in a violation of applicable state or federal securities laws.

10. No Right to Employment. Nothing contained in this Agreement shall confer upon Recipient any right to be employed by the Company or to continue to provide services to the Company or to interfere in any way with the right of the Company to terminate Recipient's services at any time for any reason, with or without cause.

11. Recoupment Policy. The Recipient acknowledges and agrees that the Performance Shares shall be subject to the Company's Incentive Compensation Clawback Policy, as the same may be amended from time to time or any replacement policy thereto, or as may be required by any applicable law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder).

12. Miscellaneous.

12.1 Entire Agreement. This Agreement constitutes the entire agreement of the parties with regard to the subjects hereof.

12.2 Notices. Any notice required or permitted under this Agreement shall be in writing and shall be deemed sufficient when delivered personally to the party to whom it is addressed or when deposited into the United States Mail as registered or certified mail, return receipt requested, postage prepaid, addressed to the Company, Attention: Corporate Secretary, at its principal executive offices or to Recipient at the address of Recipient in the Company's records, or at such other address as such party may designate by ten (10) days' advance written notice to the other party.

12.3 Assignment; Rights and Benefits. Recipient shall not assign this Agreement or any rights hereunder to any other party or parties without the prior written consent of the Company. The rights and benefits of this Agreement shall inure to the benefit of and be enforceable by the Company's successors and assigns and, subject to the foregoing restriction on assignment, be binding upon Recipient's heirs, executors, administrators, successors and assigns.

12.4 Further Action. The parties agree to execute such instruments and to take such action as may reasonably be necessary to carry out the intent of this Agreement.

12.5 Applicable Law; Attorneys' Fees. The terms and conditions of this Agreement shall be governed by the laws of the State of Oregon. In the event either party institutes litigation hereunder, the prevailing party shall be entitled to reasonable attorneys' fees to be set by the trial court and, upon any appeal, the appellate court.

12.6 Severability. Each provision of this Agreement will be treated as a separate and independent clause and unenforceability of any one clause will in no way impact the enforceability of any other clause. Should any of the provisions of this Agreement be found to be unreasonable or invalid by a court of competent jurisdiction, such provision will be enforceable to the maximum extent enforceable by the law of that jurisdiction.

SCHNITZER STEEL INDUSTRIES, INC.
By
Title

RESTRICTED STOCK UNIT
AWARD AGREEMENT

Pursuant to Section 8 of the 1993 Stock Incentive Plan (the "Plan") of Schnitzer Steel Industries, Inc., an Oregon corporation (the "Company"), on **November 10, 2023** the Compensation and Human Resources Committee of the Board of Directors of the Company (the "Committee") authorized and granted to ________________ (the"Recipient") an award of restricted stock units with respect to the Company's Class A Common Stock ("Common Stock"), subject to the terms and conditions of this agreement between the Company and the Recipient (this "Agreement"). By accepting this award, the Recipient agrees to all of the terms and conditions of this Agreement.

1. **Award and Terms of Restricted Stock Units**. The Company awards to the Recipient under the Plan ______________ restricted stock units (the "Award"), subject to the restrictions, terms and conditions set forth in this Agreement.

(a) *Rights under Restricted Stock Units*. A restricted stock unit (a "RSU") obligates the Company, upon vesting in accordance with this Agreement, to issue to the Recipient one share of Common Stock for each RSU. The number of shares of Common Stock issuable with respect to each RSU is subject to adjustment as determined by the Board of Directors of the Company as to the number and kind of shares of stock deliverable upon any merger, reorganization, consolidation, recapitalization, stock dividend, spin-off or other change in the corporate structure affecting the Common Stock generally.

(b) *Vesting Date*. The RSUs awarded under this Agreement shall initially be 100% unvested and subject to forfeiture. The Vesting Reference Date of this Award is **October 31, 2023**. Subject to Sections 1(c), (d), (e), (f) and (m), the RSUs shall vest in equal installments as follows:

	% of RSUs Vested
Prior to first anniversary of the Vesting Reference Date	0%
First anniversary of the Vesting Reference Date	20%
Second anniversary of the Vesting Reference Date	40%
Third anniversary of the Vesting Reference Date	60%
Fourth anniversary of the Vesting Reference Date	80%
Fifth anniversary of the Vesting Reference Date	100%

(c) *Acceleration on Death or Disability; Continuation on Retirement*.

(i) If the Recipient ceases to be an employee of the Company or a parent or subsidiary of the Company by reason of the Recipient's death (which for purposes of this Section 1(c)(i) includes Recipient's death after a retirement covered in Section 1(c)(iii)) or disability, all outstanding but unvested RSUs shall become immediately vested. The term "disability" means a medically determinable physical or mental condition of the Recipient resulting from bodily injury, disease, or mental disorder which is likely to continue for the remainder of the Recipient's life and which renders the Recipient incapable of performing the job assigned to the Recipient by the Company or any substantially equivalent replacement job.

(ii) If the Recipient ceases to be an employee of the Company or a parent or subsidiary of the Company by reason of the Recipient's retirement before the two (2) year anniversary

of the Vesting Reference Date, then notwithstanding any provision in any employment agreement to the contrary, the Recipient shall immediately forfeit all outstanding but unvested RSUs awarded pursuant to this Agreement and the Recipient shall have no right to receive the related Common Stock.

(iii) If the Recipient ceases to be an employee of the Company or a parent or subsidiary of the Company by reason of the Recipient's retirement, provided that the effective date of such retirement is on or after the two (2) year anniversary of the Vesting Reference Date, then, subject to Section 1(m), the Award will remain outstanding for the remainder of the vesting period and will continue to vest for Plan purposes in accordance with the terms of this Agreement as though the Recipient were still employed and will be payable at the times and in the form specified in Section 1(i) of this Agreement.

(iv) For purposes of this Agreement, the term "retirement" shall mean (x) normal retirement after reaching age 65, (y) early retirement after reaching age 55 and completing 10 years of service, or (z) early retirement after completing 30 years of service without regard to age.

(d) *Certain Transactions*. Notwithstanding any provision in this Agreement (but subject to the last sentence of this Section 1(d)), in the event of dissolution of the Company or a merger, consolidation or plan of exchange affecting the Company, the Committee may, in its sole discretion and to the extent possible under the structure of the applicable transaction, select one or a combination of the following alternatives for treating this Award of RSUs:

(i) the Award shall remain in effect in accordance with its terms;

(ii) all or a portion of the RSUs shall, to the extent then still subject to the vesting restrictions, be released from the vesting restrictions in connection with the closing of the applicable transaction; or

(iii) the RSUs shall be converted into restricted stock units or restricted stock of one or more of the corporations that are the surviving or acquiring corporations in the applicable transaction. The amount and type of converted restricted stock units or restricted stock shall be determined by the Company, taking into account the relative values of the companies involved in the applicable transaction and the exchange rate, if any, used in determining shares of the surviving corporation(s) to be held by holders of shares of the Company following the applicable transaction. Unless otherwise determined by the Company, by action of the Committee, the converted restricted stock units or restricted stock shall continue to be subject to the forfeiture provisions applicable to the RSUs at the time of the applicable transaction.

Notwithstanding the foregoing provisions of this Section 1(d) to the contrary, no such alternative shall occur with respect to the RSUs to the extent that, if it did, a 20% tax would be imposed under Section 409A of the Internal Revenue Code on the Recipient.

(e) *Special Acceleration in Certain Events*. Notwithstanding any other provision in this Agreement, upon a change in control of the Company, all outstanding but unvested RSUs shall become immediately vested. The term “change in control of the Company” means the occurrence of any of the following events:

(i) The consummation of:

(A) any consolidation, merger or plan of share exchange involving the Company (a “Merger”) as a result of which the holders of outstanding securities of the Company ordinarily having the right to vote for the election of directors (“Voting Securities”) immediately prior to the Merger do not continue to hold at least 50% of the combined voting power of the outstanding Voting Securities of the surviving corporation or a parent corporation of the surviving corporation immediately after the Merger, disregarding any Voting Securities issued to or retained by such holders in respect of securities of any other party to the Merger; or

(B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company;

(ii) At any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (“Incumbent Directors”) shall cease for any reason to constitute at least a majority thereof; provided, however, that the term “Incumbent Director” shall also include each new director elected during such two-year period whose nomination or election was approved by two-thirds of the Incumbent Directors then in office; or

(iii) Any person shall, as a result of a tender or exchange offer, open market purchases or privately negotiated purchases from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of Voting Securities representing 20% or more of the combined voting power of the then outstanding Voting Securities. For purposes of this Section 1(e), the term “person” means and includes any individual, corporation, partnership, group, association or other “person,” as such term is used in Section 14(d) of the Securities Exchange Act of 1934, other than the Company or any employee benefit plan sponsored by the Company.

Notwithstanding anything in this Section 1(e) to the contrary, unless otherwise determined by the Board of Directors of the Company, no change in control of the Company shall be deemed to have occurred for purposes of this Agreement if (1) the Recipient acquires (other than on the same basis as all other holders of shares of Common Stock of the Company) an equity interest in an entity that acquires the Company in a change in control of the Company otherwise described under subparagraph (i) of this Section 1(e), or (2) the Recipient is part of a group that constitutes a person which becomes a beneficial owner of Voting Securities in a transaction that otherwise would have resulted in a change in control of the Company under subparagraph (iii) of this Section 1(e).

(f) *Forfeiture of RSUs on Termination of Service*. In addition to the provisions for forfeiture of RSUs as set forth in Section 1(c)(ii) and Section 1(m)(i) of this Agreement, if the Recipient ceases to be an employee of the Company or a parent or subsidiary of the Company under circumstances where the RSUs both (x) have not previously vested, and (y) do not become vested pursuant to Section 1(c)(i), 1(d), or 1(e) or continue to vest pursuant to Section 1(c)(iii), the Recipient shall immediately forfeit all outstanding but unvested RSUs awarded pursuant to this Agreement and the Recipient shall have no right to receive the related Common Stock.

(g) *Restrictions on Transfer*. The Recipient may not sell, transfer, assign, pledge or otherwise encumber or dispose of the RSUs subject to this Agreement. The Recipient may designate beneficiaries to receive the shares of Common Stock underlying the RSUs subject to this Agreement if the Recipient dies before delivery of the shares of Common Stock by so indicating on a form supplied

by the Company. If the Recipient fails to designate a beneficiary, such Common Stock will be delivered to the person or persons establishing rights of ownership by will or under the laws of descent and distribution.

(h) *No Voting Rights; Dividends*. The Recipient shall have no rights as a shareholder with respect to the RSUs or the Common Stock underlying the RSUs until the underlying Common Stock is issued to the Recipient. The Recipient will be entitled to receive any cash dividends declared on the Common Stock underlying the RSUs after the RSUs have vested and the Common Stock has been issued. The Company shall accrue and pay to the Recipient on the vesting of the RSUs an amount in cash equal to dividends that would have been paid on the Common Stock underlying the RSUs after the date of the issuance of the RSUs. No interest shall be paid by the Company on accrued amounts.

(i) *Delivery Date for the Shares Underlying the RSUs.* As soon as practicable, but in no event later than thirty days, following a date on which any RSUs vest, the Company will issue the Recipient the Common Stock underlying the then vested RSUs in the form of uncertificated shares in book entry form; provided, however, that if accelerated vesting of the RSU occurs pursuant to Section 1(c)(i) by reason of the Recipient’s disability, the date of issuance of the shares underlying the RSUs shall be delayed until the date that is six months after the date of the Recipient's separation from service (within the meaning of Section 409A of the Internal Revenue Code); provided further, however, that if accelerated vesting of the RSUs occurs pursuant to Section 1(d) or 1(e), the date of issuance of the shares underlying the RSUs shall occur as soon as practicable, but in no event later than thirty days, following the earliest to occur of (1) the Recipient's separation from service (within the meaning of Section 409A of the Internal Revenue Code (but subject to the immediately preceding proviso and provided that if such separation of service occurs by reason of the Recipient's retirement, the date of issuance of the shares underlying the RSUs pursuant to this clause (1) shall be delayed until the date that is six months after the date of the Recipient's separation from service)), (2) the Recipient's death or (3) a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of Section 409A(a)(2)(A)(v) of the Internal Revenue Code. The shares of Common Stock will be issued in the Recipient's name or, in the event of the Recipient's death, in the name of either (i) the beneficiary designated by the Recipient on a form supplied by the Company or (ii) if the Recipient has not designated a beneficiary, the person or persons establishing rights of ownership by will or under the laws of descent and distribution.

(j) *Taxes and Tax Withholding*. The Recipient acknowledges and agrees that no election under Section 83(b) of the Internal Revenue Code can or will be made with respect to the RSUs. The Recipient acknowledges that, except as provided below, on each date that shares underlying the RSUs are issued to the Recipient (the "Payment Date"), the Value (as defined below) on that date of the shares so issued will be treated as ordinary compensation income for federal and state income and FICA tax purposes, and that the Company will be required to withhold taxes on these income amounts. To satisfy the required minimum withholding amount, the Company shall withhold from the shares otherwise issuable the number of shares having a Value equal to the minimum withholding amount. For purposes of this Section 1(j), the "Value" of a share shall be equal to the closing market price for the Common Stock on the last trading day preceding the Payment Date. Alternatively, the Company may, at its option, permit the Recipient to pay such withholding amount in cash under procedures established by the Company. The Recipient acknowledges that under current tax law, the Company is required to withhold FICA taxes with respect to the RSUs at the earlier of (i) the issuance of shares underlying the RSUs or (ii) the date that the Recipient becomes eligible for retirement following the expiration of the two (2) year forfeiture period provided in Section 1(c)(ii) (or the date of the two (2) year anniversary of the Vesting Reference Date if the Recipient is eligible for

retirement at the expiration of the two (2) year forfeiture period provided in Section 1(c)(ii)). To satisfy the required minimum FICA withholding in the event that Recipient is eligible for retirement, the Recipient shall, immediately upon notification of the amount due, pay to the Company in cash or by check amounts necessary to satisfy applicable FICA withholding requirements. If the Recipient fails to pay the amount demanded, the Company or the Recipient's employer may withhold that amount from other amounts payable to the Recipient, including salary, subject to applicable law.

(k) *Not a Contract of Employment*. Nothing in the Plan or this Agreement shall confer upon Recipient any right to be continued in the employment of the Company or any parent or subsidiary of the Company, or to interfere in any way with the right of the Company or any parent or subsidiary by whom Recipient is employed to terminate Recipient's employment at any time or for any reason, with or without cause, or to decrease Recipient's compensation or benefits.

(l) *Recoupment Policy.* The Recipient acknowledges and agrees that the RSUs shall be subject to any applicable clawback or recoupment policy that the Company has in place from time to time, or as may be required by any applicable law.

(m)*Non-Competition*.

(i) If the Company determines that Recipient has engaged in an action prohibited by Section 1(m)(ii) below, then:

(1) the Recipient shall immediately forfeit all outstanding but unvested RSUs awarded pursuant to this Agreement and the Recipient shall have no right to receive the related Common Stock; and

(2) if shares of Common Stock underlying the RSUs were issued to Recipient upon vesting in accordance with Section 1(i), and the Company's determination of a violation occurs on or before the first anniversary of such vesting, Recipient shall repay to the Company (a) the number of shares of Common Stock issued to Recipient under this Agreement for such vesting (the "Forfeited Shares"), plus (b) the amount of cash equal to the withholding taxes paid by withholding shares of Common Stock from Recipient as provided in Section 1(j). If any Forfeited Shares are sold by Recipient prior to the Company's demand for repayment, Recipient shall repay to the Company 100% of the proceeds of such sale or sales. The Company may, in its sole discretion, reduce the amount to be repaid by Recipient to take into account the tax consequences of such repayment for Recipient.

(ii) The consequences described in Section 1(m)(i) shall apply if during Recipient's employment with the Company, or at any time during the period of one year following termination of such employment or during the remainder of the vesting period in the event RSUs continue to vest pursuant to Section 1(c)(iii), Recipient, directly or indirectly, owns, manages, controls, or participates in the ownership, management or control of, or is employed by, consults for, or is connected in any manner with:

(1) any business that (a) is engaged in the steel manufacturing business, (b) produces any of the same steel products as Cascade Steel Rolling Mills, Inc. ("Cascade Steel") and (c) competes with Cascade Steel for sales to customers in California, Oregon, Washington, Nevada, British Columbia or Alberta; or

(2) any business that (a) is engaged in the metals recycling business or the self-service used auto parts business, and (b) operates a metal recycling collection or processing facility or a self-service used auto parts store within 250 miles of any of the Company's facilities or stores.

2. Miscellaneous.

(a) *Entire Agreement; Amendment*. This Agreement and the Plan constitute the entire agreement of the parties with regard to the subjects hereof.

(b) *Interpretation of the Plan and the Agreement.* The Committee shall have the sole authority to interpret the provisions of this Agreement and the Plan and all determinations by it shall be final and conclusive.

(c) *Electronic Delivery*. The Recipient consents to the electronic delivery of notices and any prospectus and any other documents relating to this Award in lieu of mailing or other form of delivery.

(d) *Rights and Benefits*. The rights and benefits of this Agreement shall inure to the benefit of and be enforceable by the Company's successors and assigns and, subject to the restrictions on transfer of this Agreement, be binding upon the Recipient's heirs, executors, administrators, successors and assigns.

(e) *Further Action*. The parties agree to execute such instruments and to take such action as may reasonably be necessary to carry out the intent of this Agreement.

(f) *Governing Law*. This Agreement and the Plan will be interpreted under the laws of the state of Oregon, exclusive of choice of law rules.

SCHNITZER STEEL INDUSTRIES, INC.

By: ______________________________

Authorized Officer

Fiscal 2024 Annual Performance Bonus Program
for the President & Chief Executive Officer

The Amended and Restated Employment Agreement between the Company and Tamara L. Lundgren provides for an annual cash bonus under a bonus program to be developed by the Compensation and Human Resources Committee (the "Committee"), with bonuses payable based on Company financial performance and achievement of management objectives as determined by the Committee at the beginning of each fiscal year. The annual bonus program for Ms. Lundgren for fiscal 2024 has two components. The first component consists of an award with a cash payout based on achievement of Company financial performance targets established by the Committee. The second component consists of an award with a cash payout based on the achievement of management objectives established by the Committee. The two components of the annual performance bonus program shall operate independently, and the Committee shall make determinations with respect to the second component without regard to the outcomes under the first component.

Company Financial Performance Targets

Calculation of Financial Performance Targets. For fiscal 2024, the Company's financial performance targets shall be the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") and earnings per share ("EPS"). The Committee shall specify the weight to be assigned to each target. The cash payout to the participant under this component of the bonus program shall be determined based on the level of achievement of the performance target. The Committee has established performance targets for EBITDA and EPS and corresponding payouts as a percentage of the participant's target amount.

Participant's Target Amount. The target amount for the Company financial performance component shall be 75% of Ms. Lundgren's annual base salary as in effect on August 31, 2024, with the maximum bonus under this target not to exceed three times her target amount under this component.

EBITDA. The EBITDA goal for fiscal 2024 shall be based on the Adjusted EBITDA for that year. Adjusted EBITDA for fiscal 2024 shall mean the Company's earnings before interest, taxes, depreciation and amortization for that fiscal year before extraordinary items and the cumulative effects of changes in accounting principles, if any, as set forth in the audited consolidated financial statements of the Company and its subsidiaries for that fiscal year, adjusted to eliminate the impact of such other items as the Committee shall specify.

EPS. The EPS goal for fiscal 2024 shall be based on the Adjusted EPS for that year. Adjusted EPS for fiscal 2024 shall mean the Company's diluted earnings per share attributable to SSI for that fiscal year before extraordinary items and the cumulative effects of changes in accounting principles, if any, as set forth in the audited consolidated financial statements of the Company and its subsidiaries for that fiscal year, adjusted to eliminate the impact of such other items as the Committee shall specify.

Exhibit 10.3

Change in Accounting Principle. If the Company implements a change in accounting principle during fiscal 2024 either as a result of issuance of new accounting standards or otherwise, and the effect of the accounting change was not reflected in the Company's business plan at the time of approval of this award, then EBITDA and EPS shall be adjusted to eliminate the impact of the change in accounting principle.

Management Objectives

The second component of the annual bonus program is based on the achievement of the management objectives determined by the Committee. The Committee shall establish the management objectives and specify the weight to be assigned to each objective. Following the end of the fiscal year, the Committee shall evaluate Ms. Lundgren's performance against the management objectives, determine the extent to which each objective has been met and determine the amount of the bonus to be paid. The target bonus amount for this component of the bonus program shall be 75% of Ms. Lundgren's annual base salary as in effect on August 31, 2024, and the maximum bonus under this component may not exceed three times her target amount under this component.

General Provisions

Certification. Following the end of fiscal 2024 and prior to the payment of any bonus, the Committee shall certify in writing the level of attainment of each performance target for the year and the calculation of the bonus amount. The bonus payout shall be made in cash as soon as practicable after October 31, 2024 following certification by the Committee.

Conditions to Payment. Subject to the terms of her employment agreement and change in control agreement, Ms. Lundgren must be employed by the Company on August 31, 2024 to receive the annual bonus.

Negative Discretion. The Committee reserves the right in its sole discretion to reduce the bonus payout for Ms. Lundgren from the amounts determined as set forth above prior to payment on such terms as the Committee may determine.

Recoupment Policy. All bonuses or incentive awards paid or payable under this plan or program are subject to the terms and conditions of the Company's Incentive Compensation Clawback Policy, as the same may be amended from time to time or any replacement policy thereto, or as may be required by any applicable law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder).

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Exhibit 31.1

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

I, Tamara L. Lundgren, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Schnitzer Steel Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

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

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

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

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

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

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

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

June 27, 2023 January 4, 2024

/s/ Tamara L. Lundgren

Tamara L. Lundgren
Chairman, President and Chief Executive Officer

Exhibit 31.2

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

I, Stefano Gaggini, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Schnitzer Steel Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

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

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

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

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

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

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

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

June 27, 2023

January 4, 2024

/s/ Stefano Gaggini

Stefano Gaggini

Senior Vice President and Chief Financial Officer

Exhibit 32.1

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 Schnitzer Steel Industries, Inc. (the "Company") on Form 10-Q for the quarter ended May 31, 2023 November 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 27, 2023 January 4, 2024

/s/ Tamara L. Lundgren

Tamara L. Lundgren

Chairman, President and Chief Executive Officer

Exhibit 32.2

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 Schnitzer Steel Industries, Inc. (the "Company") on Form 10-Q for the quarter ended May 31, 2023 November 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Senior Vice President and Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 27, 2023 January 4, 2024

/s/ Stefano Gaggini

Stefano Gaggini

Senior Vice President and Chief Financial Officer

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