

WORTHINGTON INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share amounts)

	Three Months Ended February 28,		Nine Months Ended February 28,	
	2023	2022	2023	2022
Net sales	\$ 1,103,322	\$ 1,378,235	\$ 3,687,528	\$ 3,721,914
Cost of goods sold	959,515	1,235,107	3,268,584	3,174,821
Gross margin	143,807	143,128	418,944	547,093
Selling, general and administrative expense	106,057	102,945	317,318	294,926
Impairment of long-lived assets	484	3,076	796	3,076
Restructuring and other expense (income), net	824	(504)	(4,558)	(14,782)
Separation costs	6,347	-	15,593	-
Operating income	30,095	37,611	89,795	263,873
Other income (expense):				
Miscellaneous income (expense), net	1,327	393	(2,354)	2,063
Interest expense, net	(6,035)	(8,140)	(22,245)	(23,170)
Equity in net income of unconsolidated affiliates	36,926	47,466	105,495	160,600
Earnings before income taxes	62,313	77,330	170,691	403,366
Income tax expense	12,055	18,683	35,684	90,059
Net earnings	50,258	58,647	135,007	313,307
Net earnings attributable to noncontrolling interests	3,933	2,305	8,382	14,173
Net earnings attributable to controlling interest	\$ 46,325	\$ 56,342	\$ 126,625	\$ 299,134
Basic				
Weighted average common shares outstanding	48,587	49,749	48,541	50,331
Earnings per share attributable to controlling interest	\$ 0.95	\$ 1.13	\$ 2.61	\$ 5.94
Diluted				
Weighted average common shares outstanding	49,493	50,641	49,356	51,275
Earnings per share attributable to controlling interest	\$ 0.94	\$ 1.11	\$ 2.57	\$ 5.83
Common shares outstanding at end of period	48,619	49,364	48,619	49,364
Cash dividends declared per share	\$ 0.31	\$ 0.28	\$ 0.93	\$ 0.84

CONSOLIDATED BALANCE SHEETS
WORTHINGTON INDUSTRIES, INC.
(In thousands)

	February 28, 2023	May 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 267,244	\$ 34,485
Receivables, less allowances of \$5,233 and \$1,292 at February 28, 2023 and May 31, 2022, respectively	715,899	857,493
Inventories		
Raw materials	271,518	323,609
Work in process	160,688	255,019
Finished products	168,918	180,512
Total inventories	601,124	759,140
Income taxes receivable	15,619	20,556
Assets held for sale	5,191	20,318
Prepaid expenses and other current assets	105,689	93,661
Total current assets	1,710,766	1,785,653
Investment in unconsolidated affiliates	244,277	327,381
Operating lease assets	102,474	98,769
Goodwill	413,989	401,469
Other intangible assets, net of accumulated amortization of \$107,167 and \$93,973 at February 28, 2023 and May 31, 2022 respectively	318,483	299,017
Other assets	25,454	34,394
Property, plant and equipment:		
Land	49,695	51,483
Buildings and improvements	306,296	303,269
Machinery and equipment	1,247,994	1,196,806
Construction in progress	57,307	59,363
Total property, plant and equipment	1,661,292	1,610,921
Less: accumulated depreciation	979,063	914,581
Total property, plant and equipment, net	682,229	696,340
Total assets	\$ 3,497,672	\$ 3,643,023
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 489,346	\$ 668,438
Short-term borrowings	3,605	47,997
Accrued compensation, contributions to employee benefit plans and related taxes	84,098	117,530
Dividends payable	17,630	15,988
Other accrued items	57,703	70,125
Current operating lease liabilities	12,166	11,618
Income taxes payable	-	300
Current maturities of long-term debt	261	265
Total current liabilities	664,809	932,261
Other liabilities	118,736	115,991
Distributions in excess of investment in unconsolidated affiliate	116,825	81,149
Long-term debt	689,339	696,345
Noncurrent operating lease liabilities	92,481	88,183
Deferred income taxes	100,224	115,132
Total liabilities	1,782,414	2,029,061
Shareholders' equity - controlling interest	1,585,426	1,480,752
Noncontrolling interests	129,832	133,210
Total equity	1,715,258	1,613,962
Total liabilities and equity	\$ 3,497,672	\$ 3,643,023

WORTHINGTON INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended		Nine Months Ended	
	February 28,		February 28,	
	2023	2022	2023	2022
Operating activities:				
Net earnings	\$ 50,258	\$ 58,647	\$ 135,007	\$ 313,307
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:				
Depreciation and amortization	28,153	27,425	84,508	70,579
Impairment of long-lived assets	484	3,076	796	3,076
Provision for (benefit from) deferred income taxes	(5,525)	10,661	(20,198)	13,336
Bad debt expense	2,346	382	3,786	896
Equity in net income of unconsolidated affiliates, net of distributions	23,218	(18,604)	84,415	(83,096)
Net loss (gain) on sale of assets	46	(628)	(4,988)	(13,830)
Stock-based compensation	4,975	4,408	13,758	11,959
Changes in assets and liabilities, net of impact of acquisitions:				
Receivables	3,382	(33,766)	160,475	(155,451)
Inventories	53,499	31,051	166,959	(229,813)
Accounts payable	6,627	51,893	(195,489)	50,967
Accrued compensation and employee benefits	(2,900)	(21,105)	(33,432)	(52,924)
Income taxes payable	-	(14,422)	(300)	(1,487)
Other operating items, net	17,588	(24,828)	833	(22,245)
Net cash provided (used) by operating activities	182,151	74,190	396,130	(94,726)
Investing activities:				
Investment in property, plant and equipment	(22,748)	(23,645)	(68,715)	(71,804)
Investment in non-marketable equity securities	(20)	-	(270)	-
Acquisitions, net of cash acquired	-	(269,511)	(56,088)	(377,261)
Net proceeds from the sale of investment in ArtiFlex	(300)	-	35,795	-
Proceeds from sale of assets, net of selling costs	51	4,083	35,545	35,904
Net cash used by investing activities	(23,017)	(289,073)	(53,733)	(413,161)
Financing activities:				
Net proceeds from (repayments of) short-term borrowings	(1,330)	105,638	(44,392)	105,638
Principal payments on long-term obligations	(5,759)	(152)	(5,909)	(554)
Proceeds from issuance of common shares, net of tax withholdings	704	269	(3,411)	(6,516)
Payments to noncontrolling interests	-	(3,360)	(11,760)	(15,436)
Repurchase of common shares	-	(54,255)	-	(127,842)
Dividends paid	(15,101)	(14,127)	(44,166)	(43,390)
Net cash (used) provided by financing activities	(21,486)	34,013	(109,638)	(88,100)
Increase (decrease) in cash and cash equivalents	137,648	(180,870)	232,759	(595,987)
Cash and cash equivalents at beginning of period	129,596	225,194	34,485	640,311
Cash and cash equivalents at end of period	\$ 267,244	\$ 44,324	\$ 267,244	\$ 44,324

WORTHINGTON INDUSTRIES, INC.
NON-GAAP FINANCIAL MEASURES / SUPPLEMENTAL DATA
(In thousands, except volume and per share amounts)

The Company reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). The Company also presents certain non-GAAP financial measures including adjusted operating income, adjusted net earnings attributable to controlling interest and adjusted net earnings per diluted share attributable to controlling interest, and for purposes of evaluating segment performance, adjusted earnings before interest and taxes attributable to controlling interest (“adjusted EBIT”) and adjusted earnings before interest, taxes, depreciation and amortization attributable to controlling interest (“adjusted EBITDA”). These non-GAAP financial measures typically exclude impairment and restructuring charges (gains), but may also exclude other items that management believes are not reflective of, and thus should not be included when evaluating the performance of the Company’s ongoing operations. Management uses these non-GAAP financial measures to evaluate the Company’s performance, engage in financial and operational planning, and determine incentive compensation and believes these non-GAAP financial measures provide useful information to investors because they provide additional perspective of the performance of the Company’s ongoing operations. Additionally, management believes these non-GAAP financial measures provide useful information to investors because they allow for meaningful comparisons and analysis of trends in the Company’s businesses and enables investors to evaluate operations and future prospects in the same manner as management.

The following provides a reconciliation to adjusted operating income, adjusted net earnings attributable to controlling interest and adjusted earnings per diluted share attributable to controlling interest from the most comparable GAAP measures for the three months ended February 28, 2023 and 2022.

	Three Months Ended February 28, 2023				
	Operating Income	Earnings Before Income Taxes	Income Tax Expense (Benefit)	Net Earnings Attributable to Controlling Interest ⁽¹⁾	Earnings per Diluted Share
GAAP	\$ 30,095	\$ 62,313	\$ 12,055	\$ 46,325	\$ 0.94
True-up of Level5 earnout accrual ⁽²⁾	(1,050)	(1,050)	253	(797)	(0.02)
Impairment of long-lived assets	484	484	(115)	369	0.01
Restructuring and other expense, net	824	824	(194)	630	0.01
Separation costs ⁽³⁾	6,347	6,347	(1,502)	4,845	0.10
Loss on sale of investment in ArtiFlex ⁽⁴⁾	-	300	(43)	257	-
Non-GAAP	<u>\$ 36,700</u>	<u>\$ 69,218</u>	<u>\$ 13,656</u>	<u>\$ 51,629</u>	<u>\$ 1.04</u>
	Three Months Ended February 28, 2022				
	Operating Income	Earnings Before Income Taxes	Income Tax Expense (Benefit)	Net Earnings Attributable to Controlling Interest ⁽¹⁾	Earnings per Diluted Share
GAAP	\$ 37,611	\$ 77,330	\$ 18,683	\$ 56,342	\$ 1.11
Impairment of long-lived assets	3,076	3,076	(449)	1,489	0.03
Restructuring and other income, net	(504)	(504)	136	(368)	(0.01)
Non-GAAP	<u>\$ 40,183</u>	<u>\$ 79,902</u>	<u>\$ 18,996</u>	<u>\$ 57,463</u>	<u>\$ 1.13</u>
<i>Change</i>	\$ (3,483)	\$ (10,684)	\$ (5,340)	\$ (5,834)	\$ (0.10)

The following provides a reconciliation to adjusted operating income, adjusted net earnings attributable to controlling interest and adjusted earnings per diluted share attributable to controlling interest from the most comparable GAAP measures for the nine months ended February 28, 2023 and 2022.

	Nine Months Ended February 28, 2023				
	Operating Income	Earnings Before Income Taxes	Income Tax Expense (Benefit)	Net Earnings Attributable to Controlling Interest ⁽¹⁾	Earnings per Diluted Share
GAAP	\$ 89,795	\$ 170,691	\$ 35,684	\$ 126,625	\$ 2.57
Impairment of long-lived assets	796	796	(163)	518	0.01
Restructuring and other income, net	(4,558)	(4,558)	648	(2,059)	(0.04)
Separation costs ⁽³⁾	15,593	15,593	(3,730)	11,863	0.24
Pension settlement charge ⁽⁵⁾	-	4,774	(1,142)	3,632	0.07
Loss on sale of investment in ArtiFlex ⁽⁴⁾	-	16,059	(3,842)	12,217	0.25
Non-GAAP	<u>\$ 101,626</u>	<u>\$ 203,355</u>	<u>\$ 43,913</u>	<u>\$ 152,796</u>	<u>\$ 3.10</u>
	Nine Months Ended February 28, 2022				
	Operating Income	Earnings Before Income Taxes	Income Tax Expense (Benefit)	Net Earnings Attributable to Controlling Interest ⁽¹⁾	Earnings per Diluted Share
GAAP	\$ 263,873	\$ 403,366	\$ 90,059	\$ 299,134	\$ 5.83
Impairment of long-lived assets	3,076	3,076	(449)	1,489	0.03
Restructuring and other income, net	(14,782)	(14,782)	2,027	(6,728)	(0.13)
Non-GAAP	<u>\$ 252,167</u>	<u>\$ 391,660</u>	<u>\$ 88,481</u>	<u>\$ 293,895</u>	<u>\$ 5.73</u>
<i>Change</i>	\$ (150,541)	\$ (188,305)	\$ (44,568)	\$ (141,099)	\$ (2.64)

⁽¹⁾ Excludes the impact of the noncontrolling interest.

⁽²⁾ Reflects the release of accrued compensation related to the first annual earnout opportunity associated with the Level 5 acquisition.

⁽³⁾ Reflects direct and incremental costs incurred in connection with the anticipated tax-free spin-off of the Company's Steel Processing business, including audit, advisory, and legal costs.

⁽⁴⁾ On August 3, 2022, the Company sold its 50% noncontrolling equity investment in ArtiFlex Manufacturing, LLC, resulting in a pre-tax loss of \$16,059, including \$300 of deal costs during the three months ended February 28, 2023.

⁽⁵⁾ During August of 2023 the Company completed a pension lift-out transaction to transfer a portion of the total projected benefit obligation of The Gerstenslager Company Bargaining Unit Employees' Pension Plan to a third-party insurance company, resulting in a non-cash settlement charge of \$4,774 to accelerate a portion of the overall deferred pension cost.

To further assist in the analysis of segment results for the periods presented, the following volume and net sales information for the three and nine months ended February 28, 2023 and 2022 has been provided along with a reconciliation of adjusted EBIT and adjusted EBITDA to the most comparable GAAP measure, which is operating income for purposes of measuring segment profit:

	Three Months Ended February 28, 2023					
	Steel Processing	Consumer Products	Building Products	Sustainable Energy Solutions	Other	Consolidated
Volume (tons/units)	917,670	19,158,164	2,494,881	122,139	n/a	n/a
Net sales	\$ 757,007	\$ 162,647	\$ 151,876	\$ 31,792	n/a	\$ 1,103,322
Operating income (loss)	\$ 10,794	\$ 18,808	\$ 12,405	\$ (1,403)	\$ (10,509)	\$ 30,095
True-up of Level5 earnout accrual	-	(1,050)	-	-	-	(1,050)
Impairment of long-lived assets	-	-	484	-	-	484
Restructuring and other income, net	1	206	617	-	-	824
Separation costs	-	-	-	-	6,347	6,347
Adjusted operating income (loss)	10,795	17,964	13,506	(1,403)	(4,162)	36,700
Miscellaneous income (expense), net	1,111	(21)	130	(37)	144	1,327
Equity in net income of unconsolidated affiliates ⁽¹⁾	(185)	-	37,836	-	(425)	37,226
Less: Net earnings attributable to noncontrolling interests	3,933	-	-	-	-	3,933
Adjusted EBIT	7,788	17,943	51,472	(1,440)	(4,443)	71,320
Depreciation and amortization	16,147	4,128	4,615	1,652	1,611	28,153
Adjusted EBITDA	<u>\$ 23,935</u>	<u>\$ 22,071</u>	<u>\$ 56,087</u>	<u>\$ 212</u>	<u>\$ (2,832)</u>	<u>\$ 99,473</u>

⁽¹⁾ Excludes \$300 of deal costs within Other related to the sale of our investment in ArtiFlex, effective August 3, 2022.

Three Months Ended February 28, 2022

	Steel	Consumer	Building	Sustainable	Other	Consolidated
	Processing	Products	Products	Energy		
				Solutions		
Volume (tons/units)	998,590	20,297,372	2,786,560	144,108	n/a	n/a
Net sales	\$ 1,052,562	\$ 161,692	\$ 132,944	\$ 31,037	n/a	\$ 1,378,235
Operating income	\$ 2,690	\$ 26,713	\$ 9,631	\$ (2,763)	\$ 1,340	\$ 37,611
Impairment of long-lived assets	3,076	-	-	-	-	3,076
Restructuring and other income, net	114	-	(35)	-	(583)	(504)
Adjusted operating income (loss)	5,880	26,713	9,596	(2,763)	757	40,183
Miscellaneous income, net	(12)	(39)	(3)	(38)	485	393
Equity in net income of unconsolidated affiliates	4,692	-	39,978	-	2,796	47,466
Less: Net earnings attributable to noncontrolling interests ⁽²⁾	3,444	-	-	-	-	3,444
Adjusted EBIT	7,116	26,674	49,571	(2,801)	4,038	84,598
Depreciation and amortization	16,715	3,037	4,176	1,679	1,818	27,425
Adjusted EBITDA	\$ 23,831	\$ 29,711	\$ 53,747	\$ (1,122)	\$ 5,856	\$ 112,023

⁽²⁾ Excludes the noncontrolling interest portion of impairment of long-lived assets and restructuring charges of \$1,139 within Steel Processing.

Nine Months Ended February 28, 2023

	Steel	Consumer	Building	Sustainable	Other	Consolidated
	Processing	Products	Products	Energy		
				Solutions		
Volume (tons/units)	2,817,752	58,124,832	7,784,814	410,959	n/a	n/a
Net sales	\$ 2,637,834	\$ 505,145	\$ 443,870	\$ 100,679	n/a	\$ 3,687,528
Operating income (loss)	\$ 30,354	\$ 52,246	\$ 27,093	\$ (1,709)	\$ (18,189)	\$ 89,795
Impairment of long-lived assets	312	-	484	-	-	796
Restructuring and other income, net	(4,204)	206	617	-	(1,177)	(4,558)
Separation costs	-	-	-	-	15,593	15,593
Adjusted operating income (loss)	26,462	52,452	28,194	(1,709)	(3,773)	101,626
Miscellaneous income (expense), net ⁽³⁾	2,145	(102)	428	19	(69)	2,421
Equity in net income of unconsolidated affiliates ⁽⁴⁾	3,491	-	116,809	-	1,254	121,554
Less: Net earnings attributable to noncontrolling interests ⁽⁵⁾	6,648	-	-	-	-	6,648
Adjusted EBIT	25,450	52,350	145,431	(1,690)	(2,588)	218,953
Depreciation and amortization	49,976	11,675	13,247	4,622	4,988	84,508
Adjusted EBITDA	\$ 75,426	\$ 64,025	\$ 158,678	\$ 2,932	\$ 2,400	\$ 303,461

⁽³⁾ Excludes within Other, the \$4,774 non-cash settlement charge related to the pension lift-out transaction discussed above.

⁽⁴⁾ Excludes a loss of \$16,059 within Other related to the sale of our investment in ArtiFlex.

⁽⁵⁾ Excludes the noncontrolling interest portion of impairment of long-lived assets and restructuring gains of \$1,734 within Steel Processing.

Nine Months Ended February 28, 2022

	Steel	Consumer	Building	Sustainable	Other	Consolidated
	Processing	Products	Products	Energy		
				Solutions		
Volume (tons/units)	3,128,466	60,384,101	8,237,296	429,785	n/a	n/a
Net sales	\$ 2,813,214	\$ 450,268	\$ 368,813	\$ 89,619	n/a	\$ 3,721,914
Operating income (loss)	\$ 182,243	\$ 64,644	\$ 20,071	\$ (4,402)	\$ 1,317	\$ 263,873
Impairment of long-lived assets	3,076	-	-	-	-	3,076
Restructuring and other income, net	(12,199)	-	(35)	(143)	(2,405)	(14,782)
Adjusted operating income (loss)	173,120	64,644	20,036	(4,545)	(1,088)	252,167
Miscellaneous income, net	35	169	141	(16)	1,734	2,063
Equity in net income of unconsolidated affiliates	22,864	-	132,865	-	4,871	160,600
Less: Net earnings attributable to noncontrolling interests ⁽⁶⁾	9,285	-	-	-	-	9,285
Adjusted EBIT	186,734	64,813	153,042	(4,561)	5,517	405,545
Depreciation and amortization	38,480	9,600	12,003	4,943	5,553	70,579
Adjusted EBITDA	\$ 225,214	\$ 74,413	\$ 165,045	\$ 382	\$ 11,070	\$ 476,124

⁽⁶⁾ Excludes the noncontrolling interest portion of impairment of long-lived assets and restructuring gains of \$4,888 within Steel Processing.

The following tables outlines our equity income (loss) by unconsolidated affiliate for the periods presented:

	Three Months Ended		Nine Months Ended	
	February 28,		February 28,	
	2023	2022	2023	2022
WAVE	\$ 18,906	\$ 18,586	\$ 61,681	\$ 66,672
ClarkDietrich	18,930	21,392	55,128	66,193
Serviacero Worthington	(185)	4,692	3,491	22,864
ArtiFlex ⁽¹⁾	(300)	1,761	(13,700)	4,784
Workhorse	(425)	1,035	(1,105)	87
Total equity income	\$ 36,926	\$ 47,466	\$ 105,495	\$ 160,600

⁽¹⁾ On August 3, 2022, the Company sold its 50% interest in ArtiFlex.