

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

	Three Months Ended November 30,		Six Months Ended November 30,	
	2022	2021	2022	2021
Net sales	\$ 1,175,541	\$ 1,232,861	\$ 2,584,206	\$ 2,343,679
Cost of goods sold	<u>1,069,778</u>	<u>1,048,270</u>	<u>2,309,069</u>	<u>1,939,714</u>
Gross margin	105,763	184,591	275,137	403,965
Selling, general and administrative expense	107,813	96,130	211,261	191,981
Impairment of long-lived assets	-	-	312	-
Restructuring and other income, net	(4,282)	(2,004)	(5,382)	(14,278)
Separation costs	<u>9,246</u>	<u>-</u>	<u>9,246</u>	<u>-</u>
Operating income (loss)	(7,014)	90,465	59,700	226,262
Other income (expense):				
Miscellaneous income (expense), net	1,405	1,040	(3,681)	1,670
Interest expense	(7,612)	(7,312)	(16,210)	(15,030)
Equity in net income of unconsolidated affiliates	<u>36,857</u>	<u>60,218</u>	<u>68,569</u>	<u>113,134</u>
Earnings before income taxes	23,636	144,411	108,378	326,036
Income tax expense	<u>4,131</u>	<u>31,226</u>	<u>23,629</u>	<u>71,376</u>
Net earnings	19,505	113,185	84,749	254,660
Net earnings attributable to noncontrolling interests	3,287	2,884	4,449	11,868
Net earnings attributable to controlling interest	<u><u>\$ 16,218</u></u>	<u><u>\$ 110,301</u></u>	<u><u>\$ 80,300</u></u>	<u><u>\$ 242,792</u></u>
Basic				
Weighted average common shares outstanding	48,558	50,381	48,518	50,618
Earnings per share attributable to controlling interest	<u><u>\$ 0.33</u></u>	<u><u>\$ 2.19</u></u>	<u><u>\$ 1.66</u></u>	<u><u>\$ 4.80</u></u>
Diluted				
Weighted average common shares outstanding	49,330	51,214	49,293	51,532
Earnings per share attributable to controlling interest	<u><u>\$ 0.33</u></u>	<u><u>\$ 2.15</u></u>	<u><u>\$ 1.63</u></u>	<u><u>\$ 4.71</u></u>
Common shares outstanding at end of period	48,572	50,334	48,572	50,334
Cash dividends declared per share	\$ 0.31	\$ 0.28	\$ 0.62	\$ 0.56

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

	November 30, 2022	May 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 129,596	\$ 34,485
Receivables, less allowances of \$2,679 and \$1,292 at November 30, 2022 and May 31, 2022, respectively	694,668	857,493
Inventories:		
Raw materials	304,692	323,609
Work in process	159,772	255,019
Finished products	190,160	180,512
Total inventories	654,624	759,140
Income taxes receivable	19,834	20,556
Assets held for sale	5,191	20,318
Prepaid expenses and other current assets	98,873	93,661
Total current assets	1,602,786	1,785,653
Investments in unconsolidated affiliates	240,859	327,381
Operating lease assets	103,488	98,769
Goodwill	412,971	401,469
Other intangible assets, net of accumulated amortization of \$102,561 and \$93,973 at November 30, 2022 and May 31, 2022, respectively	322,934	299,017
Other assets	25,439	34,394
Property, plant and equipment:		
Land	49,644	51,483
Buildings and improvements	302,999	303,269
Machinery and equipment	1,223,841	1,196,806
Construction in progress	60,673	59,363
Total property, plant and equipment	1,637,157	1,610,921
Less: accumulated depreciation	954,974	914,581
Total property, plant and equipment, net	682,183	696,340
Total assets	\$ 3,390,660	\$ 3,643,023
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 481,273	\$ 668,438
Short-term borrowings	4,935	47,997
Accrued compensation, contributions to employee benefit plans and related taxes	86,998	117,530
Dividends payable	17,663	15,988
Other accrued items	58,046	70,125
Current operating lease liabilities	11,719	11,618
Income taxes payable	-	300
Current maturities of long-term debt	257	265
Total current liabilities	660,891	932,261
Other liabilities	115,688	115,991
Distributions in excess of investment in unconsolidated affiliate	91,643	81,149
Long-term debt	693,453	696,345
Noncurrent operating lease liabilities	93,513	88,183
Deferred income taxes, net	96,180	115,132
Total liabilities	1,751,368	2,029,061
Shareholders' equity - controlling interest	1,513,393	1,480,752
Noncontrolling interests	125,899	133,210
Total equity	1,639,292	1,613,962
Total liabilities and equity	\$ 3,390,660	\$ 3,643,023

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

	Three Months Ended		Six Months Ended	
	November 30,		November 30,	
	2022	2021	2022	2021
Operating activities:				
Net earnings	\$ 19,505	\$ 113,185	\$ 84,749	\$ 254,660
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:				
Depreciation and amortization	28,354	21,090	56,355	43,154
Impairment of long-lived assets	-	-	312	-
Provision for (benefit from) deferred income taxes	(3,617)	1,309	(14,673)	2,675
Bad debt expense	1,098	335	1,440	514
Equity in net income of unconsolidated affiliates, net of distributions	18,352	(31,274)	61,197	(64,492)
Net gain on sale of assets	(4,265)	(496)	(5,034)	(13,202)
Stock-based compensation	4,547	4,248	8,783	7,551
Changes in assets and liabilities, net of impact of acquisitions:				
Receivables	119,674	(89,817)	157,093	(121,685)
Inventories	72,293	(97,182)	113,460	(260,864)
Accounts payable	(100,535)	(47,594)	(202,116)	(926)
Accrued compensation and employee benefits	3,336	14,358	(30,532)	(31,819)
Income taxes payable	(7,629)	(22,922)	(300)	12,935
Other operating items, net	(18,172)	15,656	(16,755)	2,583
Net cash provided (used) by operating activities	132,941	(119,104)	213,979	(168,916)
Investing activities:				
Investment in property, plant and equipment	(24,490)	(24,234)	(45,967)	(48,159)
Investment in non-marketable equity securities	(140)	-	(250)	-
Acquisitions, net of cash acquired	-	(3,000)	(56,088)	(107,750)
Proceeds from the sale of investment in ArtiFlex	-	-	36,095	-
Proceeds from sale of assets, net of selling costs	23,739	5,136	35,494	31,821
Net cash used by investing activities	(891)	(22,098)	(30,716)	(124,088)
Financing activities:				
Net repayments of short-term borrowings	(10,619)	-	(43,062)	-
Principal payments on long-term obligations	(13)	(10)	(150)	(402)
Proceeds from issuance of common shares, net of tax withholdings	(649)	(2,694)	(4,115)	(6,785)
Payments to noncontrolling interests	(11,760)	(2,879)	(11,760)	(12,076)
Repurchase of common shares	-	(12,702)	-	(73,587)
Dividends paid	(15,181)	(14,565)	(29,065)	(29,263)
Net cash used by financing activities	(38,222)	(32,850)	(88,152)	(122,113)
Increase (decrease) in cash and cash equivalents	93,828	(174,052)	95,111	(415,117)
Cash and cash equivalents at beginning of period	35,768	399,246	34,485	640,311
Cash and cash equivalents at end of period	\$ 129,596	\$ 225,194	\$ 129,596	\$ 225,194

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 (loss), 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 (loss) before interest and taxes attributable to controlling interest ("adjusted EBIT") and adjusted earnings (loss) 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 and, in some circumstances are more closely correlated to, 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 November 30, 2022 and 2021.

Three Months Ended November 30, 2022					
	Operating Loss	Earnings Before Income Taxes	Income Tax Expense (Benefit)	Net Earnings Attributable to Controlling Interest ⁽¹⁾	Earnings per Diluted Share
GAAP	\$ (7,014)	\$ 23,636	\$ 4,131	\$ 16,218	\$ 0.33
Incremental expense related to Level5 earnout	525	525	(127)	398	0.01
Restructuring and other income, net	(4,282)	(4,282)	582	(1,850)	(0.04)
Separation costs	9,246	9,246	(2,228)	7,018	0.14
Non-GAAP	<u>\$ (1,525)</u>	<u>\$ 29,125</u>	<u>\$ 5,904</u>	<u>\$ 21,784</u>	<u>\$ 0.44</u>
Three Months Ended November 30, 2021					
	Operating Income	Earnings Before Income Taxes	Income Tax Expense	Net Earnings Attributable to Controlling Interest ⁽¹⁾	Earnings per Diluted Share
GAAP	\$ 90,465	\$ 144,411	\$ 31,226	\$ 110,301	\$ 2.15
Restructuring and other income, net	(2,004)	(2,004)	410	(1,513)	(0.03)
Non-GAAP	<u>\$ 88,461</u>	<u>\$ 142,407</u>	<u>\$ 30,816</u>	<u>\$ 108,788</u>	<u>\$ 2.12</u>
<i>Change</i>	\$ (89,986)	\$ (113,282)	\$ (24,912)	\$ (87,004)	\$ (1.68)

⁽¹⁾ Excludes the impact of the noncontrolling interest.

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 six months ended November 30, 2022 and 2021.

Six Months Ended November 30, 2022					
	Operating Income	Earnings Before Income Taxes	Income Tax Expense (Benefit)	Net Earnings Attributable to Controlling Interest ⁽¹⁾	Earnings per Diluted Share
GAAP	\$ 59,700	\$ 108,378	\$ 23,629	\$ 80,300	\$ 1.63
Incremental expense related to Level5 earnout	1,050	1,050	(253)	797	0.02
Impairment of long-lived assets	312	312	(47)	149	-
Restructuring and other income, net	(5,382)	(5,382)	851	(2,681)	(0.05)
Separation costs	9,246	9,246	(2,228)	7,018	0.14
Pension settlement charge	-	4,774	(1,150)	3,624	0.07
Loss on sale of investment in ArtiFlex	-	15,759	(3,798)	11,961	0.24
Non-GAAP	<u>\$ 64,926</u>	<u>\$ 134,137</u>	<u>\$ 30,254</u>	<u>\$ 101,168</u>	<u>\$ 2.05</u>
Six Months Ended November 30, 2021					
	Operating Income	Earnings Before Income Taxes	Income Tax Expense	Net Earnings Attributable to Controlling Interest ⁽¹⁾	Earnings per Diluted Share
GAAP	\$ 226,262	\$ 326,036	\$ 71,376	\$ 242,792	\$ 4.71
Restructuring and other income, net	(14,278)	(14,278)	1,890	(6,361)	(0.12)
Non-GAAP	<u>\$ 211,984</u>	<u>\$ 311,758</u>	<u>\$ 69,486</u>	<u>\$ 236,431</u>	<u>\$ 4.59</u>
<i>Change</i>	\$ (147,058)	\$ (177,621)	\$ (39,232)	\$ (135,263)	\$ (2.54)

⁽¹⁾ Excludes the impact of the noncontrolling interest.

To further assist in the analysis of segment results for the periods presented, the following volume and sales information for the three and six months ended November 30, 2022 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 November 30, 2022						
	Steel Processing	Consumer Products	Building Products	Sustainable Energy Solutions	Other	Consolidated
Volume (tons/units)	925,434	16,583,326	2,367,770	155,687	n/a	n/a
Sales	\$ 841,947	\$ 153,795	\$ 141,671	\$ 38,128	n/a	\$ 1,175,541
Operating income (loss)	\$ (14,286)	\$ 12,995	\$ 6,041	\$ 1,001	\$ (12,765)	\$ (7,014)
Incremental expenses related to Level5 earnout	-	525	-	-	-	525
Restructuring and other income, net	(4,282)	-	-	-	-	(4,282)
Separation costs ⁽²⁾	-	-	-	-	9,246	9,246
Adjusted operating income (loss)	(18,568)	13,520	6,041	1,001	(3,519)	(1,525)
Miscellaneous income (expense), net	850	(47)	76	142	384	1,405
Equity in net income of unconsolidated affiliates	1,906	-	35,107	-	(156)	36,857
Less: Net earnings attributable to noncontrolling interests ⁽¹⁾	1,437	-	-	-	-	1,437
Adjusted EBIT	(17,249)	13,473	41,224	1,143	(3,291)	35,300
Depreciation and amortization	16,984	3,845	4,375	1,500	1,650	28,354
Adjusted EBITDA	<u>\$ (265)</u>	<u>\$ 17,318</u>	<u>\$ 45,599</u>	<u>\$ 2,643</u>	<u>\$ (1,641)</u>	<u>\$ 63,654</u>

⁽¹⁾ Excludes the noncontrolling interest portion of the restructuring gains within Steel Processing of \$1,850.

⁽²⁾ Separation costs reflect 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.

Three Months Ended November 30, 2021

	Steel	Consumer	Building	Sustainable	Other	Consolidated
	Processing	Products	Products	Energy		
				Solutions		
Volume (tons/units)	1,067,589	18,698,589	2,565,025	155,001	n/a	n/a
Sales	\$ 937,842	\$ 140,793	\$ 121,125	\$ 33,101	n/a	\$ 1,232,861
Operating income	\$ 66,070	\$ 17,425	\$ 4,606	\$ 714	\$ 1,650	\$ 90,465
Restructuring and other income, net	(182)	-	-	-	(1,822)	(2,004)
Adjusted operating income (loss)	65,888	17,425	4,606	714	(172)	88,461
Miscellaneous income, net	17	159	218	82	564	1,040
Equity in net income of unconsolidated affiliates	8,823	-	49,894	-	1,501	60,218
Less: Net earnings attributable to noncontrolling interests ⁽³⁾	2,803	-	-	-	-	2,803
Adjusted EBIT	71,925	17,584	54,718	796	1,893	146,916
Depreciation and amortization	10,216	3,271	4,058	1,691	1,854	21,090
Adjusted EBITDA	\$ 82,141	\$ 20,855	\$ 58,776	\$ 2,487	\$ 3,747	\$ 168,006

⁽³⁾ Excludes the noncontrolling interest portion of the restructuring gains within Steel Processing of \$81.

Six Months Ended November 30, 2022

	Steel	Consumer	Building	Sustainable	Other	Consolidated
	Processing	Products	Products	Energy		
				Solutions		
Volume (tons/units)	1,900,083	38,966,668	5,289,933	288,820	n/a	n/a
Sales	\$ 1,880,827	\$ 342,497	\$ 291,994	\$ 68,888	n/a	\$ 2,584,206
Operating income (loss)	\$ 19,560	\$ 33,438	\$ 14,687	\$ (306)	\$ (7,679)	\$ 59,700
Incremental expenses related to Level5 earnout	-	1,050	-	-	-	1,050
Impairment of long-lived assets	312	-	-	-	-	312
Restructuring and other income, net	(4,205)	-	-	-	(1,177)	(5,382)
Separation costs	-	-	-	-	9,246	9,246
Adjusted operating income (loss)	15,667	34,488	14,687	(306)	390	64,926
Miscellaneous income (expense), net ⁽⁴⁾	1,035	(82)	299	56	(215)	1,093
Equity in net income of unconsolidated affiliates ⁽⁵⁾	3,676	-	78,973	-	1,679	84,328
Less: Net earnings attributable to noncontrolling interests ⁽⁶⁾	2,715	-	-	-	-	2,715
Adjusted EBIT	17,663	34,406	93,959	(250)	1,854	147,632
Depreciation and amortization	33,829	7,547	8,632	2,970	3,377	56,355
Adjusted EBITDA	\$ 51,492	\$ 41,953	\$ 102,591	\$ 2,720	\$ 5,231	\$ 203,987

⁽⁴⁾ Excludes within Other a non-cash settlement charge of \$4,774 to accelerate a portion of deferred pension cost resulting from 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.

⁽⁵⁾ Excludes within Other a loss of \$15,759 within Other related to the sale of the Company's 50% noncontrolling equity investment in ArtiFlex Manufacturing, LLC effective August 3, 2022.

⁽⁶⁾ Excludes the noncontrolling interest portion of impairment of long-lived assets and restructuring of \$1,734 within Steel Processing.

Six Months Ended November 30, 2021

	Steel	Consumer	Building	Sustainable	Other	Consolidated
	Processing	Products	Products	Energy		
				Solutions		
Volume (tons/units)	2,129,877	40,086,729	5,450,736	285,677	n/a	n/a
Sales	\$ 1,760,652	\$ 288,576	\$ 235,868	\$ 58,583	n/a	\$ 2,343,679
Operating income (loss)	\$ 179,552	\$ 37,931	\$ 10,440	\$ (1,639)	\$ (22)	\$ 226,262
Restructuring and other income, net	(12,313)	-	-	(143)	(1,822)	(14,278)
Adjusted operating income (loss)	167,239	37,931	10,440	(1,782)	(1,844)	211,984
Miscellaneous income, net	47	209	144	22	1,248	1,670
Equity in net income of unconsolidated affiliates	18,172	-	92,887	-	2,075	113,134
Less: Net earnings attributable to noncontrolling interests ⁽⁷⁾	5,841	-	-	-	-	5,841
Adjusted EBIT	179,617	38,140	103,471	(1,760)	1,479	320,947
Depreciation and amortization	21,765	6,564	7,827	3,263	3,735	43,154
Adjusted EBITDA	\$ 201,382	\$ 44,704	\$ 111,298	\$ 1,503	\$ 5,214	\$ 364,101

⁽⁷⁾ Excludes the noncontrolling interest portion of restructuring gains within Steel Processing of \$6,027.

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

	Three Months Ended November 30,		Six Months Ended November 30,	
	2022	2021	2022	2021
WAVE	\$ 18,982	\$ 22,415	\$ 42,775	\$ 48,086
ClarkDietrich	16,125	27,479	36,198	44,801
Serviacero Worthington	1,906	8,823	3,676	18,172
ArtiFlex ⁽¹⁾	-	1,815	(13,400)	3,023
Workhorse	(156)	(314)	(680)	(948)
Total equity income	<u>\$ 36,857</u>	<u>\$ 60,218</u>	<u>\$ 68,569</u>	<u>\$ 113,134</u>

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