**Risk Factors Comparison 2023-10-25 to 2022-10-24 Form: 10-K**

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Our businesses require certain materials that are sourced from third- party suppliers. Although the synergies from our integrated operations allow us to be our own source for some raw materials, particularly with respect to recycled metal for our steel manufacturing operations, we rely on other suppliers for most of our raw material and other input needs, including inputs to steel production such as graphite electrodes, alloys, and other required consumables. Industry supply conditions generally involve risks, including the possibility of shortages of raw materials, increases in raw material and other input costs, and reduced control over delivery schedules. We procure our scrap inventory from numerous sources. These suppliers generally are not bound by long- term contracts and have no obligation to sell scrap metal to us. In periods of declining or lower recycled metal prices **,** suppliers may elect to hold scrap metal to wait for higher prices or intentionally slow their metal collection activities, tightening supply. **The effects of competition for supply of scrap metal, including of specific grades, can significantly impact the flow of scrap volumes into our facilities, our metal spreads, and our operating margins.** If a substantial number of suppliers cease selling scrap metal to us, we will be unable to recycle metal at desired levels, and our results of operations and financial condition could be materially adversely affected. For instance, in ~~the third quarter of~~ fiscal ~~2020~~ **2023** , a **slowdown** ~~lower price environment for recycled metals~~ in ~~combination~~ **economic growth in the U. S., coupled** with ~~economic~~ **rising interest rates** and ~~other restrictions~~ **inflation, led consumers and businesses to hold** on ~~suppliers relating~~ to **vehicles longer, constraining** ~~COVID- 19 severely constricted~~ the supply of scrap metal including end- of- life vehicles, which resulted in significantly reduced processed volumes. A slowdown of industrial production in the U. S. may also reduce the supply of industrial grades of metal to the metals recycling industry, resulting in less recyclable metal available to process and market. Increased competition for domestic scrap metal, including as a result of overcapacity or consolidation in the metal recycling industry in the U. S. and Canada, may also reduce the supply of scrap metal available to us. Failure to obtain a steady supply of recyclable material could both adversely impact our ability to meet sales commitments and reduce our operating margins. Failure to obtain an adequate supply of end- of- life vehicles, including due to increasing trends over time in the proportion of electric vehicles sold to total vehicles sold, the pace of and the auto recycling industry response to which are uncertain, could adversely impact our ability to attract customers and charge admission fees and reduce parts sales at our auto parts stores. **For example, cars purchased by our auto parts stores decreased by 8 % in both fiscal 2022 and 2023, in each case compared to the prior fiscal year.** Failure to obtain raw materials and other inputs to steel production, such as graphite electrodes, alloys, and other required consumables, could adversely impact our ability to make steel to the specifications of our customers ~~. 19 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC~~ . Significant decreases in recycled metal prices may adversely impact our operating results The timing and magnitude of the cycles in the industries in which we operate are difficult to predict and are influenced by different economic conditions in the domestic market, where we typically acquire our raw materials, and foreign markets, where we typically sell the majority of our products. Purchase prices for scrap metal including end- of- life vehicles and selling prices for recycled metal are subject to market forces beyond our control. While we attempt to respond to changing recycled metal selling prices through adjustments to our metal purchase prices, our ability to do so is limited by competitive and other market factors. As a result, we may not be able to reduce our metal purchase prices to fully offset a sharp reduction in recycled metal sales prices, which may adversely impact our operating income and cash flows. In addition, a rapid decrease in selling prices may compress our operating margins due to the impact of average inventory cost accounting, which causes cost of goods sold recognized in the Consolidated Statements of Operations to decrease at a slower rate than metal purchase prices. For instance, in ~~fiscal 2020, weaker market conditions for recycled metals, including as a result of the sharp decline in global economic conditions during the third quarter of fiscal 2020 in large part due to the impacts of the COVID- 19 pandemic, and structural changes to the market for certain recycled nonferrous products primarily from Chinese import restrictions and tariffs, resulted in periods of sharply declining commodity prices and lower average net selling prices for our recycled ferrous and nonferrous metal products compared to recent prior periods. As a result, operating margins in fiscal 2020 compressed as the decline in average net selling prices for our recycled metal products outpaced the reduction in purchase costs for raw materials. In~~ fiscal 2022, after rising strongly and reaching a peak in April 2022, market selling prices for recycled ferrous and nonferrous metals declined sharply in May through June, reflecting weaker demand primarily from slower global growth, including due to the impact of China COVID- 19 lockdowns, inflationary pressure including high energy prices, the strength of the U. S. Dollar, and steel inventory destocking. For example, export net selling prices for recycled ferrous metal decreased by approximately $ 230 per ton, or approximately 40 %, between May and June 2022, causing our operating margins to compress significantly in the fourth quarter of fiscal 2022 **. Ferrous export net selling prices decreased further between the fourth quarter 18 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLING of fiscal 2022 and the first quarter of fiscal 2023, which contributed to the sequential decrease in our quarterly results between those periods** . Imbalances in supply and demand conditions in the global steel industry may reduce demand for our products Economic expansions and contractions in global economies can result in supply and demand imbalances in the global steel industry that can significantly affect the price of commodities used and sold by our business, as well as the price of and demand for finished steel products. In a number of foreign countries, such as China, steel producers are generally government- owned and may therefore make production decisions based on political or other factors that do not reflect free market conditions. In **fiscal 2023 as well as in** the past, overcapacity and excess steel production in these foreign countries resulted in the export of aggressively priced semi- finished and finished steel products. This led to disruptions in steel- making operations within other countries, negatively impacting demand for our recycled metal products used by EAF mills globally as their primary feedstock. Further, the import of foreign steel products into the U. S. at similarly aggressive prices have in the past adversely impacted finished steel sales prices and sales volumes. Existing or new trade laws and regulations may cause or be inadequate to prevent disadvantageous trade practices, which could have a material adverse effect on our financial condition and results of operations. Although trade regulations restrict or impose duties on the importation of certain products, if foreign steel production significantly exceeds consumption in those countries, global demand for our recycled metal products could decline and imports of steel products into the U. S. could increase, resulting in lower volumes and selling prices for our recycled metal products and finished steel products. ~~20 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ Acquisitions and integration of acquired businesses may result in operating difficulties and other unintended consequences We have made and may continue to make acquisitions of or expand into complementary businesses to enable us to expand our customer and supplier base and grow our revenues. Execution of any past or potential future acquisition or expansion involves several risks, including: • Difficulty integrating the acquired businesses' personnel and operations; • Challenges in obtaining permits or meeting other regulatory requirements; • Potential loss of key employees, customers, or suppliers of the acquired business; • Difficulties in realizing anticipated cost savings, efficiencies, and synergies; • Unexpected costs; • Inaccurate assessment of or undisclosed liabilities; • Inability to maintain uniform standards, controls, and procedures; • Disruption to existing businesses; and • Difficulty in managing growth. If we do not successfully execute on acquisitions or expansions and the acquired or expanded businesses do not perform as projected, our financial condition and results of operations could be materially adversely affected. Supply chain disruptions affecting our customers, end users of our recycled products, or our suppliers could adversely impact the demand for our products or the availability of inputs, increase our costs, or otherwise adversely impact our business Supply chain disruptions ~~, including those resulting from the COVID- 19 pandemic,~~ and related labor shortages and logistics constraints have and could continue to impact our customers, end users of our recycled products, and our suppliers and adversely impact our business. Direct and indirect impacts on our business of such supply chain disruptions could include reduction in the demand for and price of certain of our products, slowdown in flows of scrap metal from certain supply channels, and reduced availability or increases in costs of other inputs, consumables, supplies, and capital equipment. Disruptions within our logistics or supply chain network could adversely affect our ability to produce or deliver our products in a timely manner, which could impair our ability to meet customer demand for products and result in reduced volumes and sales, increased supply chain costs, or damage to our reputation. Such disruptions in the future may result from a number of factors beyond our control. Supply chain disruptions due to any of those factors could negatively impact our financial performance or financial condition. Reliance on third- party shipping companies may restrict our ability to ship our products We significantly rely on third parties to handle and transport raw materials to our production facilities and products to customers. Despite our practice of utilizing a diversified group of suppliers of transportation, factors beyond our control, including changes in fuel prices, political events, governmental regulation of transportation, changes in market rates, carrier availability, carrier bankruptcy, labor **19 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** shortages, shipping industry consolidation, and disruptions in transportation routes and infrastructure, may adversely impact our ability to ship our products and our operating margins. These impacts could include delays or other disruptions in shipments in transit, including as a result of congested seaports and travel routes, or third- party shipping companies increasing their charges for transportation services or otherwise reducing or eliminating the availability of their containers, vehicles, rail cars, barges, or ships. For example, during fiscal 2022 and 2021, worldwide demand for logistical services increased sharply, which led to a global shortage of available shipping containers, congested seaports, and higher freight rates, impacting the timing of certain shipments and resulting in reductions in sales volumes of certain products. The delays in container shipping for U. S. exports **were** ~~have been~~ exacerbated by the backlog of containerized imports at U. S. seaports. While we aim to pass on the majority of shipping and related charges to our customers, there can be no assurance that we will be able to do so into the future. As a result, we may not be able to transport our products in a timely and cost- effective manner, which could have a material adverse effect on our financial condition and results of operations and may harm our reputation. ~~21 / Schnitzer Steel Industries, Inc. Form 10- K 2022 Goodwill impairment~~ **Impairment** ~~charges may adversely affect our operating results Goodwill represents the excess purchase price over the net amount~~ of ~~identifiable~~ assets **other than** ~~acquired and liabilities assumed in a business combination measured at fair value. As of August 31, 2022, we had $ 255 million of~~ goodwill ~~on our balance sheet. We test the goodwill balances allocated to our reporting units for impairment on an annual basis and when events occur or circumstances change that indicate that the fair value of one or more of our reporting units with allocated goodwill may be below its carrying amount. When testing goodwill for impairment, we may be required to measure the fair value of the reporting units in order to determine the amount of impairment, if any. Fair value determinations require considerable judgment and are sensitive to inherent uncertainties and changes in estimates and assumptions regarding revenue growth rates, operating margins, capital expenditures, working capital requirements, discount rates, tax rates, terminal growth rates, benefits associated with a taxable transaction, and synergistic benefits available to market participants. A lack of recovery or further deterioration in market conditions, a trend of weaker than anticipated financial performance for one of our reporting units with allocated goodwill, a decline in our share price for a sustained period of time, or an increase in the market- based weighted average cost of capital, among other factors, are indicators that the carrying value of our goodwill may not be recoverable. We may be required to record a goodwill impairment charge that, if incurred, could have a material adverse effect on our financial condition and results of operations. See Note 8- Goodwill and Other Intangible Assets, net in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this report. Impairment of long- lived assets and equity investments~~ may adversely affect our operating results Our long- lived asset groups are subject to an impairment assessment when certain triggering events or circumstances indicate that their carrying value may be impaired. If the carrying value **of an asset group is not recoverable because it** exceeds our estimate of future undiscounted cash flows **from the use and eventual disposition** of the operations related to the asset group, an impairment **loss** is ~~recorded for~~ **recognized by** the **amount** ~~difference between~~ the carrying ~~amount and the~~ **value exceeds its** fair value ~~of the asset group~~ . The results of these tests for potential impairment **, as well as the number and frequency of identified triggering events indicating potential impairment,** may be adversely affected by unfavorable market conditions, our financial performance trends, or an increase in interest rates, among other factors. If, as a result of the impairment test, we determine that the fair value of any of our long- lived asset groups is less than its carrying amount, we may incur an impairment charge that could have a material adverse effect on our financial condition and results of operations. **In addition to goodwill and long- lived assets, we carry other assets on our balance sheet that are subject to impairment testing and potential loss recognition in accordance with applicable accounting standards. These other assets include, but are not limited to, investments in the equity of unconsolidated entities, assets held for sale, and assets abandoned either before or after they are placed in service.** We recorded impairment charges ~~of $ 6 million on long- lived tangible and lease right- of- use assets associated with certain regional metals recycling operations and auto parts stores in fiscal 2020. With respect to our investments in unconsolidated entities accounted for under the equity method, a loss in value of an investment is recognized when the decline is other than temporary. With respect to our two equity investments that do not have readily determinable fair values,~~ totaling $ 11 million ~~as of August 31,~~ **on assets other than goodwill in fiscal** ~~2022~~ **2023** , ~~we would recognize~~ **comprising primarily $ 5 million relating to** an **equity investment and $ 5 million relating to capitalized implementation costs for an abandoned cloud computing arrangement.** ~~impairment~~ **Impairment** ~~charge~~ **of assets other than goodwill,** if **incurred in** ~~our qualitative assessment indicates that~~ the **future,** ~~investment is impaired and the fair value of the investment is less than its carrying value. Impairment of our equity investments~~ could have a material adverse effect on our results of operations. See Note 2- Summary of Significant Accounting Policies in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this report for further detail on long- lived asset impairment charges. **Public health emergencies, such as** ~~The coronavirus disease 2019 (COVID- 19) pandemic~~ **pandemics** ~~has had~~ **or epidemics** , **could** ~~and may continue to~~ have ~~,~~ an adverse effect on our business, results of operations, financial condition, and cash flows ~~. Future~~ **Our operations expose us to risks associated with pandemics,** epidemics **,** or other public health emergencies **. Such events** could **lead** ~~have similar effects. Our operations expose us~~ to ~~risks associated with pandemics, epidemics, or other public health emergencies, such as the COVID- 19 outbreak which the World Health Organization characterized as a pandemic in March 2020. We are a company operating in a critical infrastructure industry, as defined by the U. S. Department of Homeland Security. Consistent with federal guidelines and with state and local orders to date, we have continued to operate across our footprint throughout the COVID- 19 pandemic. The onset of COVID- 19 negatively affected our business, which is most prominently reflected in our fiscal 2020 results. Beginning in our fiscal 2021, there has been a trend in many parts of the world of increasing availability and administration of vaccines against COVID- 19, as well as an easing of restrictions on individual, business, and government activities. However, the existence of new or enduring variant strains of COVID- 19 may cause delays in the easing of restrictions previously in place and the implementation of new~~ restrictions and mandates, which could be applied differently across jurisdictions, and there ~~are ongoing~~ **could be** global impacts resulting directly or indirectly from ~~the pandemic~~ **such an event** including labor shortages, logistical challenges **,** and supply chain disruptions such as increased port congestion, and increases in costs for certain goods and services. ~~These~~ **For instance, the onset of the coronavirus disease 2019 (COVID- 19) outbreak, which the World Health Organization characterized as a global public health emergency from March 2020 through May 2023, negatively affected our business and** ongoing global impacts have negatively affected our sales volumes, operating costs, and financial results to varying degrees and could continue to negatively affect our results of operations, cash flows, and financial position in the future. ~~22 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ Inability to achieve or sustain the benefits from productivity, cost savings, and restructuring initiatives may adversely impact our operating results During the past several years, we implemented a number of productivity improvement, cost savings, and restructuring initiatives designed to reduce operating expenses and improve profitability and to achieve further integration and synergistic cost efficiencies in our operating platform. These initiatives included idling underutilized assets and closing facilities to more closely align our business to market conditions, implementing productivity initiatives to increase production efficiency and material recovery, and reducing certain operating expenses through headcount reductions, reducing organizational layers, consolidating shared service functions, savings from procurement activities, streamlining of administrative and supporting services functions, and other non- headcount measures. For example, in ~~fiscal~~ **October** ~~2020~~ **2022** , we **announced and began** ~~implemented~~ **implementing** productivity **and cost reduction** initiatives **with a** targeted **annual benefit of approximately $ 40 million, and in January 2023, we announced incremental initiatives aiming** to ~~achieve~~ **reduce selling, general, and administrative costs by approximately** $ 20 million ~~in realized benefits in fiscal 2020 by reducing our annual~~ **annually** ~~operating expenses, mainly~~ **. These initiatives aim to improve profitability** through **a combination of increased yields, efficiencies in processing, procurement, and pricing, and reduced costs including from headcount** reductions ~~in non- trade procurement spend~~ , ~~including~~ **decreased lease costs, professional and** outside ~~and professional~~ services, ~~lower employee- related expenses,~~ and **implementation of operational efficiencies** ~~other non- headcount measures~~ . We may undertake similar or additional productivity initiatives in the future in the normal course or in response to market conditions. Our ability to achieve or sustain the anticipated cost reductions and other benefits from these initiatives within the expected time frame is subject to many estimates and **20 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** assumptions. These estimates and assumptions are subject to significant economic, competitive, and other uncertainties, some of which are beyond our control. We **have** incurred **, and may incur in the future,** restructuring charges and other exit- related activities as a result of ~~these~~ **such** initiatives ~~and may incur such charges in the future~~ . Failure to achieve or sustain the expected cost reductions and other benefits related to these productivity improvements, cost savings, and restructuring initiatives could have a material adverse effect on our results of operations and cash flows. We may be unable to renew facility leases, thus restricting our ability to operate We lease a significant portion of our facilities, including the substantial majority of our auto parts facilities. The cost to renew such leases may increase significantly, and we may not be able to renew such leases on commercially reasonable terms or at all. Failure to renew these leases or find suitable alternative locations for our facilities may impact our ability to continue operations within certain geographic areas, which could have a material adverse effect on our financial condition, results of operations, and cash flows. Changing economic conditions may result in customers not fulfilling their contractual obligations We enter into export ferrous sales contracts preceded by negotiations that include fixing price, quantity, shipping terms, and other contractual terms. Upon finalization of these terms and satisfactory completion of other contractual contingencies, the customer typically opens a letter of credit to satisfy its payment obligation under the contract prior to our shipment of the cargo. In times of changing economic conditions, including during periods of sharply falling recycled metal prices **and global financial instability**, there is an increased risk that customers may not be willing or able to fulfill their contractual obligations or open letters of credit. As of August 31, **2023 and** 2022 ~~and 2021~~, **38 % and** 24 ~~% and 30~~ %, respectively, of our accounts receivable balance were covered by letters of credit. In addition, in higher or rising commodity price environments and during periods of challenging global macroeconomic and steel industry conditions, we have experienced proportionately lower credit insurance coverage of applicable customer credit limits, which may increase our exposure to customer credit risk. Potential limitations on our ability to access capital resources may restrict our ability to operate Our operations are capital intensive. Our business also requires substantial expenditures for routine maintenance. While we expect that our cash requirements, including the funding of capital expenditures, debt service, dividends, share repurchases, and investments, will be financed by internally generated funds or from borrowings under our secured committed bank credit facilities, there can be no assurance that this will be the case. Additional acquisitions could require financing from external sources. Although we believe we have adequate access to contractually committed borrowings, we could be adversely affected if we are not able to meet the conditions required to incur such borrowing or if our banks ceased lending or were unable to honor their contractual commitments. Failure to access our credit facilities could restrict our ability to fund operations, make capital expenditures, or execute acquisitions. ~~23 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ The agreement governing our bank credit facilities imposes certain restrictions on our business and contains financial covenants Our secured bank credit facilities contain certain restrictions on our business 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. These restrictions may affect our ability to operate our business or execute our strategy and may limit our ability to take advantage of potential business opportunities as they arise. Our bank credit agreement also requires that we maintain certain financial and other covenants, including a consolidated fixed charge coverage ratio and a consolidated leverage ratio. Our ability to comply with these covenants may also be affected by events beyond our control, including prevailing economic, financial, and industry conditions. Our failure to comply with any of these restrictions or financial covenants could result in an event of default under the bank credit agreement and permit our lenders to cease lending to us and declare all amounts borrowed from them to be due and payable, together with accrued and unpaid interest. This could require us to refinance our bank facilities, which we may not be able to do at terms acceptable to us, or at all. Consolidation in the steel industry may reduce demand for our products There has been consolidation in the steel industry that has included steel mills acquiring steel fabricators to ensure demand for their products. If any of our steel mill' s significant remaining customers were to be acquired by competing steel mills, this could reduce the demand for our products and force us to lower our prices, reducing our revenues, or to reduce production, which could increase our unit costs and have a material adverse effect on our financial condition and results of operations. **21 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** Product liability claims may adversely impact our operating results We could inadvertently acquire radioactive scrap metal that could potentially be included in recycled mixed metal shipped to consumers worldwide. Although we have invested in radiation detection equipment in the majority of our locations, including the facilities from which we ship directly to customers, failure to detect radioactive metal remains a possibility. Even though we maintain insurance to address the risk of this failure in detection, there can be no assurance that the insurance coverage would be adequate or will continue to be available on acceptable terms. In addition, if we fail to meet contractual requirements for a product, we may be subject to product warranty costs and claims. These costs and claims could both have a material adverse effect on our financial condition and results of operations and harm our reputation. We are subject to legal proceedings and legal compliance risks that may adversely impact our financial condition, results of operations, and liquidity We spend substantial resources ensuring that we comply with domestic and foreign laws and regulations, contractual obligations and other legal standards. Notwithstanding this, we are subject to a variety of legal proceedings and compliance risks in respect of various matters, including regulatory, safety, environmental, employment, transportation, intellectual property, contractual, import / export, international trade, and governmental matters that arise in the course of our business and in our industry. For example, legal proceedings can include those arising from accidents involving Company- owned vehicles, including Company tractor trailers. In some instances, such accidents and the related litigation involve accidents that have resulted in third- party fatalities. An outcome in an unusual or significant legal proceeding or compliance investigation in excess of insurance recoveries could adversely affect our financial condition and results of operations. For information regarding our current significant legal proceedings and contingencies, see ~~“~~ **Part I, Item 3.** Legal Proceedings ~~” in Part I, Item 3~~ and “ Contingencies – Other ” in Note 10- Commitments and Contingencies in Part II, Item 8 of this report. Climate change may adversely impact our facilities and our ongoing operations The potential physical impacts of climate change on our operations are highly uncertain and depend upon the unique geographic and environmental factors present, for example rising sea levels at our deepwater port facilities, changing storm patterns and intensities, and changing temperature levels. As many of our recycling facilities are located near deepwater ports, rising sea levels may disrupt our ability to receive scrap metal, process the metal through our shredders, and ship products to our customers. Extreme weather events and conditions, such as wildfires, hurricanes, thunderstorms, tornadoes, and snow or ice storms, may increase our costs or cause damage to our facilities, and any damage resulting from extreme weather may not be fully insured. Increased frequency and duration of adverse weather events and conditions may also inhibit construction activity utilizing our products, scrap metal inflows to our recycling facilities, and retail admissions and parts sales at our auto parts stores. Potential adverse impacts from climate change, including rising temperatures and extreme weather events and conditions, may create health and safety issues for employees operating at our facilities and may lead to an inability to maintain standard operating hours. ~~24 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ We may not realize our deferred tax assets in the future The assessment of recoverability of our deferred tax assets is based on an evaluation of existing positive and negative evidence as to whether it is more- likely- than- not that they will be realized. If negative evidence outweighs positive evidence, a valuation allowance is required. **Factors that** ~~Impairment of deferred tax assets~~ may result ~~from~~ **in a valuation allowance include** significant negative industry or economic trends, a decrease in earnings performance and projections of future taxable income, adverse changes in laws or regulations, and a variety of other factors. **Recording a valuation allowance** ~~Impairment of deferred tax assets~~ could have a material adverse impact on our results of operations and financial condition ~~and could result in not realizing the deferred tax assets~~. In the past, we have recorded significant valuation allowances against our deferred tax assets. Deferred tax assets may require further valuation allowances if it is not more- likely- than- not that the deferred tax assets will be realized. Tax increases and changes in tax rules may adversely affect our financial results As a company conducting business on a global basis with physical operations throughout North America, we are exposed, both directly and indirectly, to the effects of changes in U. S., state, local, and foreign tax rules. Taxes for financial reporting purposes and cash tax liabilities in the future may be adversely affected by changes in such tax rules. Such changes may put us at a competitive disadvantage compared to some of our major competitors, to the extent we are unable to pass the tax costs through to our customers. ~~The Biden administration has announced in 2021 and 2022, and in certain cases has enacted, a number of tax proposals to fund new government investments in infrastructure, healthcare, and education, among other things. Certain of these proposals involve an increase in the domestic corporate tax rate, which if implemented could have a material impact on our future results of operations and cash flows.~~ On August 16, 2022, the Inflation Reduction Act of 2022 (" IRA ") was signed into law, with tax provisions primarily focused on implementing a 15 % minimum tax on global adjusted financial statement income and a 1 % excise tax on share repurchases. The IRA also creates a number of potentially beneficial tax credits to incentivize investments in certain technologies and industries which may be applicable to our business. Certain provisions of the IRA ~~will become~~ **became** effective ~~beginning~~ in fiscal 2023. ~~While~~ **As of August 31, 2023,** we ~~do~~ **did** not ~~believe~~ **meet** the ~~IRA will have a direct negative impact~~ **threshold to be subject to the 15 % minimum tax. We may, however, be subject to the 1 % excise tax** on **future** ~~our business, the effects of the measures are~~ **share repurchases** ~~unknown at this time~~. **22 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** One or more cybersecurity incidents may adversely impact our financial condition, results of operations, and reputation Our operations involve the use of multiple systems, some of which are outsourced to certain third- party service and hosting providers, that process, store, and transmit sensitive information about our customers, suppliers, employees, financial position, operating results, and strategies. We face global cybersecurity risks and threats on a continual and ongoing basis, which include, but are not limited to, attempts to access systems and information, computer viruses, or denial- of- service attacks. These risks and threats range from uncoordinated individual attempts to sophisticated and targeted measures. Increased numbers of employees working remotely increases our exposure to cyber- threats. While we are not aware of any material cyber- attacks or breaches of our systems to date, such attempts occur regularly and, thus, we have and continue to implement measures to safeguard our systems and information and mitigate potential risks, including employee training around phishing, malware, and other cyber risks, but there is no assurance that such actions will be sufficient to prevent cyber- attacks or security breaches that manipulate or improperly use our systems, compromise sensitive information, destroy or corrupt data, or otherwise disrupt our operations. The occurrence of such events, including breaches of our security measures or those of our third- party service providers, could negatively impact our reputation and our competitive position and could result in litigation with third parties, regulatory action, loss of business due to disruption of operations and / or reputational damage, potential liability and increased remediation and protection costs, any of which could have a material adverse effect on our financial condition and results of operations. Additionally, as cybersecurity threats become more sophisticated, we may need to increase our investments in security measures which could have a material adverse effect on our financial condition and results of operations. **Increasing attention to environmental, social and governance (ESG) matters may impact our business and financial results Increasing attention has been given to corporate activities related to ESG matters in public discourse and the investment community. A number of advocacy groups, both domestically and internationally, have campaigned for governmental and private action to promote ESG- related change at public companies, including, but not limited to, through the investment and voting practices of investment advisers, pension funds, universities and other members of the investing community. These activities have also aimed to increase the attention on and demand for action related to various ESG matters, which has contributed to increasing societal, investor, and legislative focus and pressure on ESG practices and disclosures, including those related to climate change, GHG emissions targets, business resilience under the assumptions of demand- constrained scenarios, net- zero ambitions, transition plans, actions related to diversity and inclusion, political activities, racial equity audits, and governance standards. As a result, we may face increasing pressure regarding our ESG practices and disclosures. Investors, stakeholders, and other interested parties are also increasingly focusing on issues related to environmental justice. This has resulted and is likely to continue to result in increased scrutiny with respect to our business and operations, which could in turn result in the cancellation or delay of projects, the revocation or delay of permits, termination of contracts, lawsuits, regulatory action, and policy change that may adversely affect our business strategy, increase our costs, and adversely affect our reputation and financial performance. Responding to such ESG- focused activism has been and will likely continue to be costly and time- consuming. Such**

**response efforts could also result in the implementation of certain ESG practices and / or disclosure requirements that may present a heightened level of legal and regulatory risk, or that threaten our credibility with other investors and stakeholders. The methodologies and standards for tracking and reporting on ESG matters are relatively new, have not been standardized, and continue to evolve. As a result, our ESG- related disclosures, metrics, and targets may not necessarily be calculated in the same manner or comparable to similarly titled measures presented by us in other contexts, or by other companies or third- party estimates. While we believe that our ESG disclosures and methodologies reflect our business strategy and are reasonable at the time made or used, as our business or applicable methodologies, standards, or regulations develop and evolve, we may revise or cease reporting or using certain disclosures and methodologies if we determine that they are no longer advisable or appropriate. If our ESG disclosures and methodologies are or are perceived by government authorities, investors, or stakeholders to be inadequate, inaccurate, or non- compliant with applicable standards or regulations, or if we discover material inaccuracies therein, our reputation could be negatively impacted, and we could be exposed to litigation and other regulatory actions.** We are exposed to translation risks associated with fluctuations in foreign currency exchange rates Our operations in Canada expose us to translation risks associated with fluctuations in foreign currency exchange rates as compared to the U. S. dollar, our reporting currency. As a result, we are subject to foreign currency exchange risks due to exchange rate movements in connection with the translation of the operating costs and the assets and liabilities of our foreign operations into our functional currency for inclusion in our Consolidated Financial Statements. ~~25~~ **23** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023 We may incur losses and additional costs as a result of our hedging transactions We currently use interest rate swap derivative instruments, as well as derivative contracts for commodities used in normal business operations that are settled by physical delivery, and we expect to continue their use in the future. If the instruments we use to hedge our exposure to various types of risk are not effective or increase our exposure to unexpected events or risks, we may incur losses. In addition, we may be required to incur additional costs in connection with any future regulation of derivative instruments applicable to us.** Risk Factors Relating to the Regulatory Environment Governmental agencies may refuse to grant or renew our licenses and permits, thus restricting our ability to operate We conduct certain aspects of our operations subject to licenses, permits, and approvals from state and local governments. Governmental agencies often resist the establishment of certain types of facilities in their communities, including metal recycling and auto parts facilities. Increased permitting requirements could require substantial additional capital expenditures, impose financial assurance obligations, subject us to increased compliance and penalty risks, severely limit operational flexibility, and increase operating costs, or adversely impact our ability to acquire or sell materials. Increased focus on strengthening environmental compliance and enforcement in overburdened communities that may be disproportionately impacted by adverse health and environmental effects may impact our ability to obtain or renew licenses and permits for facilities in or near such communities. In addition, changes in zoning and increased residential and mixed- use development near our facilities are reducing the buffer zones and creating land use conflicts with heavy industrial uses such as ours. This could result in increased complaints, increased inspections and enforcement including fines and penalties, operating restrictions, the need for additional capital expenditures, and increased opposition to maintaining or renewing required approvals, licenses, and permits. In addition, waste products from our operations are subject to classification and regulations that, among other things, determine how such materials may be handled, stored, transported, and disposed. Failure to obtain or maintain regulatory permits, approvals, or exemptions for such waste could materially increase our costs or limit our operations. For example, in fiscal 2022, as a result of court orders and regulatory changes, we were required at times to transport shredder waste from our Oakland facility out of state for disposal at increased costs. See ~~“~~ **Part I, Item 3.** Legal Proceedings ~~” in Part I, Item 3~~ . As an additional example, our Bay Area Air Quality Management District (“ BAAQMD ”) permit to operate currently limits the number of ships that may call at our Oakland, California facility to 26 ships per year. In July 2018, we applied for a modification of such permit to increase the number of annual ship calls to 32 per year. BAAQMD has not acted on our permit modification request but, in the interim, had routinely issued annual Compliance and Settlement Agreements (“ CSA ”) to permit 32 ship calls in each year. In October 2022, however, BAAQMD declined to renew the CSA for 2022, following which we applied for **and obtained** a short- term variance ~~to authorize~~ **authorizing** the 32 ship calls **in calendar year 2022. Unless we are able to operate within the current 26 ship call limit in calendar year 2023, we will need to apply for a similar variance for 2023** . Failure to obtain ~~this~~ **such a** variance **in the future** could have a material adverse effect on our financial condition and results of operations ~~through the end of calendar 2022~~ due to the reduced marine shipments, and lost profits related thereto **. Additionally** , ~~during~~ **by letter dated June 22, 2023, ODEQ notified** the ~~remainder~~ **Company that it intended to reopen the Company' s Title V permit at the steel mill for purposes** of **incorporating the emissions of a third- party contractor that has operated on a portion of the site for decades. We have objected to** such ~~period~~ **action and are engaged in discussions with ODEQ** . Furthermore, from time to time, both the U. S. and foreign governments impose regulations and restrictions on trade in the markets in which we operate. In some countries, governments require us to apply for certificates or registration before allowing shipment of recycled metal to customers in those countries. There can be no assurance that future approvals, licenses, and permits will be granted or that we will be able to maintain and renew the approvals, licenses, and permits we currently hold. Failure to obtain these approvals could cause us to limit or discontinue operations in these locations or prevent us from developing or acquiring new facilities, which could have a material adverse effect on our financial condition and results of operations. Environmental compliance costs and potential environmental liabilities may have a material adverse effect on our financial condition and results of operations Compliance with environmental laws and regulations is a significant factor in our business. We are subject to local, state, and federal environmental laws and regulations in the U. S. and other countries relating to, among other matters: • Waste disposal; • Air emissions; • Waste water and storm water management, treatment, and discharge; • The use and treatment of groundwater; • Soil and groundwater contamination and remediation; **24 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** •

Generation, discharge, storage, handling, transportation, and disposal of hazardous materials and secondary materials; • Employee health and safety; and • Climate change generally. ~~26 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ We are also required to obtain environmental permits from governmental authorities for certain operations. Violation of or failure to obtain permits or comply with these laws or regulations could result in our business being fined or otherwise sanctioned by regulators or becoming subject to litigation by private parties. In recent years, capital expenditures for environmental projects have increased and have represented a significant share of our annual capital expenditures. Future environmental compliance costs, including capital expenditures for environmental projects, may increase because of new laws and regulations, changing regulatory interpretations and stricter enforcement of current laws and regulations by regulatory authorities, expanding emissions, groundwater, storm water and other testing requirements, and new information on emission or contaminant levels including with respect to emerging contaminants such as per- and polyfluoroalkyl substances ( ~~"~~ **“** PFAS ~~"~~ **”** ), uncertainty regarding adequate pollution control levels, the future costs of pollution control technology, and issues related to climate change. We have seen an increased focus by federal, state, and local regulators on metals recycling and auto dismantling facilities and new or expanding regulatory requirements. For example, the California Department of Toxic Substances Control (“ DTSC ”) has increased its enforcement actions and sought to impose additional permitting and regulatory requirements on the metals recycling industry in the state that has resulted in and could in the future increase operating and compliance costs and require additional capital expenditures. In addition, in July 2021, the EPA issued an enforcement alert reflecting a national enforcement initiative in conjunction with state regulators focused on Clean Air Act compliance at metal recycling facilities that operate auto and scrap metal shredders. While we believe we are an industry leader in air emission controls and have been working with state and local regulators on compliance and permitting matters, we have in the past and may in the future be subject to enforcement actions or litigation by regulators or private parties that could result in additional penalties, compliance requirements, or capital investments. See ~~“~~ **Part I, Item 3.** Legal Proceedings ~~” in Part I, Item 3~~ of this report. In addition, previous operations by us, predecessor entities, or others at facilities that we currently or formerly owned, operated, or otherwise used may have caused contamination from hazardous substances. As a result, we are exposed to possible claims, including government fines and penalties, costs for investigation and clean- up activities, claims for natural resources damages, and claims by third parties for personal injury and property damage, under environmental laws and regulations, especially for the remediation of waterways and soil or groundwater contamination. These laws can impose liability for the cleanup of hazardous substances even if the owner or operator was neither aware of nor responsible for the release of the hazardous substances. We have, in the past, incurred liabilities, expenditures, fines and penalties associated with violations of certain of these laws and regulations. In December 2000, we were notified by the EPA that we are one of the potentially responsible parties that owns or operates, or formerly owned or operated, sites which are part of or adjacent to Portland Harbor. Further, we have been notified that we are or may be a potentially responsible party at sites other than Portland Harbor currently or formerly owned or operated by us or at other sites where we may have responsibility for such costs due to past disposal or other activities. Environmental compliance costs and potential environmental liabilities could have a material adverse effect on our financial condition, results of operations, and cash flows. See also the risk factor “ Potential costs related to the environmental cleanup of Portland Harbor may be material to our financial position and liquidity ” in this Item 1A and “ Contingencies – Environmental ” in Note 10- Commitments and Contingencies in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this report. The ~~Biden Administration~~ **U. S. Federal Government** and state and local regulators are also emphasizing efforts to strengthen environmental compliance and enforcement, including with respect to clean- up actions under superfund and hazardous waste laws, in overburdened communities that may be disproportionately impacted by adverse health and environmental effects. On September 10, 2021, U. S. EPA Region 9 and the California Environmental Protection Agency announced a joint effort to expand environmental enforcement in overburdened California communities. These initiatives could result in increased enforcement, compliance, and clean- up costs, including increased capital expenditures, at our facilities located at or near such communities. ~~27 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ Compliance with existing and future climate change, greenhouse gas, and other air emission laws and regulations may adversely impact our operating results Recent and future legislation or increased regulation regarding climate change and GHG emissions could impose significant costs on our business and our customers and suppliers, including increased energy, capital equipment, emissions controls, environmental monitoring and reporting, and other costs in order to comply with laws and regulations concerning and limitations imposed on climate change and GHG emissions. The potential costs of allowances, taxes, fees, offsets, or credits or additional emission reduction measures that may be part of “ cap and trade ” programs or other legislative or regulatory requirements are still uncertain and the future of these programs or measures is unknown. For example, in March 2020, the Governor of Oregon issued an executive order directing state **25 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** agencies to take certain actions to reduce and regulate GHG emissions. Pursuant to this executive order, ODEQ adopted a new Climate Protection Program to limit GHG emissions in the state including from large stationary sources such as our steel mill. Pursuant to these regulations, the mill’ s GHG process emissions will be subject to a best available emission reduction technology analysis and standard and its natural gas GHG combustion emissions will be subject to the cap and annual reductions applied to its natural gas supplier. The implementation of such regulations, standards, and programs and any associated costs, including any operating or capital expenditures, are uncertain, but may be material to our results of operations, cash flows, and financial position. The potential increased costs to us of natural gas supplies are also uncertain. In addition, the ODEQ Cleaner Air Oregon (“ CAO ”) program regulates toxic air emissions from manufacturing and commercial facilities located in Oregon. The ODEQ has published a prioritization list of the facilities within the state subject to the CAO program based on emissions inventories that facilities submitted to the ODEQ. The prioritization list established four tiers of risk groups. Our steel mill has been assigned to the first- tier risk group and entered the CAO program in 2020. To comply with the existing CAO program rules, and as they may be revised in the future, we must undertake an emissions inventory and a public health risk assessment

**for both our steel mill and our Portland metals recycling facility** . We may be required to incur additional operating or capital expenditures to mitigate any significant identified emissions risks, and such expenditures may be material. In addition, we have and continue to incur material capital expenditures to enclose and install additional emission controls for our shredders to meet air emission standards. Recent and future climate change and GHG laws or regulations could negatively impact our ability (and that of our customers and suppliers) to compete with companies situated in areas not subject to such requirements. Until the timing, scope, and extent of any future laws or regulations becomes known, we cannot predict the effect on our financial condition, operating performance, or ability to compete. Furthermore, even without such laws or regulations, increased awareness and any adverse publicity in the global marketplace about the GHGs emitted by companies in the metals recycling and steel manufacturing industries could harm our reputation and reduce customer demand for our products. Risk Factors Relating to Our Employees Labor shortages or increased labor costs may adversely affect our operating results, financial condition, and cash flows Our employees contribute to developing and meeting our business goals and objectives, and labor is a significant component of operating our business. The impact of labor shortages or increased labor costs because of increased competition for employees, unemployment levels and benefits, higher employee turnover rates, increases in the federally-mandated or state- mandated minimum wage, change in exempt and non- exempt status, or other employee benefits costs (including costs associated with health insurance coverage or workers' compensation insurance), may increase our costs or impede our ability to operate our facilities and could have a material adverse effect on our results of operations, financial condition, and cash flows. As a result of the tight labor markets we **have** experienced ~~during~~ **since** fiscal ~~2022 and~~ 2021, we have received fewer job applicants in certain local markets, which **, at times,** hindered our ability to reach full staffing levels at some of our facilities. Recruiting and retaining employees in sufficient numbers to optimally staff our facilities may result in increases in our labor costs. ~~Labor shortages and increased labor costs may continue to be realized as a direct or indirect result of the COVID- 19 pandemic, including related response measures implemented by governments, or due to other factors, which may adversely affect our operating results, financial condition, and cash flows.~~ Reliance on employees subject to collective bargaining may restrict our ability to operate Approximately ~~21~~ **23** % of our full- time employees are represented by unions under collective bargaining agreements, including substantially all of the manufacturing employees at our steel manufacturing facility. As these agreements expire, we may not be able to negotiate extensions or replacements of such agreements on acceptable terms. Any failure to reach an agreement with one or more of our unions may result in strikes, lockouts, or other labor actions, including work slowdowns or stoppages, which could have a material adverse effect on our results of operations. ~~28 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ The underfunded status of our multiemployer pension plans may cause us to increase our contributions to the plans As discussed in Note 13- Employee Benefits in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this report, we contribute to the Steelworkers Western Independent Shops Pension Plan (" WISPP "), a multiemployer plan benefiting union employees of our steel mill. Because we have no current intention of withdrawing from the WISPP, we have not recognized a withdrawal liability in our consolidated financial statements. However, if such a liability were triggered, it could have a material adverse effect on our results of operations, financial position, liquidity, and cash flows. Our contributions to the WISPP could also increase as a result of a diminished contribution base due to the insolvency or withdrawal of other employers who currently contribute to it, the inability or failure of withdrawing employers to pay their withdrawal liabilities, or other funding deficiencies, as we would need to fund the retirement obligations of these employers. **26 / Schnitzer Steel Industries,** ~~In~~ **Inc . dba Radius Recycling Form 10** ~~2004, the Internal Revenue Service (" IRS ") approved a seven -~~ **K Fiscal** ~~year extension of the period over which the WISPP may amortize unfunded liabilities, conditioned upon maintenance of certain minimum funding levels. In 2014, the WISPP obtained relief from the specified funding requirements from the IRS, which requires that the WISPP meet a minimum funded percentage on each valuation date and achieve a funded percentage of 100 % as of October 1, 2029~~ **2023** ~~. Based on the most recent actuarial valuation for the WISPP, the funded percentage using the valuation method prescribed by the IRS satisfied the minimum funded percentage requirement.~~ ITEM 1B. UNRESOLVED STAFF COMMENTS None. ~~29~~ **ITEM 1C. CYBERSECURITY N / A. 27** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** ITEM 2. PROPERTIES Our facilities and administrative offices by division, type and location were as follows as of August 31, ~~2022~~ **2023** : Number of Facilities Type Location Owned (1) Leased Administrative Offices California — New Jersey — Oregon — Rhode Island — Auto Parts Stores Alberta, Canada — Arkansas — British Columbia, Canada — California (2) Florida — Georgia — Illinois — Indiana — Kansas — Missouri Nevada — Ohio — Oregon — Rhode Island — Texas — Utah — Virginia — Washington Metals Recycling Alabama — British Columbia, Canada — California [ A ] [ B ] — Georgia [ B ] — Hawaii [ A ] [ B ] Kentucky Maine — Massachusetts [ A ] [ B ] Mississippi — Montana — Nevada — New Hampshire — Oregon [ A ] [ B ] — Puerto Rico [ A ] [ B ] Rhode Island [ A ] Tennessee Washington [ A ] [ B ] — Steel Mill Oregon — Steel Distribution California — **Recycling Services Texas —** Total Operating Facilities and Administrative Offices Non- Operating ~~(3)~~ [ A ] Operation includes a deepwater port. Puerto Rico and Hawaii operations access deepwater ports through public docks. [ B ] Includes large-scale shredding operations. (1) Includes eight primarily owned facilities where an adjacent or supplementary parcel of the site is leased. (2) Three sites are jointly owned with minority interest partners. **28** ~~(3) Non- operating sites consist of owned and leased real properties, some of which are sublet to external parties. 30~~ / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** We consider all operating properties, both owned and leased, to be well- maintained, in good operating condition, and suitable and adequate to carry on our business. For further discussion of our operating properties, see " Business, " and " Distribution " in Part I, Item 1 of this report. ITEM 3. LEGAL PROCEEDINGS From time to time, we are involved in various litigation matters that arise in the ordinary course of business involving normal and routine claims, including environmental compliance matters. Such proceedings include, but are not limited to, proceedings relating to our status as a potentially responsible party with respect to the Portland Harbor Superfund Site and proceedings relating to other legacy environmental issues. For additional information regarding such matters, see Note 10- Commitments and Contingencies in the

Notes to the Consolidated Financial Statements in Part II, Item 8 of this report. In fiscal 2013, the Commonwealth of Massachusetts advised us of alleged violations of environmental requirements, including but not limited to those related to air emissions and hazardous waste management, at our operations in the Commonwealth. We actively engaged in discussions with the Commonwealth' s representatives, which resulted in a settlement agreement to resolve the alleged violations. A consent judgment was jointly filed with and entered by the Superior Court for the County of Suffolk, Commonwealth of Massachusetts on September 24, 2015. The settlement involved a $ 450 thousand cash payment, an additional $ 450 thousand in suspended payments to be waived upon completion of a shredder emission control system and certain other specified milestones, and $ 350 thousand in supplemental environmental projects that we have completed. In fiscal 2021, the upgraded shredder emission control system became fully operational to design criteria, and the adjusted milestones for waiver of the suspended penalties were met. On February 23, 2021, the California State Department of Toxic Substance Control (" DTSC ") issued a corrective action enforcement order with respect to our metal recycling facility in Oakland, California that would require us to submit a current conditions report, to undertake a facilities investigation, risk assessment, ~~and~~ **a** corrective measures study, and to implement corrective measures selected by the DTSC based on those assessments and studies. We dispute DTSC' s alleged jurisdictional basis for the order, as well as the scope of work required by the order, which we believe is unwarranted and duplicative of ongoing assessments being conducted under the oversight of another state agency. We have filed a notice of defense that by law stays the effectiveness of the order and are challenging the order through the DTSC administrative process. In addition, the DTSC issued a similar corrective action enforcement order on March 18, 2021 with respect to our metal recycling facility in Fresno, California based on inspections conducted by the DTSC in 2013. That 2013 inspection resulted in the issuance of a Summary of Violations in 2015 setting forth a number of alleged violations relating to hazardous waste management requirements. While we dispute the alleged violations, we engaged in settlement discussions that had resulted in a tentative agreement in April 2018 to settle the matter for $ 490 thousand, of which $ 368 thousand was to be paid as a civil penalty and $ 122 thousand was to be paid as reimbursement for agency investigation and enforcement costs. However, the parties were not able to reach agreement on the injunctive terms of the settlement agreement, and the California Office of the Attorney General (" COAG "), on behalf of DTSC, filed suit in the Superior Court of the State of California, County of Fresno on June 25, 2020 against Schnitzer Fresno, Inc., a wholly- owned subsidiary, which operates the facility, seeking a permanent injunction and civil penalties. In early 2022, the parties agreed to formal mediation of the dispute, which ~~efforts~~ - **effort** ~~remain underway~~ **was unsuccessful** . ~~We have also filed~~ **However, we were able to resume settlement negotiations with DTSC, and settlement was achieved in January 2023. A Stipulated Judgement resolving the case was entered by the Fresno County Superior Court on January 18, 2023. The settlement terms include payment of** a ~~notice~~ **penalty** of **$ 525 thousand** ~~defense to the corrective action enforcement order matter that by law stays the effectiveness of the order. If settlement efforts are unsuccessful~~ , **specified injunctive relief requirements** ~~we also intend to challenge the order through the DTSC administrative process~~ , **and completion** ~~both as to DTSC' s alleged jurisdictional basis for the March 2021 corrective action enforcement order, as well as the scope~~ of **site investigation and remediation requirements depending on** ~~work required by that order. In either event, we do not believe~~ the ~~resolution~~ **outcome** of the **investigation and risk assessment** ~~Fresno matters will be material to our financial position, results of operations, cash flows, or liquidity~~ . In January 2018, the Company received a finding of violation letter from the United States Environmental Protection Agency (" USEPA ") with respect to alleged violations of environmental requirements stemming from refrigerant recovery management program inspections at 12 of our facilities in the New England and Pacific Northwest regions in July 2017 and November 2017. Except with respect to a minor and now corrected non- compliance matter at one facility, we believe that we ~~have fully~~ **were in** ~~complied~~ - **compliance** with the relevant regulations. Nevertheless, in December 2017 and prior to receipt of the USEPA letter, we implemented improvements to our refrigerant recovery management program to further strengthen that program, including improvements to address concerns raised by USEPA during the inspections. We conferred with USEPA and the United States Department of Justice (" USDOJ ") regarding the alleged violations and reached agreement to settle this matter. On April 21, 2022, the USDOJ on behalf of the USEPA filed a Complaint and lodged a Consent Decree reflecting the terms of the agreed settlement with the United States District Court for the District of Massachusetts, which Consent Decree was entered as a final judgment by the Court on June 23, 2022. Pursuant to the Consent Decree, the Company agreed to settle the matter without admitting any liability with respect to the allegations in the Complaint for a civil penalty of $ 1. 55 million, implementation of an approved **, further** enhanced refrigerant recovery management program, and execution of a R- 12 refrigerant destruction mitigation project. The Company has implemented the USEPA approved enhanced refrigerant recovery management program at its metals recycling facilities **, implemented the mitigation project** and paid the civil penalty on July 18, 2022.



In January 2020, the USEPA issued a Notice of Violation (" NOV ") based on its evaluation of data requested during a June 2019 inspection at our facility in Oakland, California alleging the same violation of a Bay Area Air Quality Management District (" BAAQMD ") air emissions rule that was the subject of a Compliance and Settlement Agreement (" CSA ") with BAAQMD that was executed as of September 22, 2020 and also alleging violations of Title V Major Source permitting requirements **based on source testing results of the enclosed shredder** . The CSA required the installation of new emission controls for volatile organic compounds (" VOCs "), the payment of a civil penalty and excess emissions fees totaling $ 400 thousand, and the provision of certain VOC offsets **. The Company timely filed an application for a Title V Major Source Permit and simultaneously filed an application for Synthetic Minor Operating Permit based on the proposed installation of Regenerative Thermal Oxidizers and acid gas scrubbers** . The Company maintains that the timely filing of a Title V Major Source permit application constitutes compliance with Title V Major Source rules and that USEPA' s Title V non- compliance allegations are erroneous. The Company has conveyed that position to USEPA and has provided USEPA with documentation requested by USEPA confirming our position. To date, USEPA has taken no further action relating to the NOV. In addition, the Company has completed installation of new VOC emissions controls that have achieved compliance with the BAAQMD emissions rule. Accordingly, the Company does not believe that federal enforcement of the BAAQMD rule or Title V permitting requirements is warranted. 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 ~~is~~ **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, CAO** and ~~stating~~ **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 April 25, 2022, the Company received an Information Request from USEPA, Region 10 under Section 114 of the CAA with respect to both the Portland shredder facility and the Tacoma metal shredder facility ~~owned and operated by a subsidiary of the Company~~ . The Company has responded to the Information Request. In our response, we identified why Title V does not apply to the Portland and Tacoma facilities, explained that we had submitted an application to ODEQ in December 2018 for an Air Contaminant Discharge Permit for the Portland facility with plant site emission limits that would limit emissions to less than Title V thresholds, noted that the Tacoma facility operates pursuant to an Order of Approval issued by the Puget Sound Clean Air Agency, described that we were proactively enclosing the shredders and installing particulate and volatile organic compound controls at both facilities, and included information on the permit applications that had been submitted in connection with the enclosure and emission control projects. The Company does not believe that any enforcement action is warranted in **this matter. ODEQ issued a separate information request for the Portland facility on December 8, 2022, and EPA transmitted a letter to the Company on December 20, 2022, indicating that ODEQ would assume lead agency status for potential enforcement. We responded to the ODEQ information request on January 12, 2023, and submitted additional information on April 13, 2023. The Company has disputed ODEQ' s allegations concerning the violations and is currently in negotiations regarding resolution of this matter. If additional emissions controls are required at either or both of the facilities, the costs of installation could be material to our results of operations and cash flows. On June 22, 2023, ODEQ issued two separate letters to the Company concerning the steel mill’ s Title V permit. In the first letter, ODEQ alleged violations related to fluoride and hydrogen fluoride emissions and also claimed a failure to fully implement a pollution prevention plan. The Company has filed a notice of contested case and is in discussions with ODEQ to resolve this matter. In the second letter, ODEQ notified the Company of its intent to reopen the steel mill’ s Title V permit to include a third- party contractor’ s emissions that has operated on a portion of the mill property for decades and to add a greenhouse gas plant site emissions limit compliance monitoring requirement to the Title V permit. The Company has contested ODEQ’ s actions and is in discussions to resolve** this matter. On August 5, 2020, The Athletics Investment Group LLC (“ A’ s ”) filed an action in the California Superior Court for the County of Alameda against the DTSC as Respondent and the Company as Real Party in Interest, seeking rescission of the “ f letter ” pursuant to which DTSC classified treated shredder waste from the Company’ s metal shredding facility in Oakland, California as a “ nonhazardous waste ” which among other things permits its use as alternative daily cover at municipal landfills. Pursuant to determinations under section 66260. 200 (f) of the state hazardous waste regulations issued in 1988 and 1989 (the “ f letters ”), the DTSC determined that treated shredder waste from the Company’ s facility does not pose a significant hazard to human health, safety, or the environment. The Superior Court on April 16, 2021 issued an order and writ of mandate commanding the DTSC within 30 days to rescind the Company’ s “ f letters ” concluding that, under a law enacted by the legislature in 2014, the DTSC had a mandatory duty to rescind the “ f letters. ” The Superior Court reached this decision despite a determination by DTSC in 2018 pursuant to the 2014 statute reconfirming that treated shredder residue does not need to be managed as a hazardous waste in order to protect human health, safety, or the environment. Following the lifting of an initial stay of that order, DTSC rescinded the Company’ s “ f letters ” on November 29, 2021. As a result of the April 16, 2021 Superior Court order and subsequent orders by the same Superior Court, the Company has at times been required to transport its shredder waste out of state for disposal at increased costs. The Company filed notices of appeal of the Superior Court' s orders, and on September 30, 2022 the California State Court of Appeals, First Appellate District, Division Three reversed the April 16, 2021 Superior Court order, holding that the statute does not impose a mandatory duty on DTSC to rescind the Company’ s “ f letters ” and that DTSC could continue to regulate metal shredder waste through statutorily compliant “ f letters ” since DTSC’ s analysis confirmed this waste need not be classified as hazardous to protect human health and the environment. DTSC subsequently agreed to an alternative treatment **30 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** standard for the shredder waste under **an** existing ~~regulations permitting~~ **statutory exclusion, which allowed** the Company to cease transporting its shredder waste out of state. ~~32 / Schnitzer Steel Industries~~ **Following the California Supreme Court’ s denial of review of the Court of Appeals’ decision** , ~~Inc~~ **the Company immediately sought reinstatement of its “ f letters** . ~~Form 10- K~~ **” On April 3,** ~~2022~~ **2023 , the Company received confirmation from DTSC that the “ f letters ” are in effect, subject to certain conditions.** On December 10, 2021, an emergency regulation (“ CTMSR Regulation ”) that allows metal shredding facilities to transport and dispose of treated shredder residue as non- hazardous waste under a conditional exclusion became effective, and the Company shipped treated shredder residue for use as alternative daily cover at municipal landfills in California from late December 2021 to September 7, 2022 when the emergency regulation expired. Following an inspection by the DTSC of the Company’ s Oakland metal shredding facility on May 16 and 17, 2022, the Company in its compilation and review of records requested by the DTSC during that inspection discovered and promptly self- disclosed to the DTSC that it is unable to confirm that it was in compliance with certain aspects of the CTMSR Regulation for certain periods since the adoption of the emergency regulation. The Company reported the corrective actions it has taken and the numerous detailed procedures that are now in place to prevent recurrence. The Company is confident that any failure to comply with the CTMSR Regulation did not pose a risk to human health or the environment. On August 31, 2022, the DTSC issued an Inspection Report detailing alleged violations including allegations that the Company treated and stored metal shredder residue without a permit or other grant of authorization in violation of the California Hazardous Waste Control Law (“ HWCL ”). The Company had previously discussed with DTSC the various forms of authorization that would satisfy the CTMSR Regulation and had promptly obtained a Permit by Rule under the HCWL which it understood to be a satisfactory option. In a September 14, 2022 letter, the Company responded in detail to the alleged violations setting forth the corrective actions it has taken including having obtained interim status authorization for the treatment and storage of metal shredder residue under the permitting provisions of the HCWL with a full reservation of rights. On May 6, 2022, the A' s filed an action in the Superior Court of the State of California, County of Alameda against the BAAQMD as Respondent and the Company as Real Party in Interest (the " BAAQMD Case ") alleging that the BAAQMD has failed to properly regulate the Company' s Oakland shredder facility under the federal and California Clean Air Acts and seeking an order requiring the BAAQMD to revoke the Company' s Permit to Operate for the Oakland facility. On June 3, 2022, the BAAQMD removed this action to the United States District Court, Northern District of California where the A' s had previously filed an action against the Company on July 7, 2021 raising substantially similar issues under the federal Clean Air Act' s citizen suit provision alleging violations by the Oakland facility of the federal Clean Air Act and permit conditions and seeking declaratory and injunctive relief, which action is currently in discovery with a trial, if any, currently scheduled for ~~October~~ **June** ~~2023~~ **2024** . The BAAQMD Case was remanded back to Alameda Superior Court on October 7, 2022, and no schedule has yet been established for that case. On March 30, 2022 **,** ~~and on~~ September 8, 2022 **, and July 31, 2023** , the Company received letters from the COAG alleging violations of the Stipulation for Entry of Final Judgment and Order on Consent (" Consent Order ") issued by the Superior Court of the State of California, County of Alameda in February 2021 that was entered into with the Alameda County District Attorney **, DTSC** and COAG to settle certain alleged violations of environmental requirements at our Oakland metals recycling facility. The letters ~~demanded~~ -- **demand** that the Company take additional measures to address the off- site release and deposition of light fibrous material (" LFM "). The Company does not believe that it is in violation of the Consent Order and has detailed the additional control measures that the Company has implemented and continues to implement to reduce the potential for releases of LFM from its Oakland facility. The Company is in continuing discussions with the COAG, the Alameda County District Attorney' s office, and DTSC regarding this matter and does not believe that **further** enforcement action is warranted. ITEM 4. MINE SAFETY DISCLOSURES Not applicable. ~~33~~ **31** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** PART II ITEM 5. MARKET FOR REGISTRANT' S COMMON EQUITY, RELATED STOCKHOLDER MATTERS **,** AND ISSUER PURCHASES OF EQUITY SECURITIES Our Class A common stock is listed on The Nasdaq Stock Market LLC (" NASDAQ ") under the symbol **RDUS (** SCHN **prior to September 1, 2023)** . There were ~~149~~ **147** holders of record of Class A common stock on October ~~20~~ **23** , ~~2022~~ **2023** . Our Class A common stock has been trading since November 16, 1993. There was one holder of record of Class B common stock on October ~~20~~ **23** , ~~2022~~ **2023** . Our Class B common stock is not publicly traded. We declared our ~~114th~~ **118th** consecutive quarterly dividend in the fourth quarter of fiscal ~~2022~~ **2023** . The payment of future dividends is subject to approval by our Board of Directors and continued compliance with the terms of our credit agreement. See Management' s Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of this report for further discussion of our credit agreement. Issuer Purchases of Equity Securities Pursuant to a share repurchase program as amended in 2001, 2006, and 2008, our Board of Directors had previously authorized the repurchase of up to nine million shares of our Class A common stock when management deems such repurchases to be appropriate. On June 27, 2022, our Board of Directors authorized a new share repurchase program of up to an additional three million shares of our Class A common stock. 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 factors, our cash needs, the availability of funding, our future business plans, and the market price of our stock. We **did not repurchase our common stock in fiscal 2023. We** repurchased approximately 944 thousand shares for a total of $ 34 million in open- market transactions in fiscal 2022. We did not repurchase our common stock in fiscal 2021. ~~We repurchased approximately 53 thousand shares for a total of $ 0. 9 million in open- market transactions in fiscal 2020.~~ As of August 31, ~~2022~~ **2023** , there were approximately 2. 8 million shares available for repurchase under the program. The share repurchase program does not require us to acquire any specific number of shares, and we may suspend, extend, or terminate the program at any time without prior notice, and the program may be executed through open- market purchases, privately negotiated transactions, or utilizing Rule 10b5- 1 programs. ~~The table below presents a summary of our share repurchases during the quarter ended August 31, 2022: Period Total Number ofShares Purchased Average Price Paidper Share Total Number ofShares Purchasedas Part of PubliclyAnnounced Plansor Programs Maximum Numberof Shares that mayyet be PurchasedUnder the Plans or Programs June 1 – June 30, 2022 — $ — — 3, 262, 206 July 1 – July 31, 2022 499, 919 $~~ 32 ~~. 78 499, 919 2, 762, 287 August 1 – August 31, 2022 — $ — — 2, 762, 287 Total fourth quarter 2022 499, 919 499, 919 34~~ / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Performance Graph The following graph and related information compare cumulative total shareholder return on our Class A common stock for the five- year period from September 1, ~~2017~~ **2018** through August 31, ~~2022~~ **2023** , with the cumulative total return for the same period of (i) the S & P 500 Steel Index and (ii) the S & P 600 Metals & Mining Index. These comparisons assume an investment of $ 100 at the commencement of the five- year period and that all dividends are reinvested. The stock performance outlined in the performance graph below is not necessarily indicative of our future performance, and we do not endorse any predictions as to future stock performance. Year Ended August 31, **Radius Recycling** ~~Schnitzer Steel Industries~~ (1 **) (2** ) $ $ $ $ $ $ S & P 500 Steel $ $ $ $ $ $ S & P 600 Metals & Mining $ $ $ $ $ $ (1) **Schnitzer Steel Industries, Inc. dba Radius Recycling Class A Common Stock (2)** Because of the composition of our major product categories, we have no direct market peer issuers. ITEM 6. [ RESERVED ] ~~35~~ **33** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** ITEM 7. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS This section includes a discussion of our operations for the fiscal years ended August 31, **2023 and** 2022 ~~and 2021~~ . 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 the Consolidated Financial Statements and the related Notes thereto included in Part II, Item 8 of this report. For discussion of our results of operations for fiscal year ~~2020~~ **2021** including comparison to fiscal ~~2021~~ **2022** , refer to Part II, Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10- K for the year ended August 31, ~~2021~~ **2022** . Founded in 1906, **Radius Recycling** ~~Schnitzer Steel Industries, Inc.~~ 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 ~~51~~ **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. 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. 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, and varying demand for used auto parts from our self- service retail stores. 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 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.  Strategic Priorities As we continue to closely monitor economic conditions, we remain focused on the following core strategies and plans to meet our business goals and objectives: • Long- term expansion of ferrous and nonferrous scrap metal supply and processing, sales volumes, and operating margins; • **Manufacturing and information** ~~Technology~~ **technology** investments and process improvements to increase the separation and recovery of metal materials from our shredding process **,** ~~and to~~ expand product optionality **, enable volume growth, increase efficiency, and expand recycling services** ; • Development of new products and use of our core competencies in adjacent recycling businesses to expand recycling services and capabilities to reach a broader market, enhance customer value, and increase operating margins; • Increase market share through initiatives to maximize volumes and through selective partnerships, alliances, and acquisitions; • Productivity and continuous improvement initiatives to ensure the safety of our employees, increase operating efficiency and effectiveness, advance sustainable business practices, improve natural resource stewardship, and reduce operating expense; • Use of our seven deepwater ports and ground-based logistics network to directly access customers domestically and internationally to meet demand for our products wherever it is greatest; and • Further optimization of our integrated recycling and steel manufacturing operating platforms to maximize opportunities for synergies, cost efficiencies, and volumes. Key economic factors and trends affecting the industries in which we operate We sell recycled metals to the global steel industry for the production of finished steel. Our financial results largely depend on supply of raw materials in the U. S. and Western Canada and demand for recycled metal in foreign and domestic markets and for finished steel products in the Western U. S. and Western Canada. Demand for most of our products is cyclical in nature and sensitive to changes in general economic conditions. The timing and magnitude of the economic cycles in the industries in which our products are used, including global steel manufacturing and nonresidential and infrastructure construction in the U. S., are difficult to predict. Global economic conditions, including impacts of geopolitical instability and the COVID- 19 pandemic, structural and cyclical changes in supply and demand conditions, inflation, rising interest rates **,** and the strength of the U. S. dollar, the availability and price of raw material alternatives, and trade actions such as tariffs affect market prices for and sales volumes of recycled ferrous and nonferrous metal in global markets and steel products in the Western U. S. and Western Canada and can have a significant impact on the results of our operations. ~~During the first eight months of fiscal 2022 through April, market~~ **Market** ~~demand~~ **conditions** for recycled ~~ferrous~~ metals ~~was strong, with selling prices reaching multi-~~ **globally were weaker in fiscal 2023 compared to the prior fiscal** year **driven** ~~highs in early spring before declining rapidly and steeply in May through June of 2022. Export net selling prices for recycled ferrous metal decreased~~ by ~~approximately $ 230 per ton, or approximately 40 %, between May and June 2022, reflecting~~ weaker demand primarily from slower global growth, including due to the impact of **prolonged** China COVID- 19 lockdowns, inflationary pressure including high energy prices **and increased scrap collection and other operating costs** , **rising interest rates, and** the strength of the U. S. Dollar **. Demand for recycled metals fluctuated throughout fiscal 2023** , ~~and~~ **at times sharply, primarily reflecting the volatility in global** steel **demand and** inventory ~~destocking~~ **levels** . **The slowdown in economic activity that began substantially in** ~~Similarly, market demand for most recycled nonferrous metals was also strong during~~ the **second half** ~~first eight months~~ of fiscal 2022 ~~before softening, resulting~~ **and persisted throughout fiscal 2023 led to reduced generation of scrap metal** in ~~selling prices declining sharply~~ **the U. S. domestic market and increased competition** for ~~a period followed by~~

~~a partial recovery near~~ **available scrap volumes. The tight supply flows in combination with** the ~~end of~~ **lower price environment for recycled metals put significant pressure on metals spreads in** fiscal ~~2022~~ **2023 , causing operating margin compression** . For our full ~~2022~~ **2023** fiscal year, the average net selling prices for our ferrous and nonferrous products ~~increased~~ **decreased** by ~~19~~ **18** % and ~~23~~ **11** %, respectively, compared to the prior **fiscal** year. In fiscal ~~2021~~ **2022** , these average net selling prices increased by ~~61~~ **19** % and ~~60~~ **23** %, respectively, compared to fiscal ~~2020~~ **2021** . For fiscal ~~2022~~ **2023** , ferrous sales volumes ~~increased~~ **decreased** by 5 % and nonferrous sales volumes increased by ~~16~~ **7** %, compared to the prior **fiscal** year. In fiscal ~~2021~~ **2022** , sales volumes for these products increased by ~~11~~ **5** % and ~~8~~ **16** %, respectively, compared to fiscal ~~2020~~ **2021** . Our ferrous and nonferrous sales volumes in fiscal **2023 reflected a full year, and in fiscal** 2022 ~~included~~ **reflected a partial year, of** additional volumes arising from the Columbus Recycling business acquired on October 1, 2021, and the Encore Recycling business acquired on April 29, 2022. ~~The deterioration~~ **Sales volumes for these products** in **fiscal 2023 reflected a partial year of additional volumes arising from the ScrapSource business acquired on November 18, 2022. As** global ~~economic~~ **economies** ~~conditions that occurred~~ **revived and commercial and investment activities resumed** in ~~fiscal 2020 in large part due to~~ the ~~impacts~~ **wake** of the COVID- 19 pandemic ~~reflected among other things the curtailment of many commercial and government- sponsored activities using steel and other metal materials, causing metal commodity prices to decrease sharply and widespread destocking of inventories. As global economies revived and commercial and investment activities resumed~~ , including throughout fiscal 2021 ~~,~~ **and** continuing into fiscal 2022, demand for recycled metals and finished steel increased substantially, which contributed to periods of sharp increases in market selling prices for these products **. Demand began to weaken in the fourth quarter of fiscal 2022, which continued into fiscal 2023 amid macroeconomic concerns including slower growth and inflationary pressures.** ~~during~~ **During** ~~those~~ **fiscal 2023, we experienced** periods ~~. Further~~ **of market recovery** , **but market conditions for recycled metals, including supply flows, were weaker overall in comparison to fiscal 2022. Average net selling prices for our finished steel products, which are produced in our steel mill using EAF technology,** ~~increased~~ **decreased** ~~focus on~~ **by 13 % in fiscal 2023 compared to 35 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023 the record- high levels reached in the prior fiscal year, but remained at historically high levels, reflecting continued strong market demand for these products. We continue to believe** decarbonization ~~strategies~~ **efforts** by **companies, industries, and** governments ~~and businesses~~ around the world, including investments in ~~infrastructure and~~ **low carbon** technologies **such as renewable energies, electric vehicles, and energy efficiency solutions** that **are more metal intensive and** minimize carbon dioxide emissions from the use of fossil fuels, among other factors, ~~also contributed to strong demand for most of our products during these periods and~~ support global long- term demand for **our** recycled ~~ferrous and nonferrous~~ metal ~~. Average selling prices for our finished steel~~ products ~~, which are produced in our steel mill using EAF technology, increased by 46 % compared to the prior fiscal year, reflecting robust market demand for these products including record- high selling prices that peaked during the second half of fiscal 2022~~ . ~~37 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ 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 fiscal 2022. We have insurance that ~~we believe~~ is fully applicable to the losses and ~~have~~ filed ~~initial~~ 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. **In fiscal** ~~As of August 31,~~ 2021, **we recognized** ~~prepaid expenses and other current assets on the Consolidated Balance Sheets included~~ an initial $ 10 million insurance receivable ~~recognized in~~ **and related insurance recovery gain,** the ~~fourth quarter~~ **latter reported within cost** of ~~fiscal 2021~~ **goods sold on the Consolidated Statements of Operations** , primarily offsetting applicable losses **incurred** including capital purchases of $ 10 million that we had incurred as of ~~August 31, 2021~~ **the end of the fiscal year** . In fiscal 2022, we increased the amount of this insurance receivable to $ 25 million and recognized a related $ 15 million insurance recovery gain within cost of goods sold on the Consolidated Statements of Operations, reflecting recovery of applicable losses incurred as a result of the fire to date. In addition, during 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 of $ 5 million reported within other accrued liabilities on the Consolidated Balance Sheets as of August 31, 2022. ~~These amounts do not reflect potential~~ **In fiscal 2023, we received** additional **cash payments from insurers towards our claims totaling approximately $ 22 million, and in the fourth quarter of fiscal 2023 we reached a full and final settlement with our insurers for our claims and recognized an additional $ 27 million insurance** ~~recoveries~~ **recovery gain within cost** of **goods sold on the Consolidated Statements of Operations, reflecting recovery of applicable losses including** business income losses **incurred as a** ~~resulting~~ --- **result** ~~from this matter that may be recognized in the future when settlements~~ of the **fire** ~~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~~ **In addition, shredding operations temporarily ceased at** the ~~remainder~~ **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, ~~will occur over a longer period and impacts on business income may continue. For example, as~~ **was substantially completed by the end** of **fiscal** ~~June 18, 2022~~ **2023** ~~, shredder operations temporarily ceased at the facility pending completion of discussions with the Massachusetts Department of Environmental Protection and the Massachusetts Attorney General' s office regarding installation and operation of temporary emission capture and controls that would allow operation of the shredder prior to completion of the repair and replacement of the shredder enclosure building. Non- shredding operations at the facility continue~~ . 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 ~~initial~~ 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 **. In fiscal 2023** , **we recognized an additional $ 16 million insurance receivable and related insurance recovery gain. As of August 31, 2023, we had recognized a total of $ 34 million in insurance recovery gains, all** reported within ~~prepaid expenses and other current assets in the Consolidated Balance Sheets and within~~ cost of goods sold ~~in~~ **on** the Consolidated ~~Statement~~ **Statements** of **Operations** ~~Income, respectively~~ , reflecting recovery of applicable losses **to date** including impairment charges of $ 7 million related to the carrying value of plant and equipment assets lost in or damaged by the fire **,** and ~~initial~~ capital purchases, non- capitalizable repair and replacement costs, and other applicable losses totaling $ ~~10~~ **27** million that ~~we~~ had **been** incurred as of August 31, ~~2022~~ **2023** . Also **,** during fiscal **2023 and** 2022, we received advance payments from insurers totaling approximately **36 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023 $ 26 million and** $ 7 million **, respectively,** towards our claims, and not reflecting any final or full settlement of claims with the insurers, which amount reduced the insurance receivable to $ **1 million and $** 10 million as of August 31, **2023 and** 2022 **, respectively. The insurance receivable is reported within prepaid expenses and other current assets on the 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. ~~38 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ Coronavirus Disease 2019 (" COVID- 19 ") ~~We continue to monitor the impact of COVID- 19 on all aspects of our business. We are a company operating in a critical infrastructure industry, as defined by the U. S. Department of Homeland Security. Consistent with federal guidelines and with state and local orders to date, we have continued to operate across our footprint throughout the COVID- 19 pandemic.~~ 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 ~~such as increased port congestion~~ , 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 ~~. The ongoing effects of the COVID- 19 pandemic could negatively impact our results of operations, cash flows, and financial position in the future~~ . 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. 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, **goodwill impairment charges, other asset impairment charges,** charges for legacy environmental matters (net of recoveries) **, restructuring charges and other exit- related activities** , business development costs not related to ongoing operations including pre- acquisition expenses, ~~restructuring charges and other exit- related activities,~~ charges related to non- ordinary course legal settlements ~~, asset impairment charges~~ , 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 7. Our non- GAAP financial measures should be considered in addition to, but not as a substitute for, the most directly comparable U. S. 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. ~~39~~ **37** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Financial Highlights of Results of Operations for Fiscal ~~2022~~ **2023** • Diluted ~~earnings~~ **loss** per share from continuing operations attributable to ~~SSI~~ **Radius** shareholders in fiscal

~~2022~~ **2023** was $ ~~5~~ **0** . ~~72~~ **92** , compared to **earnings per share of** $ 5. ~~66~~ **72** in the prior fiscal year. • Adjusted diluted earnings per share from continuing operations attributable to ~~SSI~~ **Radius** shareholders in fiscal ~~2022~~ **2023** was $ ~~6~~ **0** . ~~07~~ **85** , compared to $ 6. ~~13~~ **07** in the prior fiscal year. • Net **loss in fiscal 2023 was $ 25 million, compared to net** income **of** ~~in fiscal 2022 was~~ $ 172 million ~~, compared to $ 170 million~~ in the prior fiscal year. • Adjusted EBITDA in fiscal ~~2022~~ **2023** was **$ 144 million, compared to** $ 313 million ~~, compared to $ 289 million~~ in the prior fiscal year. Market ~~demand~~ **conditions** for ~~our~~ recycled ~~metal~~ **metals were weaker in** ~~products was strong during the first eight months of~~ fiscal ~~2022~~ **2023 compared to** ~~, with selling prices reaching multi- year highs in early spring, before declining sharply for most products in~~ the **prior** ~~remainder of the~~ fiscal year ~~due~~ **, leading** to **significantly** lower ~~demand. For our full 2022 fiscal year, the~~ average net selling prices for our ferrous and nonferrous products **and a compression in metal spreads. The average net selling prices for our ferrous and nonferrous products** ~~increased~~ **decreased** by ~~19~~ **18** % and ~~23~~ **11** %, respectively, **compared to fiscal 2022. Ferrous** and **nonferrous** sales volumes ~~for these products increased~~ **decreased** by 5 % and ~~16~~ **increased by 7** %, respectively, compared to the prior fiscal year **, which changes** ~~. Our ferrous and nonferrous sales volumes~~ included additional volumes arising from **our** ~~the~~ **three** ~~Columbus Recycling~~ business ~~acquired~~ **acquisitions completed during fiscal 2022 and 2023, as well as the adverse impact** on ~~October 1,~~ **sales volumes in the prior fiscal year of the initial Everett shredder downtime. Our ferrous and nonferrous sales volumes in fiscal** ~~2021~~ **2023** ~~,~~ **were adversely impacted by disruptions related to** ~~and~~ **an extended shredder outage at** the ~~Encore Recycling business acquired on April 29~~ **Everett facility and a regulatory issue limiting operations at our shredder facility in California** , **both of which were resolved by mid- November** 2022. ~~Market demand~~ **Our nonferrous sales volumes in fiscal 2023 reflected additional recovery of recycled material through our advanced metal recovery technology investments. Average net selling prices** for our finished steel products **decreased** ~~improved in fiscal 2022, which contributed to finished steel average selling prices increasing~~ by ~~46~~ **13** % compared to **the record- high prices in** the prior fiscal year **, contributing to lower metal spreads** . Finished steel **sales** volumes ~~were 5~~ **increased by 12** % ~~lower~~ in fiscal ~~2022~~ **2023** ~~compared to~~ **, primarily reflecting the impact on** the prior fiscal year ~~in part due to the impact of supply chain disruptions on~~ volumes ~~including logistical restraints and delays to construction projects related to a four- month concrete industry strike in the Pacific Northwest that ended in April 2022. Our results in fiscal 2022 reflected benefits from the higher price environment for most of our products including a significant expansion in our ferrous metal and finished steel spreads and increased ferrous and nonferrous sales volumes compared to the prior fiscal year. Our results in fiscal 2022 also reflected an unfavorable impact from average inventory accounting due to the sharp decline in selling prices for recycled metals during the second half of the fiscal year compared to a favorable impact in the prior fiscal year, disruptions due to an extended shredding operation outage at our Everett facility to replace equipment damaged by the December 2021 fire, the impact~~ of the ramp ~~–~~ up of steel mill operations ~~that began in August 2021 and~~ which was substantially completed during the second quarter ~~, the effects~~ of ~~ongoing~~ **fiscal 2022 following the May 2021 steel mill fire. Our results in fiscal 2023 also reflected the unfavorable impact of tighter** supply ~~chain disruptions~~ **flows of scrap metal and reduced processed volumes in the lower price and slower economic environment** , **significantly** lower year- over- year platinum group metals ( ~~"~~PGM ~~"~~) prices, and ~~the impact of inflation. Contributions from recent acquisitions and productivity initiatives helped to partially offset the effects of~~ inflationary pressure on operating costs **, as well as a favorable change in the effect of average inventory accounting year- over- year. In addition, our results in fiscal 2023 included $ 51 million in goodwill and other asset impairment charges and $ 43 million in insurance recovery gains relating to the steel mill fire and the Everett facility shredder fire. Starting in the third quarter 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, 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 fiscal 2023 was relatively flat compared to the prior fiscal year reflecting lower incentive compensation accruals due to Company performance, partially offset by higher salaries and wages and outside and professional services expenses, due in part to our acquisitions and other growth- related initiatives, as well as higher legacy environmental charges and the impact of inflation. These higher expenses in fiscal 2023 were partially offset by benefits from productivity and cost reduction initiatives when compared to the prior fiscal year** . The following items further highlight selected liquidity and capital structure metrics: • Net cash provided by operating activities of $ **139 million in fiscal 2023, compared to $** 238 ~~million in fiscal 2022, compared to $ 190~~ million in the prior fiscal year. • Debt was $ 249 million as of **both** August 31, 2022 **and 2023. • Debt** , ~~compared to~~ **net of cash, was** $ ~~75~~ **243** million as of August 31, ~~2021~~ **2023** ~~. • Debt~~ , **compared to** ~~net of cash, was~~ $ 205 million as of August 31, 2022 ~~, compared to $ 47 million as of August 31, 2021~~ . See the reconciliations of adjusted diluted earnings ~~(loss)~~ 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 7. ~~40~~ **38** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Selected Financial Measures and Operating Statistics For the Year Ended August 31, % Increase (Decrease) ($ in thousands, except for prices and per share amounts) **2023 vs. 2022** 2022 vs. 2021 ~~2021 vs. 2020~~ Ferrous revenues $ 1, **439, 983 $ 1,** 914, 255 $ 1, 557, 891 **(25)** ~~$ 862, 490~~ % % Nonferrous revenues **781, 102** 892, 444 684, 862 ~~390, 298~~ **(12)** % % Steel revenues (1) **507, 550** 531, 731 379, 203 ~~336, 980~~ **(5)** % % Retail and other revenues **153, 589** 147, 385 136, 595 ~~122, 575~~ % % Total revenues **2, 882, 224** 3, 485, 815 2, 758, 551 **(17)** ~~1, 712, 343~~ % % Cost of goods sold 2, **574, 513 2,** 997, 745 2, 305, 357 **(14)** ~~1, 503, 725~~ % % Gross margin (total revenues less cost of goods sold) $ **307, 711 $** 488, 070 $ 453, 194 **(37)** ~~$ 208, 618~~ % % Gross margin (%) **10. 7 %** 14. 0 % 16. 4 % ~~12. 2~~ **(24)** % (15) ~~%~~ % Selling, general and administrative expense $ **265, 929 $** 263, 257 $ 242, 463 ~~$ 187, 876~~ % % Diluted **(loss)** earnings ~~(loss)~~ per share from continuing operations attributable to ~~SSI~~ **Radius** shareholders: Reported $ **(0. 92) $** 5. 72 $ 5. 66 **NM % Adjusted (2)** $ ~~(~~0. **85** ~~15) % NM Adjusted (2)~~ $ 6. 07 $ 6. 13 ~~$ 0. 43~~ **(86) %** (1) ~~% 1, 317~~ % Net **(loss)** income **$** ( ~~loss~~ **25, 438** ) $ 171, 996 $ 169, 975 **NM** ~~$ (2, 200)~~ % ~~NM~~ Adjusted EBITDA (2) **$ 144, 327** $ 312, 715 $ 289, 209 **(54)** ~~$ 85, 414~~ % % Recycled ferrous metal average sales prices ($ / LT) (3): Domestic $ $ $ **(18)** % % Foreign $ $ $ **(18)** % %

Average $ $ $ **(18)** % % Ferrous volumes (LT, in thousands): Domestic (4) 1, **952 1,** 806 1, 500 ~~1, 429~~ % % Foreign 2, **424 2,** 810 2, 908 ~~2, 525~~ **(14) %** (3) ~~%~~ % Total ferrous volumes (LT, in thousands) (4) (5) 4, **376 4,** 616 4, 408 ~~3, 954~~ **(5)** % % Recycled nonferrous metal average sales price ($ / pound) (3) (6) $ **0. 96 $** 1. 08 $ 0. 88 **(11)** ~~$ 0. 55~~ % % Nonferrous volumes (pounds, in thousands) (4) (6) **738, 937** 687, 419 593, 378 ~~550, 566~~ % % Finished steel average sales price ($ / ST) (3) $ **$** 1, 075 $ ~~$~~ **(13)** % % Finished steel sales volumes (ST, in thousands) **%** (5 ~~) % (3~~ ) % Cars purchased (in thousands) (7) (8) % **(8)** % Number of auto parts stores at period end **(2)** % ~~—~~ % Rolling mill utilization (8) % % % % ~~(9)~~ % 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 7. (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) May not foot due to rounding. (6) Average sales price and volume information excludes platinum group metals in catalytic converters. (7) Cars purchased by auto parts stores only. (8) Rolling mill utilization is based on effective annual production capacity under current conditions of 580 thousand tons of finished steel products. ~~41~~ **39** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Revenues **Revenues in** ~~Market demand for our recycled metal products was strong during the first eight months of~~ fiscal ~~2022~~ **2023** ~~, with selling prices reaching multi- year highs in early spring, before declining sharply for most products in the remainder of the fiscal year due to lower demand. Revenues for our full 2022 fiscal year increased~~ **decreased** by ~~26~~ **17** % compared to the prior fiscal year primarily due to significantly ~~higher~~ **lower** average net selling prices for our ferrous ~~,~~ **and** nonferrous ~~, and finished steel~~ products driven by ~~strong~~ **weaker** market ~~demand during most of the~~ **conditions for recycled metals globally. In** fiscal ~~year. The~~ **2023, the** average net selling prices for our ferrous and nonferrous products ~~increased~~ **decreased** by ~~19~~ **18** % and ~~23~~ **11** %, respectively, compared to the prior fiscal year. Ferrous and nonferrous sales volumes ~~increased~~ **decreased** by 5 % and ~~16~~ **increased by 7** %, respectively, compared to the prior fiscal year. Our ferrous and nonferrous sales volumes in fiscal ~~2022~~ **2023** ~~included~~ **in part reflected** additional volumes arising from the Columbus Recycling business acquired on October 1, 2021, ~~and~~ the Encore Recycling business acquired on April 29, 2022 **, and the ScrapSource business acquired on November 18, 2022, as well as the adverse impact on sales volumes in the prior fiscal year of the initial Everett shredder downtime** . **Our ferrous and nonferrous sales volumes in fiscal 2023 were adversely impacted by disruptions related to an extended shredder outage at the Everett 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 in the lower price and slower economic environment. Our nonferrous sales volumes in fiscal 2023 reflected additional recovery of recycled material through our advanced metal recovery technology investments. Market conditions for our** ~~Finished~~ **finished steel products were softer in fiscal 2023, leading to finished** steel average selling prices ~~were 46~~ **decreasing 13** % **,** ~~higher in fiscal 2022~~ compared to **the record- high prices in** the prior fiscal year ~~, reflecting robust market demand for these products~~ . **Finished** ~~The impact of the higher average selling prices on~~ steel ~~revenues in fiscal 2022 was partially offset by lower~~ sales volumes ~~compared to~~ **increased 12 % in fiscal 2023, primarily reflecting the impact on** the prior fiscal year ~~in part due to the impact of supply chain disruptions on~~ volumes ~~including logistical restraints~~ **of the ramp up of steel mill operations that began in August 2021** and ~~delays to construction projects related to a four~~ **which was substantially completed during the second quarter of fiscal 2022. The ramp** - ~~month concrete industry strike in~~ **up of steel mill operations during** the **first half of fiscal** ~~Pacific Northwest that ended in April~~ 2022 **followed completion of repair and replacement of damaged property arising from the May 2021 steel mill fire** . Operating Performance Net **loss in fiscal 2023 was $ 25 million, compared to net** income **of** ~~in fiscal 2022 was~~ $ 172 million ~~, compared to $ 170 million~~ in the prior fiscal year. Adjusted EBITDA in fiscal ~~2022~~ **2023** was **$ 144 million, compared to** $ 313 million ~~, compared to $ 289 million~~ in the prior fiscal year. **The lower** ~~Our results for fiscal 2022 reflected benefits from the higher~~ price environment for **recycled metals, as well as** the ~~majority~~ **impact** of **tighter supply flows, reduced processed volumes, and** the **extended operational disruptions in the first quarter of** fiscal ~~year for most of~~ **2023, had a significant adverse impact on** our ~~products~~ **operating margins** and ~~increased~~ **overall operating results in fiscal 2023.** ~~ferrous~~ **Ferrous** ~~and nonferrous sales volumes~~ **metal spreads in fiscal 2023 decreased by approximately 21 %** compared to the prior fiscal year ~~supported~~ **driven** by ~~stronger demand. Ferrous~~ **lower selling prices and the cost of obtaining adequate supply flows of scrap** metal ~~spreads~~ **including end- of- life vehicles** in ~~fiscal 2022 increased by approximately 14 %~~ **the tighter supply environment. In addition** , ~~and~~ average net selling prices for our nonferrous joint products that are recovered from the shredding process, comprising primarily zorba, ~~increased~~ **decreased** by approximately ~~22~~ **3** % compared to the prior fiscal year ~~, driven by significantly higher selling prices for a majority of the fiscal year~~ . **Finished steel** ~~The expansion in ferrous~~ metal spreads **were also lower in fiscal 2023** compared to the prior fiscal year ~~in part reflected higher spreads on ferrous sales contracted prior to the decline in market selling prices that occurred during the second half of fiscal 2022. Finished steel spreads also expanded significantly in fiscal 2022 compared to the prior fiscal year~~ . Our results in fiscal ~~2022~~ **2023** also reflected ~~an~~ **the** unfavorable impact ~~from average inventory accounting due to the sharp decline in selling prices for recycled metals during the second half~~ of **tighter** ~~the fiscal year compared to a favorable impact in the prior fiscal year, disruptions due to extended shredding operation outages at our Everett facility to replace equipment damaged by the December 2021 fire, the effects of ongoing~~ supply ~~chain disruptions~~ **flows of scrap metal and reduced processed volumes in the lower price and slower economic environment** , **significantly** lower year- over- year PGM prices, and ~~the impact of inflation. Contributions from recent acquisitions and productivity initiatives helped to partially offset the effects of~~ inflationary pressure on operating costs **, as well as a favorable change in the effect of average inventory accounting year- over- year** . **In addition, our results in fiscal 2023 included $ 51 million in goodwill and other asset impairment charges and $ 43 million in insurance recovery gains relating to the steel mill fire and the Everett facility shredder fire. Starting in the third quarter 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, 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. In October 2022, we announced and began implementing productivity and cost reduction initiatives with a targeted annual benefit of approximately $ 40 million. In addition, in January 2023, we announced incremental initiatives aiming to reduce SG & A costs by approximately $ 20 million annually. These initiatives aim to improve profitability through a combination of increased yields, efficiencies in processing, procurement, and pricing, and reduced costs including from headcount reductions, decreased lease costs, professional and outside services, and implementation of operational efficiencies. Starting in the third quarter of fiscal 2023, we achieved the full quarterly run rate of benefits from these initiatives, and others implemented during fiscal 2022, which helped to partially offset the effects of inflationary pressure on operating costs. In the fourth quarter of fiscal 2023, we performed the annual goodwill impairment test as of July 1, 2023, which resulted in a non- cash goodwill impairment charge of $ 39 million, representing a portion of the carrying amount of goodwill allocated to one reporting unit comprising a regional metals recycling operation, while the goodwill allocated to our other reporting units was deemed to not be impaired. We did not record any goodwill impairment charges in fiscal 2022. See further discussion in the Critical Accounting Estimates section at the end of Part II, Item of this report. 40 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** See the reconciliation of adjusted EBITDA in the Non- GAAP Financial Measures at the end of this Item 7. **Interest Expense Interest expense was** ~~In fiscal 2022, we recognized insurance recoveries of~~ $ ~~15~~ **19** million ~~in connection with the May 2021 fire at our steel mill in McMinnville~~ , ~~Oregon, reflecting recovery of applicable costs incurred by the mill operations following the incident. In fiscal 2022, we also recognized insurance recoveries of~~ $ ~~17~~ **9** million ~~in connection with the December 2021 fire at our Everett shredder facility~~ , ~~reflecting recovery of applicable losses including asset impairment charges, initial capital purchases, non- capitalizable repair~~ and **$ 5 million** ~~replacement costs, and other applicable losses that we had incurred~~ as of August 31, **2023,** 2022 **, and 2021, respectively** . ~~These~~ -- **The increase** ~~amounts do not reflect potential additional recoveries of business income losses due to the interruptions that may be recognized~~ in **interest** ~~the future when settlements of the business interruption claims are resolved. Selling, general, and administrative~~ expense **was** ~~in fiscal 2022 increased by 9 % compared to the prior year~~ primarily due to higher **interest rates on amounts outstanding under** ~~employee- related expenses, including from increased competition for employees in a tight labor market, and increased outside and professional services, insurance, and travel expenses, partially from higher costs resulting from~~ our **bank credit facilities** ~~acquisitions and other growth- related initiatives~~ , as well as **increased average borrowings** ~~the impact of inflation~~ , **compared** ~~partially offset by benefits from productivity initiatives. Accruals in connection with our annual incentive compensation plans and charges related~~ to **the prior** ~~legacy environmental matters were lower in~~ fiscal ~~2022 compared to the prior~~ year. Income Taxes Year Ended August 31, **(Loss)** ~~Income~~ **income** ~~(loss)~~ from continuing operations before income taxes $ **(28, 076) $** 216, 676 $ 207, 989 ~~$ (1, 939)~~ Income tax **benefit (** expense **)** $ **2, 747 $** (44, 597) $ (37, 935 ~~) $ (166~~ ) Effective tax rate **9. 8 %** 20. 6 % 18. 2 % ~~(8. 6) % 42 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ Our effective tax rate from continuing operations for fiscal ~~2022~~ **2023** was **a benefit on pre- tax loss of 9. 8 %, compared to** an expense on pre- tax income of 20. 6 % ~~, compared to 18. 2 %~~ for fiscal ~~2021~~ **2022 . Our effective tax rate from continuing operations for fiscal 2023 was lower than the U. S. federal statutory rate of 21 % primarily due to the aggregate effect of the relatively low absolute level of pre- tax earnings, permanent differences from non- deductible expenses, and unrecognized tax benefits** . Our effective tax rate from continuing operations for fiscal 2022 approximated the U. S. federal statutory rate of 21 %, reflecting ~~primarily discrete~~ tax benefits ~~resulting~~ from vesting of share- based awards ~~during the fiscal year and other discrete items~~ , ~~as well as the benefit from~~ the foreign derived intangible income ( ~~"~~ **"** FDII ~~"~~ **"** ) deduction **,** ~~in fiscal 2022~~ and research and development credits, offset by the aggregate impact of state taxes and permanent differences from non- deductible expenses ~~. Our effective tax rate from continuing operations for fiscal 2021 was lower than the U. S. federal statutory rate of 21 % primarily due to the benefit from the FDII deduction in fiscal 2021 and the impacts of research and development credits, release of the valuation allowance against Puerto Rico deferred tax assets, and other discrete items~~ . We assess the realizability of our deferred tax assets on a quarterly basis through an analysis of potential sources of future taxable income, including prior **fiscal** 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. We consider all negative and positive evidence ~~, including the weight of the evidence,~~ to determine if valuation allowances against deferred tax assets are required. We continue to maintain valuation allowances against certain deferred tax assets **in** ~~related to~~ certain jurisdictions as a result of negative ~~objective~~ evidence, including ~~the effects of~~ historical losses in these ~~tax~~ jurisdictions, **which indicates** ~~outweighing positive objective and subjective evidence, indicating~~ that it is more- likely- than- not that the associated tax benefit will not be realized. Realization of the deferred tax assets is dependent upon generating sufficient taxable income in the associated tax jurisdictions in future years to benefit from the reversal of net deductible temporary differences ~~and from the utilization of net operating losses~~ . We will continue to regularly assess the realizability of deferred tax assets. Changes in historical earnings performance and future earnings projections, among other factors, may cause us to adjust our valuation allowance on deferred tax assets, which would impact our results of operations in the period we determine that these factors have changed. On August 16, 2022, the Inflation Reduction Act of 2022 ( ~~"~~ **"** IRA ~~"~~ **"** ) was signed into law, with tax provisions primarily focused on implementing a 15 % Corporate Alternative Minimum Tax ( ~~"~~ **"** CAMT ~~"~~ **"** ) and a 1 % excise tax on corporate share repurchases. As of August 31, ~~2022~~ **2023** , we did not meet the threshold to be subject to the CAMT. We may **, however,** be subject to the 1 % excise tax on future share repurchases. 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 $ **6 million and $** 44 million ~~and $ 28 million~~ as of ~~each~~ August 31, **2023 and** 2022 ~~and 2021~~ , 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 **both** August 31, **2023 and** 2022, debt was $ 249 million, ~~compared to~~ **and debt, net of cash, was** $ ~~75~~ **243** million as of August 31, ~~2021~~ **2023** , **compared to** ~~and debt, net of cash, was~~ $ 205 million as of August 31, 2022, ~~compared to $ 47 million as of August 31, 2021,~~ which ~~increases~~ - **increase** ~~were~~ **was** primarily due to **lower cash balances resulting from the repayment of** increased borrowings from our credit facilities **during fiscal 2023** to fund the ~~acquisitions~~ - **acquisition** of the **ScrapSource** ~~assets of the Columbus Recycling~~ business on **November 18** ~~October 1, 2021, and the Encore Recycling business on April 29~~ , 2022, and ~~higher net working~~ capital ~~needs~~ **expenditures** . See the reconciliation of debt, net of cash, in Non- GAAP Financial Measures at the end of this Item 7. **41 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** Operating Activities Net cash provided by operating activities in fiscal ~~2022~~ **2023** was **$ 139 million, compared to** $ 238 million ~~, compared to~~ **in fiscal 2022. Sources of cash other than from earnings in fiscal 2023 included a** $ ~~190~~ **48** million **decrease in inventories primarily due to lower raw material purchase costs and the timing of purchases and sales and a $ 12 million decrease in accounts receivable primarily due to the timing of sales and collections. Uses of cash** in fiscal **2023 included a $ 24 million decrease in accrued payroll and related liabilities primarily due to decreased incentive compensation liabilities and a $ 14 million decrease in accrued liabilities due in part to recognition through fiscal 2023 earnings of advance payments received from insurers in excess of recoveries as of the end of fiscal 2022 upon full and final settlement with our insurers for our claims arising from the May** 2021 **steel mill fire** . Sources of cash other than from earnings in fiscal 2022 included a $ 21 million increase in accounts payable primarily due to higher raw material purchase prices and the timing of purchases and payments. Uses of cash in fiscal 2022 included a $ 37 million increase in inventories due to higher raw material purchase costs and the timing of purchases and sales, a $ 19 million increase in prepaid expenses and other current assets primarily due to increased receivables from insurers, a $ 15 million decrease in environmental liabilities primarily due to payments in connection with legacy environmental matters, and a $ 14 million decrease in accrued payroll and related liabilities primarily due to decreased incentive compensation liabilities. The sources and uses of cash related to operating activities described above also reflect higher net working capital needs during the ramp- up of steel mill operations that began in August 2021 following completion of repair and replacement of damaged property arising from the May 2021 steel mill fire. ~~43 / Schnitzer Steel Industries, Inc. Form 10- K 2022 Sources of cash other than from earnings in fiscal 2021 included a $ 65 million increase in accounts payable primarily due to higher raw material purchase prices and the timing of payments, a $ 28 million increase in accrued payroll and related liabilities primarily due to increased incentive compensation liabilities, and a $ 23 million increase in income tax accruals. Uses of cash in fiscal 2021 included a $ 89 million increase in inventories due to higher raw material purchase prices, higher volumes on hand, and the timing of purchases and sales, and a $ 84 million increase in accounts receivable primarily due to increases in selling prices and higher sales volumes for recycled metals, as well as the timing of sales and collections.~~ Investing Activities Net cash used in investing activities in fiscal ~~2022~~ **2023** was **$ 144 million, compared to** $ 316 million **in fiscal 2022.Cash used in investing activities in fiscal 2023 included $ 25 million paid to acquire the assets of the ScrapSource business on November 18,2022.We funded this acquisition using cash on hand and borrowings under our existing credit facilities.** See Note 7- Business Acquisitions in the Notes to the Consolidated Financial Statements in Part II,Item 8 of this report for further detail.Cash used in investing activities in fiscal ~~2022~~ **2023** also included capital expenditures of $ ~~150~~ **130** million to upgrade our equipment and infrastructure and for investments in advanced metals recovery technology and environmental and safety- related assets ~~,compared to $ 119 million in the prior year.Cash flows from investing activities in fiscal 2022 included proceeds of $ 17 million representing the portion of advance payments from insurers deemed a recovery of capital purchases incurred for repair and replacement of damaged property~~ , compared to $ ~~118~~ **150** million in **the prior** fiscal **year. Cash flows from investing activities in 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 fiscal year 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 fiscal 2022 included $ 117 million paid to acquire the Columbus Recycling business on October 1, 2021, which amount included $ 10 million paid primarily for net working capital in excess of an agreed- upon benchmark **, and** ~~. Cash used in investing activities~~ also included $ 63 million paid to acquire 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. See Note 7- Business Acquisitions in...... December 2021 Everett facility shredder fire. Cash used in investing activities in fiscal 2022 also included the purchase of an investment in the equity of a privately- held Canadian recycling entity for $ 5 million. Financing Activities Net cash **used in financing activities for fiscal 2023 was $ 33 million, compared to net cash** provided by financing activities **of** ~~for fiscal 2022 was~~ $ 95 million ~~, compared to net cash used in financing activities of $ 63 million~~ in fiscal ~~2021~~ **2022** . Cash flows from financing activities in fiscal ~~2022~~ **2023** included **$ 3 million in net repayment of debt, compared to** $ 166 million in net borrowings ~~of debt, compared to $ 31 million in net repayments~~ of debt in the prior fiscal year (refer to Non- GAAP Financial Measures at the end of this Item 7). Uses of cash in fiscal **2023 and** 2022 ~~and 2021~~ included $ **8 million and $** 11 ~~million and $ 6~~ million, respectively, for payment of employee tax withholdings resulting from ~~vesting~~ **settlement** of share- based awards and $ 21 million in each fiscal year for the payment of dividends. ~~Uses of cash in~~ **42 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K** ~~fiscal~~ **Fiscal** ~~2022~~ **2023** ~~also included $ 34 million for share repurchases.~~ Following is a summary of our outstanding balances and availability on credit facilities and long- term debt, exclusive of finance lease obligations (in thousands): Outstanding as ofAugust 31, ~~2022~~ **2023** RemainingAvailability Bank secured revolving credit facilities (1) $ 230, 000 $ 573, ~~267~~ **472** Other debt obligations $ 12, ~~668~~ **192** N / A (1) Remaining availability is net of $ 8 million of outstanding stand- by letters of credit as of August 31, ~~2022~~ **2023** . **Our** ~~On August 22, 2022, the Company and certain of our subsidiaries entered into the Third~~

~~Amendment to the Third Amended and Restated Credit Agreement (the" Amended Credit Agreement"), by and among Schnitzer Steel Industries, Inc., as the U. S. borrower, Schnitzer Steel Canada Ltd., as the Canadian borrower, Bank of America, N. A., as administrative agent, and other lenders party thereto, which amended and restated our previously existing credit agreement (the" Prior Credit Agreement"). The Amended Credit Agreement provides for $ 800 million and C $ 15 million in~~ senior secured revolving credit facilities ~~maturing in August 2027. The~~ **, which provide for revolving loans of** $ 800 ~~million credit facility includes a $ 50 million sublimit for letters of credit, a $ 25 million sublimit for swingline loans, and a $ 50 million sublimit for multicurrency borrowings. The Prior Credit Agreement provided for $ 700~~ million and C $ 15 million **, mature** in ~~senior secured~~ **August 2027 pursuant to a** credit **agreement** ~~facilities maturing in August 2023. We incurred $ 2 million in debt issuance costs in connection~~ with **Bank of America, N. A., as administrative agent, and** ~~the~~ **other lenders party thereto** ~~Amended Credit Agreement, which are amortized to interest expense over the five- year term of the arrangement~~ . ~~44 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ Interest rates on outstanding indebtedness under the ~~Amended Credit~~ **credit** ~~Agreement~~ **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 ~~Amended Credit~~ **credit** ~~Agreement~~ **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 ~~Amended Credit~~ **credit** ~~Agreement~~ **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 ~~Amended Credit~~ **credit** ~~Agreement~~ **agreement** , we may propose to amend the ~~Amended Credit~~ **credit** ~~Agreement~~ **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 $ 230 million ~~and $ 60 million~~ as of **both** August 31, **2023 and** 2022 ~~and 2021, respectively~~ . The weighted average interest rate on amounts outstanding under our credit facilities was **7. 17 % and** 3. 65 % ~~and 1. 75 %~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , respectively **. In the fourth quarter of fiscal 2023, we entered three interest rate swap transactions to hedge the variability in interest cash flows associated with our variable- rate loans under our credit facilities. The interest rate swaps require us to make fixed- rate payments based on a total notional amount of $ 150 million and an average annual rate of approximately 4. 40 % in exchange for the receipt of variable- rate amounts over a three- year term ending in August 2026. See Note 15- Derivative Financial Instruments in Part II, Item 8 of this report for disclosure related to derivative instruments and hedging activities** . 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. As of August 31, ~~2022~~ **2023** , the financial covenants under the credit agreement included (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 August 31, ~~2022~~ **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 ~~7~~ **3** . ~~04~~ **08** to 1. 00 as of August 31, ~~2022~~ **2023** . The consolidated leverage ratio was required to be no more than 0. 55 to 1. 00 and was 0. ~~21~~ **22** to 1. 00 as of August 31, ~~2022~~ **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 ~~, COVID- 19,~~ or other ~~negative~~ factors have a significant 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 **43 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** 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 $ **12 million and $** 13 million ~~and $ 8 million~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , 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. ~~In fiscal 2022, we recorded $ 7 million of additional debt obligations with these terms generally. 45 / Schnitzer Steel Industries, Inc.~~

~~Form 10- K 2022~~ Capital Expenditures Capital expenditures totaled $ **130 million for fiscal 2023, compared to $** 150 million for fiscal 2022 ~~, compared to $ 119 million for fiscal 2021~~ . Capital expenditures included approximately $ **33 million and $** 51 million for investments in growth in ~~both~~ fiscal **2023 and** 2022 ~~and 2021~~ **, respectively** . We currently plan to invest **approximately** ~~in the range of~~ $ **100** ~~120 million to $ 140~~ million in capital expenditures in fiscal ~~2023~~ **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 and infrastructure and for environmental and safety- related assets, using cash generated from operations and available credit facilities. Supply chain disruptions ~~, including those created directly or indirectly by the COVID- 19 pandemic,~~ 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 $ ~~35~~ **33** million in capital expenditures for environmental projects in fiscal ~~2022~~ **2023** , and we currently plan to invest **approximately** ~~in the range of~~ $ **35** ~~40 million to $ 50~~ 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 EPA as one of the potentially responsible parties that own or operate or formerly owned or operated sites which are part of or adjacent to Portland Harbor. See Note 10- Commitments and Contingencies in the Notes to the Consolidated Financial Statements in Part II, Item 8 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 Qualified Settlement Funds (" 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 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 June ~~29~~ **27** , ~~2022~~ **2023** , our Board of Directors declared a dividend for the fourth quarter of fiscal ~~2022~~ **2023** of $ 0. 1875 per common share, which equates to an annual cash dividend of $ 0. 75 per common share. Dividends of $ 0. 75 per common share, totaling $ 21 million, were declared and paid during fiscal ~~2022~~ **2023** , and $ 21 million in dividends were also declared and paid during fiscal ~~2021~~ **2022** . Share Repurchase Program **We did not repurchase any shares of our common stock during fiscal 2023.** For information regarding ~~the authorization of a new share repurchase program by our Board of Directors on June 27, 2022, and~~ share repurchases during fiscal 2022 ~~and fiscal 2020~~ , see " Item 5. Market for Registrant' s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities ~~"~~ **"** above in Part II of this report, incorporated by reference herein ~~. We did not repurchase any shares of our common stock during fiscal 2021~~ . 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. **44 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** 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, share repurchases, investments and acquisitions, joint ventures, debt service requirements, environmental obligations, 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. ~~46 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ Contractual Obligations We have certain contractual obligations to make future payments. The following table summarizes future obligations related to debt and leases as of August 31, ~~2022~~ **2023** (in thousands): Payment Due by Period Thereafter Totals Contractual Obligations Credit facilities (1) $ — $ — $ — $ **230, 000 $** — ~~$ 230, 000~~ $ — $ 230, 000 Interest payments on credit facilities (2) $ ~~8~~ **16** , ~~395~~ **491** $ ~~8~~ **16** , ~~395~~ **491** $ ~~8~~ **16** , ~~395~~ **491** $ ~~8~~ **16** , **084** ~~395 $ 8, 188~~ $ — $ ~~41~~ **— $ 65** , ~~768~~ **557** Other debt, including interest (3) $ ~~4~~ **3** , ~~306~~ **924** $ 2, ~~425~~ **799** $ 2, ~~466~~ **799** $ 2, ~~735~~ **799** $ $ ~~—~~ $ ~~12~~ **13** , ~~668~~ **259** Finance leases, including interest $ ~~1~~ **2** , ~~991~~ **558** $ 1, ~~715~~ **746 $ 1, 262 $ 1, 103** $ $ $ **8** ~~$ $ 6~~ , ~~676~~ **053** Operating leases (4) $ ~~25~~ **23** , ~~012~~ **768** $ ~~20~~ **19** , ~~810~~ **391** $ 15, ~~913~~ **503** $ ~~12~~ **13** , ~~754~~ **546** $ ~~11~~ **10** , ~~307~~ **901** $ ~~59~~ **55** , ~~999~~ **434** $ ~~145~~ **138** , ~~795~~ **543** (1) Credit facilities include the principal amount of borrowings outstanding under bank secured revolving credit facilities, which mature in August 2027. (2) Interest payments on credit facilities are based on interest rates in effect as of August 31, ~~2022~~ **2023** . As contractual interest rates and the amount of debt outstanding is variable in certain cases, actual cash payments may differ from the estimates provided. (3) Other debt obligations 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 obligation is treated as a partial financing of the purchase price by the equipment vendor. Monthly payments commence when the equipment is placed in service and continue for a period of four years thereafter. (4) Operating lease payments reflect those embedded in the measurement of our operating lease liabilities and, thus, include future lease payments for the remaining non- cancellable period of the lease together with periods covered by renewal (or termination) options which we are reasonably certain to exercise (or not to exercise). These operating lease payments do not include certain tax, insurance, and maintenance costs, which are also required contractual obligations under our operating leases but are generally not fixed and can fluctuate from year to year. Also, we have excluded future minimum lease payments for leases that have been executed but have not commenced as of August 31, ~~2022~~ **2023** . In addition to future obligations related to debt and leases presented in the table above, we have certain material cash requirements, including but not limited to commitments for capital expenditures. See " Capital Expenditures " within " Liquidity and Capital Resources " above in this Item 7 for discussion of our planned investment in capital expenditures in fiscal ~~2023~~ **2024** , a portion of which represents contractual commitments that existed as of the end of our fiscal ~~2022~~ **2023** . We also had open purchase orders as of August 31, ~~2022~~ **2023** for purchases of primarily fuels and lubricants, machinery and equipment components and parts, and consumables used in our operations of approximately $ ~~80~~ **76** million, nearly all of which require payment of cash in our fiscal ~~2023~~ **2024** . See Note 13- Employee Benefits in Part II, Item 8 of this report for disclosure related to qualified and nonqualified retirement plans, which include a defined benefit pension plan, a supplemental executive retirement benefit plan, multiemployer pension plans, defined contribution plans, and a deferred compensation plan. We maintain stand- by letters of credit to provide support for certain obligations, including workers' compensation and performance bonds. ~~At~~ **As of** August 31, ~~2022~~ **2023** , we had $ 8 million outstanding under these arrangements.  ~~Critical Accounting Estimates~~ The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make certain judgments, estimates, and assumptions regarding uncertainties that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. An accounting estimate is deemed to be critical if it is made based on assumptions and judgments about matters that are inherently uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably likely to occur could materially impact our consolidated financial statements. Because of the uncertainty inherent in these matters, actual results could differ from the estimates we use. We are not currently aware of any reasonably likely events or circumstances that would result in materially different amounts being reported. Our critical accounting estimates include those related to inventories, business acquisitions, long- lived assets, goodwill, environmental costs, and income taxes. Inventories Our inventories consist of processed and unprocessed scrap metal (ferrous, nonferrous, and mixed nonferrous recovered joint products arising from the manufacturing process), semi- finished steel products (billets), finished steel products (primarily rebar, wire rod, and merchant bar), used and salvaged vehicles, and supplies. Inventories are stated at the lower of cost and net realizable value. We consider estimated future selling prices when determining the estimated net realizable value of our inventory. As we generally sell our recycled ferrous metal under contracts that provide for shipment within 30 to 60 days after the price is agreed, we utilize the selling prices under committed contracts and sales orders for determining the estimated net realizable value of quantities on hand that will be shipped under these contracts and sales orders. The accounting process we use to record ferrous scrap metal quantities relies on significant estimates. With respect to estimating the quantities of unprocessed ferrous scrap metal inventory that are moved into production, we rely on weighed quantities of the processed ferrous material, adjusted for estimated metal recoveries and yields that are based on historical trends and other judgments by management. Actual recoveries and yields can vary depending on product quality, moisture content, and the source of the unprocessed metal. The Company' s estimates are intended to reasonably reflect the quantities of unprocessed ferrous scrap metal that are used in the production of processed ferrous metal. To assist in validating the reasonableness of these estimates, we periodically review shrink factors and perform monthly physical inventories. Due to the inherent nature of our scrap metal inventories, including variations in product density, holding period, and production processes utilized to manufacture the products, physical inventories will not necessarily detect all variances for scrap metal inventory such that estimates of quantities are required. To mitigate this risk, we further adjust our ferrous physical inventories when the volume of a commodity is low and a physical inventory count is deemed to more accurately estimate the remaining volume. **.We evaluate 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.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 ").When testing goodwill for impairment,we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more- likely- than- not that the estimated fair value of a reporting unit is less than its carrying amount.If we elect to perform a qualitative assessment and determine that an impairment is more- likely- than- not,we are then required to perform the quantitative impairment test,otherwise no further analysis is required.We also may elect not to perform the qualitative assessment and,instead,proceed directly to the quantitative impairment test.When performing the quantitative impairment test,we apply a one- step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit' s carrying amount over its fair value,not to exceed the total amount of goodwill allocated to that reporting unit.We estimate the fair value of a reporting unit using an income approach based on the present value of expected future cash flows utilizing a market- based weighted average cost of capital (" WACC ") determined separately for the reporting unit.To estimate the present value of the cash flows that extend beyond the final year in the discounted cash flow analysis,we employ a terminal value technique,whereby we use estimated operating cash flows minus capital expenditures,adjust for changes in working capital requirements in the final year of the analysis,and then discount these estimated cash flows by the WACC to establish the terminal value.  The determination of fair value using the income approach requires judgment and involves the use of estimates and assumptions about expected future cash flows derived from internal forecasts and the impact of market conditions on those assumptions.Assumptions primarily include revenue growth rates driven by future ferrous and nonferrous commodity price and sales volume expectations, **automobile scrap and core price and sales volume expectations,** gross margins,selling,general and administrative expense relative to total revenues,capital expenditures,working capital requirements,discount rate (WACC),tax rate,terminal growth rate,benefits associated with a taxable transaction,and synergistic benefits available to market participants.We also use a market approach based on earnings multiple data and our Company' s market capitalization to corroborate our reporting units' valuations.We reconcile the Company' s market capitalization to the aggregated estimated fair value of all reporting units,including consideration of a control premium representing the estimated amount a market participant would pay to obtain a controlling interest in the Company.In the fourth quarter of fiscal ~~2023~~ **2022** ,we performed the annual goodwill impairment test as of July 1, ~~2023~~ **2022** .As of the testing date,the balance of our goodwill was $ ~~269~~ **254** million,which was ~~allocated among four reporting units.All of the approximately $ 13 million of goodwill~~ carried by **three reporting units.Although we performed the annual goodwill impairment test for fiscal 2021 as of July 1,2021,we had last performed the quantitative impairment test of goodwill in the fourth quarter of fiscal 2020 using a measurement date of July 1,2020.Based** ~~one~~ - **on** ~~of~~ the ~~reporting units,a~~ **changes in market conditions related to the general economy and the metals** recycling **industry** ~~services operation~~ , ~~related to~~ the ~~business acquisition~~ **extent of time** that **had passed since the last quantitative goodwill impairment test** ~~was~~ - **as** ~~completed in fiscal~~ **of July 1,** ~~2023~~ **2020** ~~.We~~ **,and the realignment of reporting units as of September 1,2020,we** elected to **not** perform the qualitative assessment **and proceed directly to the quantitative impairment test** for ~~this~~ **goodwill carried by two of the** reporting ~~unit~~ **units to identify potential impairment and measure** ~~and~~ - **an impairment** ~~concluded that it was not more likely than not that the fair value of the reporting unit was less~~ **loss ,if necessary** ~~than its carrying value~~ . **49 / Schnitzer Steel Industries,Inc.Form 10- K 2022** The **two** ~~remaining $ 256 million of goodwill as of the testing date was allocated among three~~ reporting units ~~,~~ **for** which **we performed the quantitative assessment** consist of ~~two~~ **a** regional metals recycling ~~operations~~ - **operation** and our network of auto parts stores. **For** ~~Based primarily on the respective financial and operational performance of each of these~~ -- **the** ~~three reporting units and the Company overall,as well as the year- over- year decrease in our market capitalization as of the testing date,we elected to not perform the qualitative assessment and to proceed directly to the quantitative impairment test for goodwill allocated to the three reporting units to identify potential impairment and measure an impairment loss,if necessary.The three reporting units for which we performed the quantitative assessment consist of two regional~~ metals recycling ~~operations~~ and ~~our network of auto parts stores.For one of the metals recycling reporting units and the~~ autos reporting ~~unit~~ **units** subject to the quantitative impairment test,the estimated fair value of the reporting unit exceeded its carrying amount by approximately ~~24~~ **32** % and ~~33~~ **44** %,respectively,as of July 1, ~~2023~~ **2022** ~~.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 projections used in the income approach for the metals recycling and autos reporting units took into consideration,as applicable,the impact of recent and current market conditions for ferrous and nonferrous recycled metals ~~and retail auto parts~~ ,the cost of obtaining adequate supply flows of scrap metal including end- of-life vehicles,and recent trends in **retail auto parts sales** ~~production and other operating costs~~ .The projections assumed a **limited** recovery of operating margins from the levels experienced around the time of the July 1, ~~2023~~ **2022** measurement date over a multi- year period.The WACC ~~rate~~ **rates** used in the income approach valuation for the ~~two~~ metals recycling **and autos** reporting units ~~was~~ **were** 13. ~~68~~ **33** % ~~,~~and **12.** ~~the WACC rate used for the autos reporting unit was~~ 13 ~~.62~~ % ~~.The~~ **,respectively,and the** terminal growth rate used ~~in the income approach valuation~~ for **both** ~~all three~~ reporting units was 2 **.0** %.A **company** ~~reporting- unit~~ - specific risk premium is embedded in the WACC to reflect the perceived level of uncertainty inherent in each reporting unit' s expected future cash flows. ~~For the metals recycling and autos reporting units with no goodwill impairment,assuming~~ **Assuming** all other components of the fair value estimates were held constant,an increase in the WACC of 100 basis points **for each of the metals recycling reporting unit and the autos reporting units** would have decreased the indicated headroom to ~~13 % and~~ 21 % **and 29 %** ,respectively ~~.For the metals recycling reporting unit with partial goodwill impairment,assuming all other components of the fair value estimate were held constant,an increase in the WACC of 100 basis points would have resulted in a material amount of additional impairment of the goodwill allocated to the reporting unit~~ .See Note 8- Goodwill and Other Intangible Assets,net in the Notes to the Consolidated Financial Statements in Part II,Item 8 of this report for further detail.As a result of the inherent uncertainty associated with forming the estimates described above,actual results could differ from those estimates.Future **events and changing market conditions may impact our assumptions as to future revenue and operating margin growth,WACC,and other factors that may result in changes in our estimates of the reporting units' fair value.Although we believe the assumptions used in testing our reporting units' goodwill for impairment are reasonable,a lack of recovery or further deterioration in market conditions from current levels,a trend of weaker than anticipated financial performance for the reporting units with allocated goodwill,a decline in our share price from current levels for a sustained period of time,or an increase in the WACC,among other factors,could significantly impact our impairment analysis and may result in future goodwill impairment charges that,if incurred,could have a material adverse effect on our financial condition and results of operations** We recognize 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, we may update the value allocated to the assets acquired and liabilities assumed, and the resulting goodwill balance, based on information **47 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** 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 us 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. See Note 7- Business Acquisitions in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this report for disclosure of our acquisition of the Columbus Recycling business on October 1, 2021, ~~and~~ our acquisition of the Encore Recycling business on April 29, 2022 ~~. As of August 31~~ , **and** ~~2022, with respect to~~ our acquisition of the **ScrapSource** ~~Encore Recycling~~ business ~~, measurement of actual acquired net working capital, as well as the fair values of certain other acquired assets and assumed liabilities, is still preliminary and subject to change based~~ on **November 18** ~~the completion of valuation procedures. 48 / Schnitzer Steel Industries~~ , ~~Inc. Form 10- K~~ 2022 **.** Long- Lived Assets We test long-lived tangible and intangible assets for impairment at the asset group level, which is determined based on the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. We test our asset groups for impairment when certain triggering events or changes in circumstances indicate that the carrying value of the asset group may be impaired. If the carrying value of the asset group is not recoverable because it exceeds the estimate of future undiscounted cash flows from the use and eventual disposition of the asset group, an impairment loss is recognized by the amount the carrying value exceeds its fair value, if any. The impairment loss is allocated to the long- lived assets of the group on a pro rata basis using the relative carrying amounts of those assets, except that the loss allocated to an individual long- lived asset of the group shall not reduce the carrying amount of that asset below its fair value. Fair value is determined using one or more of the income, market, or cost approaches, depending on the nature of the asset group. Determination of fair value is considered a critical accounting estimate. In fiscal ~~2022~~ **2023** , we did not identify any triggering events or changes in circumstances indicating that the carrying value of a material asset group may be impaired . We evaluate goodwill for impairment annually...... our financial condition and results of operations . Environmental Costs We operate in industries that inherently possess environmental risks. To manage these risks, we employ both our own environmental staff and outside consultants. Environmental management and finance personnel meet regularly to discuss environmental risks. We estimate future costs for known environmental remediation requirements and accrue for them on an undiscounted basis when it is probable that we have incurred a liability and the related costs can be reasonably estimated but the timing of incurring the estimated costs is unknown. The regulatory and government management of these projects is complex, which is one of the primary factors that make it difficult to assess the cost of potential and future remediation. When only a wide range of estimated amounts can be reasonably established and no other amount within the range is better than any other, the low end of the range is recorded in the financial statements. If further developments or resolution of an environmental matter result in facts and circumstances that are significantly different than the assumptions used to develop these liabilities, the accrual for environmental remediation could be materially understated or overstated. Adjustments to these liabilities are made when additional information becomes available that affects the estimated costs to study or remediate any environmental issues or when expenditures for which accruals are established are made. The factors we consider in the recognition and measurement of environmental liabilities include: • Current regulations, both at the time the liability is established and during the course of the investigation or remediation process, which specify standards for acceptable remediation; • Information about the site which becomes available as the site is studied and remediated; • The professional judgment of senior level internal staff and outside consultants, who take into account similar, recent instances of environmental remediation issues, and studies of our sites, among other considerations; • Available technologies that can be used for remediation; and • The number and financial condition of other potentially responsible parties and the extent of their responsibility for the costs of study and remediation. ~~50 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ Our accrued environmental liabilities as of August 31, ~~2022~~ **2023** included $ ~~6~~ **5** million related to the Portland Harbor Superfund site. Because the final remedial actions have not yet been designed and there has not been a **final** determination of the amount of natural resource damages or of the allocation among the potentially responsible parties of costs of the investigations, **or** remedial action costs ~~, or natural resource damages~~ , we believe it is not possible to reasonably estimate the amount or range of costs which we are likely or which it is reasonably possible that we may incur in connection with Portland Harbor, although such costs could be material to our financial position, results of operations, cash flows, and liquidity. Therefore, no additional amounts have been accrued. Further, we have been notified that we are or may be a potentially responsible party at sites other than Portland Harbor which are currently or formerly owned or operated by us or at other sites where we may have responsibility for such costs due to past disposal or other activities. See “ Contingencies – Environmental ” in Note 10- Commitments and Contingencies in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this report. **48 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** Valuation Allowances We assess the realizability of our 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. We consider all negative and positive evidence, including the weight of the evidence, to determine if valuation allowances against deferred tax assets are required. Due to the significant judgment involved, realizability of our deferred tax assets is considered a critical accounting estimate. We continue to maintain valuation allowances against certain state and Canadian deferred tax assets. Recently Issued Accounting Standards For a description of recent accounting pronouncements that may have an impact on our financial condition, results of operations, or cash flows, see Note 3- Recent Accounting Pronouncements in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this report. 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): August 31, ~~2022~~ **2023** August 31, ~~2021~~ **2022** Short- term borrowings $ **5, 813 $** 6, 041 ~~$ 3, 654~~ Long- term debt, net of current maturities **243, 579** 242, 521 ~~71, 299~~ Total debt **249, 392** 248, 562 ~~74, 953~~ Less cash and cash equivalents **6, 032** 43, 803 ~~27, 818~~ Total debt, net of cash $ **243, 360 $** 204, 759 ~~$ 47, 135~~ 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 **(repayments)** borrowings ~~(repayments)~~ of debt (in thousands): **Fiscal 2023** Fiscal 2022 Fiscal 2021 ~~Fiscal 2020~~ Borrowings from long- term debt $ **625, 228 $** 1, 055, 106 $ 546, 706 ~~$ 690, 162~~ Repayments of long- term debt ( **628, 020) (** 889, 127) (578, 030) ~~(698, 492)~~ Net **(repayments)** borrowings ~~(repayments)~~ of debt $ **(2, 792) $** 165, 979 $ (31, 324) **49** ~~$ (8, 330) 51~~ / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Adjusted EBITDA, adjusted selling, general, and administrative expense, adjusted income from continuing operations attributable to ~~SSI~~ **Radius** shareholders, and adjusted diluted earnings 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 **goodwill impairment charges, other asset impairment charges (net of recoveries),** legacy environmental matters (net of recoveries) **, restructuring charges and other exit- related activities** , business development costs not related to ongoing operations including pre- acquisition expenses, ~~asset impairment charges (net of recoveries),~~ charges related to non- ordinary course legal settlements, **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): Year Ended August 31, Reconciliation of adjusted EBITDA: Net (loss) income $ (25, 438) $ 171, 996 $ 169, 975 Loss from discontinued operations, net of tax Interest expense 18, 589 8, 538 5, 285 Income tax (benefit) expense (2, 747) 44, 597 37, 935 Depreciation and amortization 89, 760 75, 053 58, 599 Goodwill impairment charges 39, 270 — — Other asset impairment charges, net (1) 11, 252 1, 570 — Charges for legacy environmental matters, net (2) 10, 370 7, 518 13, 773** ~~restructuring~~ **Restructuring** charges 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 income (loss) to adjusted EBITDA, and adjusted selling, general, and administrative expense (in thousands): Year Ended August 31, Reconciliation of adjusted EBITDA: Net income (loss) $ 171, 996 $ 169, 975 $ (~~ 2, **730** ~~200) Loss from discontinued operations, net of tax Interest expense 8, 538 5, 285 8, 669 Income tax expense 44, 597 37, 935 Depreciation and amortization 75, 053 58, 599 58, 173 Charges for legacy environmental matters, net (~~ 1 ~~) 7~~ , **008** ~~518 13, 773 4, 097~~ Business development costs 2, 693 2, 155 ~~1, 619 Asset impairment charges, net 1, 570 — 5, 729~~ Charges related to legal settlements ( ~~2~~ **3** ) **—** ~~Restructuring charges and other exit- related activities 1, 008 8, 993~~ Adjusted EBITDA $ **144, 327 $** 312, 715 $ 289, 209 ~~$ 85, 414~~ Selling, general and administrative expense: As reported $ **265, 929 $** 263, 257 $ 242, 463 ~~$ 187, 876~~ Charges for legacy environmental matters, net ( ~~1~~ **2) (10, 370** ) (7, 518) (13, 773 ~~) (4, 097~~ ) Business development costs ( **432) (** 2, 693) (2, 155) ~~(1, 619) Charges related to legal settlements (2) — — (73)~~ Adjusted **$ 255, 127** $ 253, 046 $ 226, 535 **(1) For the year ended August 31, 2023, asset impairment charges included** $ ~~182~~ **5 million of impairment and other adjustments of an equity investment to fair value reported within “ Other loss** , ~~087~~ **net ” on the Consolidated Statement of Operations.** ( ~~1~~ **2** ) Legal and environmental charges, net of recoveries, for legacy environmental matters including those related to Portland Harbor and to other legacy environmental loss contingencies. See Note 10- Commitments and Contingencies, ~~"~~ **“** Portland Harbor ~~"~~ **”** and ~~"~~ **“** Other Legacy Environmental Loss Contingencies ~~"~~ **”** in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this report. ( ~~2~~ **3** ) Charges related to legal settlements in fiscal 2022 and 2021 relate to a claim by a utility provider for past charges ~~, and in fiscal 2020 relate to the settlement of a wage and hour class action lawsuit~~ . ~~52~~ **50** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Following are reconciliations of 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 (in thousands, except per share data): Year Ended August 31, Income (loss) from continuing operations attributable to ~~SSI~~ **Radius** shareholders: As reported $ **(25, 682) $** 168, 883 $ 165, 191 ~~$ (4~~ **Goodwill impairment charges 39** , ~~050~~ **270 — — Other asset impairment charges, net (1** ) **11, 252 1, 570 —** Charges for legacy environmental matters, net ( ~~1~~ **2** ) **10, 370** 7, 518 13, 773 ~~4, 097 Business development costs 2, 693 2, 155 1, 619 Asset impairment charges, net 1, 570 — 5, 729 Charges related to legal settlements (2)~~ Restructuring charges and other exit- related activities **2, 730** 1, 008 ~~8~~ **Business development costs 2** , ~~993~~ **693 2, 155 Charges related to legal settlements (3) —** Income tax benefit allocated to adjustments ( **4) (14, 080) (1, 992) (** 3 ~~) (1, 992) (3~~ , 712) ~~(4, 494)~~ Adjusted **$ 24, 292** $ 179, 339 $ 178, 815 ~~$ 11, 967~~ Diluted earnings (loss) per share from continuing operations attributable to ~~SSI~~ **Radius** shareholders: As reported $ **(0. 92) $** 5. 72 $ 5. 66 ~~$~~ **Goodwill impairment charges, per share 1. 40 — — Other asset impairment charges, net, per share** ( **1)** 0. ~~15)~~ **40 0. 05 —** Charges for legacy environmental matters, net, per share ( ~~1~~ **2** ) **0. 37** 0. 25 0. 47 ~~0. 15 Business development costs, per share 0. 09 0. 07 0. 06 Asset impairment charges, net, per share 0. 05 — 0. 21 Charges related to legal settlements, per share (2) 0. 02 0. 01 —~~ Restructuring charges and other exit- related activities, per share **0. 10** — 0. 03 **Business development costs, per share** 0. ~~32~~ **02 0. 09 0. 07 Charges related to legal settlements, per share (3) — 0. 02 0. 01** Income tax benefit allocated to adjustments, per share ( ~~3~~ **4** ) (0. **50) (0.** 07) (0. 13) **Effect of dilutive shares, per share (5)** (0. ~~16~~ **02** ) **— —** Adjusted ( ~~4~~ **6** ) **$ 0. 85** $ 6. 07 $ 6. 13 **(1) For the year ended August 31, 2023, asset impairment charges included $ 5 million (** $ 0. ~~43~~ **19 per share before income tax) of impairment and other adjustments of an equity investment to fair value reported within “ Other loss, net ” on the Consolidated Statement of Operations.** ( ~~1~~ **2** ) 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 Note 10- Commitments and Contingencies, ~~"~~ **“** Portland Harbor ~~"~~ **”** and ~~"~~ **“** Other Legacy Environmental Loss Contingencies ~~"~~ **”** in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this report. ( ~~3~~ **4** ) Income tax allocated to the aggregate adjustments reconciling reported and adjusted income (loss) from continuing operations attributable to ~~SSI~~ **Radius** shareholders and diluted earnings (loss) per share from continuing operations attributable to ~~SSI~~ **Radius** shareholders is determined based on a tax provision calculated with and without the adjustments. ( ~~4~~ **5) For the year ended August 31, 2023, adjusted diluted earnings (loss) per share from continuing operations attributable to Radius shareholders reflects the inclusion of an incremental 652 thousand common stock equivalent shares attributable to dilutive share- based compensation awards that were antidilutive for the purpose of calculating the comparable GAAP loss per share measure. (6** ) May not foot due to rounding. ~~53~~ **51** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** ITEM 7A. 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 recycled 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. 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 estimates of future selling prices. For our uncommitted inventories, a 10 % decrease in the selling price of inventory would not have had a material NRV impact as of August 31, **2023 and** 2022 ~~and 2021~~. Interest Rate Risk We are exposed to market risk associated with changes in interest rates related to our debt obligations. Our revolving credit facility is subject to variable interest rates and therefore have exposure to changes in interest rates **. We may at times use derivative instruments to manage some portion of this risk. Our interest rate swap derivatives are agreements with independent counterparties that provide for payments based on a notional amount and are designed to hedge the variability in cash flows resulting from variable interest rates for a portion of our credit facilities** . If market interest rates had changed 10 % from actual interest rate levels in fiscal **2023 or** 2022 ~~or 2021~~, the effect on our interest expense and net income would not have been material. 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 recycled metal and finished steel products and to make financial settlements of these obligations, or to provide sufficient quantities of recycled 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 recycled ferrous 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** ~~Due in part to the effects of COVID- 19, we~~ have experienced ~~reductions~~ **fluctuations** 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 **in cases of** 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 recycled ferrous 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, **or due to country- specific currency limitations,** our customers may not be able to obtain letters of credit for the full sales value of the inventory to be shipped. As of August 31, **2023 and** 2022 ~~and 2021~~, **38 % and** 24 ~~% and 30~~ %, respectively, of our accounts receivable balance were covered by letters of credit ~~. Of the remaining balance~~, ~~99 %~~ and **the amount of** ~~97 % was less than 60 days~~ past due **receivables** ~~as~~ **was not material** ~~of August 31, 2022 and 2021, respectively~~. 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. In certain instances, we may use derivatives to manage some portion of this risk. As of August 31, **2023 and** 2022 ~~and 2021~~, we did not have any derivative contracts **to manage our foreign currency exchange rate risk** . ~~54~~ **52** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA Management' s Annual Report on Internal Control Over Financial Reporting Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a- 15 (f) and 15d- 15 (f) under the Securities Exchange Act of 1934. The Company' s internal control over financial reporting is a process designed by, or under the supervision of, the Company' s principal executive and principal financial officers and effected by the Company' s Board of Directors, management, and other personnel 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. The Company' s internal control over financial reporting includes policies and procedures that relate to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the Company' s consolidated financial statements in accordance with generally accepted accounting principles and that the receipts and expenditures of the Company are being made only in accordance with authorization of the Company' s management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company' s assets that could have a material effect on the Company' s consolidated financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may deteriorate. Management of the Company assessed the effectiveness of the Company' s internal control over financial reporting using the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (" COSO "). Based on its assessment, management determined that the Company' s internal control over financial reporting was effective as of August 31, ~~2022~~ **2023** . As permitted by SEC guidance for newly acquired businesses, management' s assessment of the Company' s internal control over financial reporting did not include an assessment of internal control over financial reporting of ~~either~~ the **ScrapSource** ~~Columbus Recycling~~ business ~~(~~ acquired by the Company on ~~October 1~~ **November 18** , ~~2021~~ **2022 . The ScrapSource** ~~) or the Encore Recycling~~ business ~~(acquired by the Company on April 29, 2022). Together, the Columbus Recycling and Encore Recycling businesses~~ represented ~~approximately 11~~ **less than 2** % of consolidated total assets and ~~5~~ **less than 1** % of consolidated total revenues as of and for the year ended August 31, ~~2022~~ **2023** . PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the Company' s consolidated financial statements included in this Annual Report, also audited the effectiveness of the Company' s internal control over financial reporting as of August 31, ~~2022~~ **2023** , as stated in their report included herein. Tamara L. Lundgren Stefano R. GagginiChairman, President and Chief Executive Officer Senior Vice President and Chief Financial OfficerOctober ~~24~~ **25** , ~~2022~~ **2023** October ~~24~~ **25** , ~~202255~~ **202353** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Report of Independent Registered Public Accounting Firm To the Board of Directors and Shareholders of Schnitzer Steel Industries, Inc. **dba Radius Recycling** Opinions on the Financial Statements and Internal Control over Financial Reporting We have audited the accompanying consolidated balance sheets of Schnitzer Steel Industries, Inc. **dba Radius Recycling** and its subsidiaries (the " Company ") as of August 31, **2023 and** 2022 ~~and 2021~~ , and the related consolidated statements of operations, of comprehensive **(loss)** income ~~(loss)~~ , of equity and of cash flows for each of the three years in the period ended August 31, ~~2022~~ **2023** , including the related notes and financial statement schedule listed in the index appearing under Item 15 (a) (2) (collectively referred to as the " consolidated financial statements "). We also have audited the Company' s internal control over financial reporting as of August 31, ~~2022~~ **2023** , based on criteria established in Internal Control- Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of August 31, **2023 and** 2022 ~~and 2021~~ , and the results of its operations and its cash flows for each of the three years in the period ended August 31, ~~2022~~ **2023** in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, ~~2022~~ **2023** , based on criteria established in Internal Control- Integrated Framework (2013) issued by the COSO ~~. Change in Accounting Principle As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases as of September 1, 2019~~ . Basis for Opinions The Company' s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management' s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company' s consolidated financial statements and on the Company' s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U. S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions. As described in Management' s Annual Report on Internal Control Over Financial Reporting, management has excluded the **ScrapSource** ~~Columbus Recycling business and Encore Recycling~~ business from its assessment of internal control over financial reporting as of August 31, ~~2022~~ **2023** because ~~they were~~ **it was** acquired by the Company in **a** purchase business ~~combinations~~ - **combination** during fiscal ~~2022~~ **2023** . We have also excluded the **ScrapSource** ~~Columbus Recycling business and Encore Recycling~~ business from our audit of internal control over financial reporting. The **ScrapSource** ~~Columbus Recycling~~ business **is a** ~~and Encore Recycling business are~~ wholly- owned ~~subsidiaries~~ **subsidiary** whose total assets and total revenues excluded from management' s assessment and our audit of internal control over financial reporting represent approximately ~~11~~ **2** % and ~~5~~ **1** %, respectively, of the related consolidated financial statement amounts as of and for the year ended August 31, ~~2022~~ **2023** . ~~56 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ Definition and Limitations of Internal Control over Financial Reporting A company' s internal control over financial reporting is a process designed 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. A company' s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in **54 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company' s assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Critical Audit Matters The critical audit ~~matter~~ **matters** communicated below **are** ~~is a matter~~ **matters** arising from the current period audit of the consolidated financial statements that ~~was~~ **were** communicated or required to be communicated to the audit committee and that (i) ~~relates~~ - **relate** to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit ~~matter~~ **matters** below, providing **separate opinions on the critical audit matters or on the accounts or disclosures to which they relate. Goodwill Impairment Assessment – One of the Metals Recycling Reporting Units As described in Notes 2 and 8 to the consolidated financial statements, management 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. Management may elect not to perform the qualitative assessment and, instead, proceed directly to the quantitative impairment test. The quantitative impairment test entails estimating the fair value of each reporting unit with allocated goodwill and comparing it to the reporting unit' s carrying amount. Management records the amount of goodwill impairment as the excess of** a ~~separate opinion~~ **reporting unit' s carrying amount over its fair value, if any, not to exceed the total amount of goodwill allocated to that reporting unit. Management estimated the fair value of the reporting units subject to the quantitative impairment test as of July 1, 2023 using an income approach based** on the **present value of expected future cash flows, including terminal value, utilizing a market- based weighted average cost of capital (WACC) determined separately for each reporting unit. The determination of fair value under this income approach involves the use of estimates and assumptions, including revenue growth rates driven by future ferrous and nonferrous commodity price and sales volume expectations, gross margins, selling, general, and administrative expense relative to total revenues, capital expenditures, working capital requirements, discount rate (WACC), tax rate, terminal growth rate, benefits associated with a taxable transaction, and synergistic benefits available to market participants. For one of the metals recycling reporting units subject to the quantitative impairment test, the estimated fair value of the reporting unit was less than its carrying amount, resulting in a partial impairment of goodwill of $ 39 million in the year ended August 31, 2023. The Company' s goodwill balance was $ 229 million as of August 31, 2023, which includes goodwill related to one of the metals recycling reporting units subject to a quantitative impairment test as of July 1, 2023. The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of one of the metals recycling reporting units is a** critical audit matter **are (i) the significant judgment by management when developing the fair value estimate of the reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management' s significant assumptions related to the future ferrous commodity price expectations and the WACC; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge. Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming** ~~or~~ **our overall opinion** on the ~~accounts~~ **consolidated financial statements. These procedures included testing the effectiveness of controls relating to management' s goodwill impairment assessment, including controls over the valuation of the reporting units subject to the quantitative impairment test. These procedures also included, among others, (i) testing management' s process** ~~or~~ **for** ~~disclosures to which it~~ **developing the fair value estimate of one of the metals recycling reporting units; (ii) evaluating the appropriateness of the income approach used by management; (iii) testing the completeness and accuracy of underlying data used in the income approach; and (iv) evaluating the significant assumptions used by management** ~~relates~~ **related to the future ferrous commodity price expectations and the WACC** . **Evaluating management' s assumption related to the future ferrous commodity price expectations involved evaluating whether the assumption used by management was reasonable considering (i) the current and past performance of one of the metals recycling reporting units; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the income approach and (ii) the reasonableness of the WACC assumption. 55 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** Volume of Ferrous Metal Inventory As described in Notes 2 and 4 to the consolidated financial statements, the Company' s processed and unprocessed scrap metal inventory was $ ~~166~~ **144** million as of August 31, ~~2022~~ **2023** , **of** which ~~includes~~ processed and unprocessed ferrous metal inventory **represents a significant portion** ~~, among other types of inventory~~ . The accounting process the Company uses to record ferrous scrap metal quantities relies on significant estimates. With respect to estimating the quantities of unprocessed ferrous scrap metal inventory that are moved into production, management relies on weighed quantities of the processed ferrous material, adjusted for estimated metal recoveries and yields that are based on historical trends and other judgments by management. Actual recoveries and yields can vary depending on product quality, moisture content, and the source of the unprocessed metal. The Company' s estimates are intended to reasonably reflect the quantities of unprocessed ferrous scrap metal that are used in the production of processed ferrous metal. To assist in validating the reasonableness of these estimates, management periodically reviews shrink factors and performs monthly physical inventories. Due to the inherent nature of the Company' s scrap metal inventories, including variations in product density, holding period, and production processes utilized to manufacture the products, physical inventories will not necessarily detect all variances for scrap metal inventory such that estimates of quantities are required. To mitigate this risk, the Company further adjusts its ferrous physical inventories when the volume of a commodity is low and a physical inventory count is deemed to more accurately estimate the remaining volume. The principal considerations for our determination that performing procedures relating to the volume of ferrous metal inventory is a critical audit matter are **a high degree** ~~(i) the significant judgment by management in the estimation~~ of ~~metal recoveries~~ **auditor effort in performing procedures** and ~~yields specific~~ **evaluating audit evidence related** to **the** ferrous metal inventory volumes ~~, and (ii) significant~~

~~auditor judgment, subjectivity, and effort in performing our audit procedures and in evaluating audit evidence related to the estimates made by management~~ . Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the ~~estimation of metal recoveries and yields specific to~~ ferrous metal inventory volumes **, including the ferrous metal recoveries and yields** . These procedures also included, among others, **(i)** testing inventory quantities received ~~,~~ **; (ii)** assessing the reasonableness of management' s estimated yields by comparing them to actual yields of ultimate ~~inventory~~ **ferrous metal** recoveries ~~,~~ **; (iii)** testing ferrous metal inventory shipments **; (iv)** ~~including the volume ultimately recovered,~~ observing **certain of** management' s physical inventory counts ~~,~~ **; (v)** assessing rollforward activity between the time of the inventory counts **observed** and year- end ~~,~~ **;** and **(vi)** considering whether evidence obtained in other areas of the audit is consistent with management' s estimates related to ferrous metal inventory volumes. / s / PricewaterhouseCoopers LLP ~~57 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ We have served as the Company' s auditor since 1976, which includes periods before the Company became subject to SEC reporting requirements. ~~58~~ **56** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022CONSOLIDATED~~ **2023CONSOLIDATED** BALANCE SHEETS (In thousands, except per share amounts) (Currency – U. S. Dollar) August 31, Assets Current assets: Cash and cash equivalents $ **6, 032 $** 43, 803 ~~$ 27, 818~~ Accounts receivable, net **210, 442** 237, 654 ~~214, 098~~ Inventories **278, 642** 315, 189 ~~256, 427~~ Refundable income taxes **3, 245** 1, 696 Prepaid expenses and other current assets **51, 979** 73, 044 ~~43, 934~~ Total current assets **550, 340** 671, 386 ~~543, 114~~ Property, plant and equipment, net **706, 805** 664, 120 ~~562, 674~~ Operating lease right- of- use assets **115, 686** 122, 413 ~~131, 221~~ Investments in joint ventures **10, 750** 12, 841 ~~12, 844~~ Goodwill **229, 419** 255, 198 ~~170, 304~~ Intangibles, net **32, 540** 26, 155 ~~3, 980~~ Deferred income taxes **22, 713** 24, 598 ~~27, 561~~ Other assets **47, 696** 49, 886 ~~42, 665~~ Total assets $ 1, ~~826~~ **715** , ~~597~~ **949** $ 1, ~~494~~ **826** , ~~363~~ **597** Liabilities and Equity Current liabilities: Short- term borrowings $ **5, 813 $** 6, 041 ~~$ 3, 654~~ Accounts payable **209, 423** 217, 689 ~~179, 917~~ Accrued payroll and related liabilities **35, 144** 59, 702 ~~69, 622~~ Environmental liabilities 13, **743 13,** 031 ~~24, 743~~ Operating lease liabilities **19, 835** 21, 660 ~~21, 417~~ Accrued income taxes 3, 856 ~~3, 521~~ Other accrued liabilities **39, 614** 59, 594 ~~49, 976~~ Total current liabilities **323, 930** 381, 573 ~~352, 850~~ Deferred income taxes **58, 617** 63, 328 ~~40, 593~~ Long- term debt, net of current maturities **243, 579** 242, 521 ~~71, 299~~ Environmental liabilities, net of current portion **53, 034** 55, 469 ~~52, 385~~ Operating lease liabilities, net of current maturities **96, 086** 101, 651 ~~113, 165~~ Other long- term liabilities **29, 044** 23, 581 ~~24, 292~~ Total liabilities **804, 290** 868, 123 ~~654, 584~~ Commitments and contingencies (Note 10) **Radius Recycling** ~~Schnitzer Steel Industries, Inc.~~ (" ~~SSI~~ **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, 312 and** 26, 747 ~~and 27, 332~~ shares issued and outstanding **27, 312** 26, 747 ~~27, 332~~ Class B common stock – 25, 000 shares $ 1. 00 par value authorized, 200 and 200 shares issued and outstanding Additional paid- in capital **26, 035** 22, 975 ~~49, 074~~ Retained earnings **894, 316** 941, 146 ~~793, 712~~ Accumulated other comprehensive loss ( **39, 683) (** 37, 089) ~~(34, 554)~~ Total ~~SSI~~ **Radius** shareholders' equity **908, 180** 953, 979 ~~835, 764~~ Noncontrolling interests **3, 479** 4, 495 ~~4, 015~~ Total equity **911, 659** 958, 474 ~~839, 779~~ Total liabilities and equity $ 1, ~~826~~ **715** , ~~597~~ **949** $ 1, ~~494~~ **826** , ~~363~~ **597** See Notes to the Consolidated Financial Statements. ~~59~~ **57** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** ~~SCHNITZER STEEL INDUSTRIES, INC.~~ CONSOLIDATED STATEMENTS OF OPERATIONS Year Ended August 31, Revenues $ **2, 882, 224 $** 3, 485, 815 $ 2, 758, 551 ~~$ 1, 712, 343~~ Operating expense: Cost of goods sold 2, **574, 513 2,** 997, 745 2, 305, 357 ~~1, 503, 725~~ Selling, general and administrative **265, 929** 263, 257 242, 463 ~~187, 876~~ (Income) from joint ventures (2, **090) (2,** 740) (4, 006) **Goodwill** ~~(834) Asset~~ impairment charges **39, 270 — — Other asset impairment charges** , net **5, 797** 1, 570 — ~~5, 729~~ Restructuring charges and other exit- related activities **2, 730** 1, 008 ~~8, 993~~ Operating **(loss)** income **(3, 925)** 225, 906 213, 729 ~~6, 854~~ Interest expense ( **18, 589) (** 8, 538) (5, 285) ~~(8, 669)~~ Other ~~expense~~ **loss** , net ( **5, 562) (** 692) (455) ( ~~124~~ **Loss** ) ~~Income~~ **income** ~~(loss)~~ from continuing operations before income taxes **(28, 076)** 216, 676 207, 989 ~~(1, 939)~~ Income tax **benefit (** expense **) 2, 747** (44, 597) (37, 935) ( ~~166~~ **Loss** ) ~~Income~~ **income** ~~(loss)~~ from continuing operations **(25, 329)** 172, 079 170, 054 ~~(2, 105)~~ Loss from discontinued operations, net of tax ( **109) (** 83) (79) ~~(95)~~ Net **(loss)** income ( ~~loss~~ **25, 438** ) 171, 996 169, 975 ~~(2, 200)~~ Net income attributable to noncontrolling interests ( **353) (** 3, 196) (4, 863) ~~(1, 945)~~ Net **(loss)** income ~~(loss)~~ attributable to ~~SSI~~ **Radius** shareholders **$ (25, 791)** $ 168, 800 $ 165, 112 ~~$ (4, 145)~~ Net **(loss)** income ~~(loss)~~ per share attributable to ~~SSI~~ **Radius** shareholders: Basic: **(Loss)** ~~Income~~ **income** ~~(loss)~~ per share from continuing operations $ **(0. 92) $** 6. 01 $ 5. 90 ~~$ (0. 15)~~ Net **(loss)** income ~~(loss)~~ per share $ **(0. 92) $** 6. 01 $ 5. 90 ~~$ (0. 15)~~ Diluted: **(Loss)** ~~Income~~ **income** ~~(loss)~~ per share from continuing operations $ **(0. 92) $** 5. 72 $ 5. 66 ~~$ (0. 15)~~ Net **(loss)** income ~~(loss)~~ per share $ **(0. 92) $** 5. 72 $ 5. 66 ~~$ (0. 15)~~ Weighted average number of common shares: Basic 28, **008 28,** 084 27, 982 ~~27, 672~~ Diluted **28, 008** 29, 529 29, 193 **58** ~~27, 672 60~~ / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** CONSOLIDATED STATEMENTS OF COMPREHENSIVE **(LOSS)** INCOME ~~(LOSS)~~ (In thousands) Year Ended August 31, Net **(loss)** income **$** ( ~~loss~~ **25, 438** ) $ 171, 996 $ 169, 975 ~~$ (2, 200)~~ Other comprehensive (loss) income, net of tax: Foreign currency translation adjustments ( **2, 661) (** 3, 070) 2, 575 ~~1~~ **Cash flow hedges** , ~~505~~ **net (304) — —** Pension obligations, net (258) Total other comprehensive (loss) income, net of tax (2, **594) (2,** 535) 2, 317 ~~1, 892~~ Comprehensive **(loss)** income ( ~~loss~~ **28, 032** ) 169, 461 172, 292 ~~(308)~~ Less comprehensive income attributable to noncontrolling interests ( **353) (** 3, 196) (4, 863) ~~(1, 945)~~ Comprehensive **(loss)** income ~~(loss)~~ attributable to ~~SSI~~ **Radius** shareholders **$ (28, 385)** $ 166, 265 $ 167, 429 **59** ~~$ (2, 253) 61~~ / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** CONSOLIDATED STATEMENTS OF EQUITY ~~Accumulated~~ Common Stock Additional **Accumulated** Other Total ~~SSI~~ **Radius** Class A Class B Paid- in Retained Comprehensive Shareholders' Noncontrolling Total Shares Amount Shares Amount Capital Earnings Loss Equity Interests Equity Balance as of August 31, ~~2019~~ **2020** 26, ~~464~~ **899** $ 26, ~~464~~ **899** $ $ ~~33~~ **36** , ~~700~~ **616** $ ~~675~~ **649** , ~~363~~ **863** $ ( ~~38~~ **36** , ~~763~~ **871** ) $ ~~696~~ **676** , ~~964~~ **707** $ ~~4~~ **3** , ~~332~~ **729** $ ~~701~~ **680** , **436** ~~296 Cumulative effect on adoption of new accounting guidance for leases, net of tax — — — — — — — (463) — (463) — (463) Balance as of September 1, 2019 26, 464 $ 26, 464 $ $ 33, 700 $ 674, 900 $ (38, 763) $ 696, 501 $ 4, 332 $ 700, 833~~ Net ~~(loss)~~ income — — — — — — ~~(~~ **165, 112 — 165, 112** 4, **863 169** ~~145) — (4~~ ,

**975** ~~145) 1, 945 (2, 200)~~ Other comprehensive income, net of tax — — — — — — — ~~1~~ **2** , ~~892 1~~ **317 2** , ~~892~~ **317** — ~~1~~ **2** , ~~892~~ **317** Distributions to noncontrolling interests — — — — — — — — — ( ~~2~~ **4** , ~~548~~ **577** ) ( ~~2~~ **4** , **577** ~~548) Share repurchases (53) (53) — — (861) — — (914) — (914~~ ) Issuance of restricted stock — — ( ~~762~~ **657** ) — — — — — Restricted stock withheld for taxes ( ~~274~~ **224** ) ( ~~274~~ **224** ) — — (5, ~~571~~ **414** ) — — (5, ~~845~~ **638** ) — (5, ~~845~~ **638** ) Share- based compensation cost — — — — — ~~10~~ **18** , ~~110~~ **529** — — ~~10~~ **18** , ~~110~~ **529** — ~~10~~ **18** , ~~110~~ **529** Dividends ($ 0. 75 per common share) — — — — — ( ~~20~~ **21** , ~~892~~ **263** ) — ( ~~20~~ **21** , ~~892~~ **263** ) — ( ~~20~~ **21** , ~~892~~ **263** ) Balance as of August 31, ~~2020~~ **2021** ~~26~~ **27** , ~~899 26~~ **332 27** , **332** ~~899 36, 616 649~~ **49** , **074 793** ~~863 (36~~ , ~~871) 676~~ **712 (34** , ~~707 3~~ **554) 835** , ~~729 680~~ **764 4** , ~~436~~ **015 839, 779** Net income — — — — — ~~165~~ **168** , ~~112~~ **800** — ~~165~~ **168** , ~~112 4~~ **800 3** , ~~863 169~~ **196 171** , ~~975~~ **996** Other comprehensive ~~income~~ **loss** , net of tax — — — — — — — **(** 2, ~~317~~ **535) (** 2, ~~317~~ **535)** — **(** 2, ~~317~~ **535)** Distributions to noncontrolling interests — — — — — — — — — ( ~~4~~ **2** , ~~577~~ **716** ) ( ~~4~~ **2** , ~~577~~ **716) Share repurchases (944) (944) — — (33, 304) — — (34, 248) — (34, 248** ) Issuance of restricted stock — — ( ~~657~~ **568** ) — — — — — Restricted stock withheld for taxes ( ~~224~~ **209** ) ( ~~224~~ **209** ) — — ( ~~5~~ **10** , ~~414~~ **848** ) — — ( ~~5~~ **11** , ~~638~~ **057** ) — ( ~~5~~ **11** , ~~638~~ **057** ) Share- based compensation cost — — — — 18, ~~529~~ **621** — — 18, ~~529~~ **621** — 18, ~~529~~ **621** Dividends ($ 0. 75 per common share) — — — — — (21, ~~263~~ **366** ) — (21, ~~263~~ **366** ) — (21, ~~263~~ **366** ) Balance as of August 31, ~~2021~~ **2022** ~~27~~ **26** , ~~332 27~~ **747 26** , ~~332 49~~ **747 22** , ~~074 793~~ **975 941** , ~~712~~ **146** ( ~~34~~ **37** , ~~554~~ **089** ) ~~835~~ **953** , ~~764~~ **979** 4, ~~015 839~~ **495 958** , ~~779~~ **474** Net **(loss)** income — — — — — ~~168~~ **(25** , ~~800~~ **791)** — ~~168~~ **(25** , ~~800 3~~ **791) (25** , **438)** ~~196 171, 996~~ Other comprehensive loss, net of tax — — — — — — — (2, ~~535~~ **594** ) (2, ~~535~~ **594** ) — (2, ~~535~~ **594** ) Distributions to noncontrolling interests — — — — — — — — — ( ~~2~~ **1** , ~~716~~ **369** ) ( ~~2~~ **1** , **369** ~~716) Share repurchases (944) (944) — — (33, 304) — — (34, 248) — (34, 248~~ ) Issuance of restricted stock — — ( ~~568~~ **847** ) — — — — — Restricted stock withheld for taxes ( ~~209~~ **282** ) ( ~~209~~ **282** ) — — ( ~~10~~ **7** , ~~848~~ **347** ) — — ( ~~11~~ **7** , ~~057~~ **629** ) — ( ~~11~~ **7** , ~~057~~ **629** ) Share- based compensation cost — — — — ~~18~~ **11** , ~~621~~ **254** — — ~~18~~ **11** , ~~621~~ **254** — ~~18~~ **11** , ~~621~~ **254** Dividends ($ 0. 75 per common share) — — — — — (21, ~~366~~ **039** ) — (21, ~~366~~ **039** ) — (21, ~~366~~ **039** ) Balance as of August 31, ~~2022~~ **2023** ~~26~~ **27** , ~~747~~ **312 $ 27, 312 $** $ 26, ~~747~~ **035** $ **894, 316** $ ~~22~~ **(39** , ~~975~~ **683)** $ ~~941~~ **908** , ~~146~~ **180** $ **3** ~~(37~~ , **479** ~~089)~~ $ ~~953~~ **911** , **659 60** ~~979 $ 4, 495 $ 958, 474 62~~ / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** ~~63 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ CONSOLIDATED STATEMENTS OF CASH FLOWS Year Ended August 31, Cash flows from operating activities: Net **(loss)** income **$** ( ~~loss~~ **25, 438** ) $ 171, 996 $ 169, 975 ~~$ (2, 200)~~ Adjustments to reconcile net **(loss)** income ~~(loss)~~ to cash provided by operating activities: ~~Asset~~ **Goodwill** impairment charges **39, 270 — — Other asset impairment charges** , net **11, 252** 1, 570 — ~~5, 729~~ Exit- related asset impairments — — Depreciation and amortization **89, 760** 75, 053 58, 599 ~~58, 173~~ Inventory write- downs 3, 199 — **—** Deferred income taxes **(3, 934)** 25, 052 6, 884 ~~15, 096~~ Undistributed equity in earnings of joint ventures (2, **090) (2,** 740) (4, 006 ~~) (834~~ ) Share- based compensation expense **11, 186** 18, 517 18, 213 ~~10, 033~~ **(Gain)** ~~Loss~~ **loss** on disposal of assets, net **(324)** Unrealized foreign exchange loss ~~(gain)~~ , net ~~(67)~~ Credit loss, net — Changes in assets and liabilities, net of acquisitions: Accounts receivable **11, 637** (84, 086) ~~(2, 252)~~ Inventories **48, 039** (37, 232) (88, 622) ~~39, 226~~ Income taxes **(3, 548)** 2, 119 22, 789 ~~(15, 433)~~ Prepaid expenses and other current assets **(3, 359)** (19, 117) (15, 674) Other long- term assets ( **4, 594) (** 994) (5, 402 ~~) (216~~ ) Operating lease assets and liabilities ( **696) (** 2, 198) (813) Accounts payable **5, 458** 20, 578 64, 956 ~~(7, 971)~~ Accrued payroll and related liabilities ( **24, 334) (** 13, 866) 27, 824 ~~13, 465~~ Other accrued liabilities **(13, 782)** 4, 798 ~~7, 148~~ Environmental liabilities ( **1, 641) (** 14, 866) 12, 895 ~~1, 602~~ Other long- term liabilities **3, 313** 1, 132 3, 825 Distributed equity in earnings of joint ventures **2, 000** 3, 100 1, 250 ~~1, 000~~ Net cash provided by operating activities **139, 362** 237, 676 190, 064 ~~124, 597~~ Cash flows from investing activities: Capital expenditures ( **129, 516) (** 150, 121) (118, 866 ~~) (82, 005~~ ) Acquisitions, net of acquired cash ( **26, 902) (** 179, 721) ~~—~~ — Proceeds from insurance and sale of assets **12, 449** 18, 776 ~~1, 290~~ Purchase of equity investment **—** (5, 000) ~~—~~ — Deposit on land option **—** (80) ~~1, 860~~ Net cash used in investing activities ( **143, 969) (** 316, 146) (117, 649 ~~) (78, 855~~ ) Cash flows from financing activities: Borrowings from long- term debt **625, 228** 1, 055, 106 546, 706 ~~690, 162~~ Repayments of long- term debt ( **628, 020) (** 889, 127) (578, 030 ~~) (698, 492~~ ) Payment of debt issuance costs ( **156) (** 2, 093) (23 ~~) (1, 983~~ ) Repurchase of Class A common stock **—** (34, 248) — ~~(914)~~ Taxes paid related to net share settlement of share- based payment awards ( **7, 629) (** 11, 057) (5, 638 ~~) (5, 845~~ ) Distributions to noncontrolling interests ( **1, 369) (** 2, 716) (4, 577 ~~) (2, 548~~ ) Dividends paid (21, **186) (21,** 291) (21, 259 ~~) (20, 884~~ ) Net cash **(used in)** provided by ~~(used in)~~ financing activities **(33, 132)** 94, 574 (62, 821 ~~) (40, 504~~ ) Effect of exchange rate changes on cash ( **32) (** 119) Net **(decrease)** increase in cash and cash equivalents **(37, 771)** 15, 985 9, 931 ~~5, 510~~ Cash and cash equivalents as of beginning of year **43, 803** 27, 818 17, 887 ~~12, 377~~ Cash and cash equivalents as of end of year $ **6, 032 $** 43, 803 $ 27, 818 **61** ~~$ 17, 887 64~~ / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED) Year Ended August 31, SUPPLEMENTAL DISCLOSURES: Cash paid during the year for: Interest $ **16, 597 $** 4, 712 $ 2, 669 ~~$ 5, 503~~ Income taxes, net **$ 4, 702** $ 17, 309 $ 8, 244 ~~$~~ Schedule of noncash investing and financing transactions: Purchases of property, plant and equipment included in liabilities $ **17, 117 $** 38, 136 $ 29, 337 **62** ~~$ 27, 319 65~~ / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022SCHNITZER~~ **2023SCHNITZER** STEEL INDUSTRIES, INC. ~~NOTES~~ **dba RADIUS RECYCLINGNOTES** TO THE CONSOLIDATED FINANCIAL STATEMENTS Note 1- Nature of OperationsFounded in 1906, Schnitzer Steel Industries, Inc. **dba Radius Recycling** , an Oregon corporation, 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. Schnitzer Steel Industries, Inc. **dba Radius Recycling** and its consolidated subsidiaries, together, are referred to as the Company. 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. As of August

31, ~~2022~~ **2023** , all of the Company' s facilities were located in the United States (" U. S. ") and its territories and Canada. Note 2- Summary of Significant Accounting PoliciesBasis of PresentationThe Consolidated Financial Statements include the accounts of Schnitzer Steel Industries, Inc. **dba Radius Recycling** and its majority- owned and wholly- owned subsidiaries. The equity method of accounting is used for investments in joint ventures over which the Company has significant influence but does not have effective control. All significant intercompany account balances, transactions, profits, and losses have been eliminated. All transactions and relationships with variable interest entities are evaluated to determine whether the Company is the primary beneficiary of the entities, therefore requiring consolidation. The Company does not have any variable interest entities requiring consolidation. Segment Reporting 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. ~~Accounting ChangesAs of the beginning of the first quarter of fiscal 2020, the Company adopted an accounting standards update that requires a lessee to recognize a lease liability and a lease right- of- use asset on its balance sheet for all leases greater than 12 months, including those classified as operating leases. The Company adopted the new lease accounting standard using the modified retrospective transition method, whereby it applied the new requirements by recognizing a cumulative- effect adjustment to the opening balance of retained earnings as of September 1, 2019. Such cumulative- effect adjustment for the Company was less than $ 1 million, which is presented separately in the Consolidated Statements of Equity. Adoption using the modified retrospective transition method did not have an impact on any prior period earnings of the Company, and no comparative prior periods were adjusted for the new guidance. See Note 5- Leases for the disclosures required under the new standard.~~ Cash and Cash EquivalentsCash 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 ~~checks~~ **payments** in excess of funds on deposit of $ **62 million and $** 56 million ~~and $ 47 million~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , respectively. Accounts Receivable, netAccounts 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. ~~66 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ 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. The allowance for credit losses was $ 2 million as of both August 31, **2023 and** 2022 ~~and 2021~~ . 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~~ **asSCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** noncash operating activities in the Consolidated Statements of Cash Flows and totaled $ **13 million, $** 11 million, **and** $ 10 ~~million, and $ 9~~ million for the fiscal years ended August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. InventoriesThe Company' s inventories consist of processed and unprocessed scrap metal (ferrous, nonferrous, and mixed nonferrous recovered joint products arising from the manufacturing process), semi- finished steel products (billets), finished steel products (primarily rebar, wire rod, and merchant bar), used and salvaged vehicles, and supplies. Inventories are stated at the lower of cost and net realizable value. The Company determines the cost of ferrous and nonferrous scrap metal inventories using the average cost method and capitalizes substantially all direct processing costs and facility costs into inventory. The Company allocates material and production costs to joint products using the gross margin method. The Company determines the cost of used and salvaged vehicle inventory at its auto parts stores, which is reported within finished goods, based on the average price the Company pays for a vehicle and capitalizes the vehicle cost and substantially all production costs into inventory. The Company determines the cost of its semi- finished and finished steel product inventories based on average costs and capitalizes all direct and indirect costs of manufacturing into inventory. Indirect costs of manufacturing include general plant costs, maintenance, and facility costs. The Company determines the cost of the substantial majority of its supplies inventory using the average cost method and reduces the carrying value for losses due to obsolescence. Fixed manufacturing costs incurred in periods of abnormally low production are expensed. The Company considers estimated future selling prices when determining the estimated net realizable value of its inventory. As the Company generally sells its recycled ferrous metal under contracts that provide for shipment within 30 to 60 days after the price is agreed, it utilizes the selling prices under committed contracts and sales orders for determining the estimated net realizable value of quantities on hand that will be shipped under these contracts and sales orders. The accounting process the Company uses to record ferrous scrap metal quantities relies on significant estimates. With respect to estimating the quantities of unprocessed ferrous scrap metal inventory that are moved into production, management relies on weighed quantities of the processed ferrous material, adjusted for estimated metal recoveries and yields that are based on historical trends and other judgments by management. Actual recoveries and yields can vary depending on product quality, moisture content, and the source of the unprocessed metal. The Company' s estimates are intended to reasonably reflect the quantities of unprocessed ferrous scrap metal that are used in the production of processed ferrous metal. To assist in validating the reasonableness of these estimates, management periodically reviews shrink factors and performs monthly physical inventories. Due to the inherent nature of the Company' s scrap metal inventories, including variations in product density, holding period, and production processes utilized to manufacture the products, physical inventories will not necessarily detect all variances for scrap metal inventory such that estimates of quantities are required. To mitigate this risk, the Company further adjusts its ferrous physical inventories when the volume of a commodity is low and a physical inventory count is deemed to more accurately estimate the remaining volume. LeasesThe Company enters into leases to obtain access to real property, machinery, and equipment assets. Most of the Company' s lease obligations relate to real property leases for the Company' s operating sites, including the substantial majority of its auto parts stores, and for the Company' s administrative offices. The Company determines whether an arrangement contains a lease at inception by assessing whether it receives the right to direct the use of and obtain substantially all of the economic benefit from use of the underlying asset. Lease classification, measurement, and recognition are determined at lease commencement, which is the date the underlying asset is available for use by the Company. The accounting classification of a lease is based on whether the arrangement is effectively a financed purchase of the underlying asset (finance lease) or not (operating lease). Leases that, at lease commencement, have a non- cancellable lease term of 12 months or less and do not include an option to either purchase the underlying asset or renew the lease beyond 12 months that the Company is reasonably certain to exercise are classified as short- term leases and are not recognized on the balance sheet. ~~67~~ **64** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022SCHNITZER~~ **2023SCHNITZER** STEEL INDUSTRIES, INC. ~~NOTES~~ **dba RADIUS RECYCLINGNOTES** TO THE CONSOLIDATED FINANCIAL STATEMENTS For leases other than short- term leases, the Company recognizes right- of- use assets and lease liabilities based primarily on the present value of future minimum lease payments over the lease term at lease commencement. Right- of- use assets represent the Company' s right to use the underlying asset during the lease term, while lease liabilities represent the Company' s obligation to make future lease payments. The lease term is the non- cancellable period of the lease, together with periods covered by renewal (or termination) options which the Company is reasonably certain to exercise (or not to exercise). Lease payments are discounted to present value using the Company' s incremental borrowing rate unless the discount rate implicit in the lease is readily determinable. The Company' s incremental borrowing rate for each lease is the estimated rate of interest that the Company would have to pay to borrow the aggregate lease payments on a collateralized basis over the lease term. Estimation of the incremental borrowing rate requires judgment by management and reflects an assessment of the Company' s credit standing to derive an implied secured credit rating and corresponding yield curve. Right- of- use assets and lease liabilities are subject to remeasurement after lease commencement when certain events or changes in circumstances arise, such as a change in the lease term due to reassessment of whether the Company is reasonably certain to exercise a renewal or termination option. For operating leases, lease expense is recognized on a straight- line basis over the lease term. For finance leases, the lease right- of- use asset is amortized on a straight- line basis and interest expense is recognized on the lease liability using the effective interest rate method. Many of the Company' s real property leases contain variable lease payments that depend on an index or a rate, which are included in the measurement of the right- of- use asset and lease liability using the index or rate at lease commencement. Subsequent changes in variable lease payments are recorded as variable lease expenses during the period in which they are incurred. The Company elected a practical expedient to not separate lease and related non- lease components for accounting purposes and, thus, costs related to such non- lease components are disclosed as lease expense. Payments for short- term leases are recognized in the income statement on a straight- line basis over the lease term. See Note 5- Leases for further detail. The Company leases machinery assets to customers primarily to facilitate the provision of recycling services. For the periods presented, such lessor arrangements were classified as operating leases, whereby the Company keeps the asset underlying the lease on its balance sheet and depreciates the asset based on its estimated useful life. The Company recognizes lease income for these operating leases on a straight- line basis within revenues in the Consolidated Statements of Operations. As of **both** August 31, **2023 and** 2022 ~~and 2021~~ , property, plant and equipment, net, as reported in the Consolidated Balance Sheets, included machinery assets underlying these operating leases with a carrying value of $ 13 million ~~and $ 11 million, respectively~~ . Lease income derived from these operating leases was not material to any of the periods presented. Property, Plant and Equipment, netProperty, plant and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized, while routine repair and maintenance costs are expensed as incurred. Interest cost related to the construction of qualifying assets is capitalized as part of the construction costs ~~and was not material to any of the periods presented~~ . When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and resulting gains or losses are generally included in operating expense. Gains and losses from sales of assets related to an exit activity are reported within restructuring charges and other exit- related activities in the Consolidated Statements of Operations. Depreciation is recorded on a straight- line basis over the estimated useful lives of the assets. Upon idling an asset, depreciation continues to be recorded. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining lease term. As of August 31, ~~2022~~ **2023** , the useful lives used for depreciation and amortization were as follows: Useful Life (in years) Machinery and equipment 3 to 40Land improvements 3 to 35Buildings and leasehold improvements 5 to 40Enterprise Resource Planning (" ERP ") systems ~~6~~ **5** to ~~17Office~~ **10Office** equipment and other software licenses 3 to 10 Prepaid ExpensesThe Company' s prepaid expenses, reported within prepaid expenses and other current assets in the Consolidated Balance Sheets, totaled $ **27 million and $** 43 million ~~and $ 22 million~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , respectively, and consisted primarily of deposits on capital projects, prepaid insurance, prepaid services, and prepaid property taxes. ~~68~~ **65** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022SCHNITZER~~ **2023SCHNITZER** STEEL INDUSTRIES, INC. ~~NOTES~~ **dba RADIUS RECYCLINGNOTES** TO THE CONSOLIDATED FINANCIAL STATEMENTS Other AssetsThe Company' s other assets, exclusive of prepaid expenses and assets relating to certain employee benefit plans, consisted primarily of receivables from insurers, **cash held in a client trust account relating to a legal settlement,** two equity investments, capitalized implementation costs for cloud computing arrangements, **debt issuance costs** ~~cash held in a client trust account relating to a legal settlement~~ , **notes and other contractual receivables, and** major spare parts and equipment ~~, 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 Consolidated Balance Sheets based on their expected use either during or beyond the current operating cycle of one year from the reporting date. See Note 13- Employee Benefits for further detail on the Company' s assets relating to employee benefit plans. 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 ~~receivable~~ **receivables** ~~is~~ **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 $ **14 million and $** 28 million ~~and $ 21 million~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , respectively. As of August 31, ~~2022~~ **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~~ . As of August 31, ~~2021~~ **2022** , receivables from insurers comprised primarily $ 10 million relating to ~~property loss and damage and other~~ claims in connection with the ~~May 2021~~ **Everett facility shredder** fire ~~at the Company' s melt shop operations in McMinnville~~ , ~~Oregon~~ **$ 7 million relating to environmental claims** , $ 6 million relating to ~~environmental~~ **third- party** claims, and $ 4 million relating to workers' compensation claims. 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** August 31, **2023 and** 2022 ~~and 2021~~ also included approximately $ 7 million ~~and $ 8 million, respectively,~~ 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 10- 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 Consolidated Balance Sheets. The carrying value of the investment as of both August 31, 2023 and 2022 was $ 5 million. 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 ~~, and~~ **. The investment is accounted for under the guidance for investments** in ~~May~~ **equity securities. In August** 2022, the ~~Company invested $ 5 million in the equity of an unrelated~~ privately- held ~~Canadian recycling entity. In August 2022, the privately- held U. S. waste and recycling~~ entity merged with a publicly- traded U. S. entity. As a result of the merger, the Company' s investment ~~is~~ **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. ~~The Company' s influence over~~ **During the first half of fiscal 2023, because of** ~~the~~ **these exchange conditions** ~~operating and financial policies of each entity is not significant~~ , ~~and, thus,~~ the ~~investments are accounted for under the guidance for investments in~~ equity ~~securities. The equity investments~~ - **investment** ~~do~~ **was determined to** not have **a** readily determinable fair ~~values~~ - **value** and, therefore, ~~are~~ **continued to be** carried at cost and adjusted for impairments and observable price changes. ~~The~~ **In the first quarter of fiscal 2023, the Company identified an impairment indicator for its** ~~investments~~ - **investment** ~~are~~ **and, based on its fair value measurement incorporating observable trading prices of the publicly- traded entity and unobservable inputs, recognized a $ 4 million impairment within other loss, net on the 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 August 31, 2023. As a result, in fiscal 2023 following the exchange event, the Company recorded an additional $ 1 million, net, downward adjustment of the equity investment to its fair value of $ 1 million as of August 31, 2023, which loss is** reported within other **loss, net on the Consolidated Statement of Operations. The investment is reported within prepaid expenses and other current** assets **as of August 31, 2023, and within other assets as of August 31, 2022,** in the Consolidated Balance Sheets. ~~As of August 31~~ **66 / Schnitzer Steel Industries** , **Inc** ~~2022 and 2021, the aggregate carrying value of the investments was $ 11 million and $ 6 million, respectively~~ . **dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC** ~~The Company has not recorded any impairments or upward or downward adjustments to the carrying value of the investments since their respective acquisition~~ . **dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** The Company' s cloud computing arrangements primarily comprise hosting arrangements which are service contracts, whereby the Company gains remote access to use enterprise software hosted by the vendor or another third party on an as- needed basis for a period of time in exchange for a subscription fee. Subscription fees are usually prepaid and recorded in operating expense over the period that the Company has access to use the software. Implementation costs for cloud computing arrangements are capitalized if certain criteria are met and consist of internal and external costs directly attributable to developing and configuring cloud computing software for its intended use. 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. **During fiscal 2023, in connection with the pursuit of an alternative solution, the Company abandoned the implementation of a cloud computing arrangement and recorded a $ 5 million impairment associated with previously capitalized cloud computing arrangement implementation costs. As of August 31, 2023 and 2022, the Company' s capitalized cloud computing implementation costs were $ 5 million and $ 10 million, respectively.** Debt issuance costs consist primarily of costs incurred by the Company to enter or modify its credit facilities. The Company reports deferred debt issuance costs within other assets in the Consolidated Balance Sheets and amortizes them to interest expense on a straight- line basis over the contractual term of the arrangement. ~~69 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ Notes and other contractual receivables consist primarily of advances to entities in the business of extracting scrap metal through demolition and other activities. Repayment of these advances to suppliers is in either cash or scrap metal. The Company performs periodic reviews of its notes and other contractual receivables to identify credit risks and to assess the overall collectibility of the receivables, which typically involves consideration of the value of collateral which in the case of advances to suppliers is generally in the form of scrap metal extracted from demolition and construction projects. A note or other contractual receivable is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due in accordance with the contractual terms of the agreement. If the carrying value of the receivable exceeds its recoverable amount, an impairment is recorded for the difference. 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. **The** ~~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 fiscal 2022. The Company filed ~~initial~~ insurance claims for the physical loss and damage experienced at the mill' s melt shop and business income losses resulting from the matter. **In fiscal** ~~As of August 31,~~ 2021, ~~prepaid expenses and other~~ -- **the Company recognized** ~~current assets in the Consolidated Balance Sheets included~~ an initial $ 10 million insurance receivable ~~recognized in~~ **and related insurance recovery gain,** the ~~fourth quarter~~ **latter reported within cost** of ~~fiscal 2021~~ **goods sold on the Consolidated Statements of Operations** , primarily offsetting applicable losses **incurred** including capital purchases of $ 10 million that had been incurred by the Company as of ~~August 31, 2021~~ **the end of the fiscal year** . In fiscal 2022, the Company increased the amount of this insurance receivable to $ 25 million and recognized a related $ 15 million insurance recovery gain within cost of goods sold ~~in~~ **on** the Consolidated Statements of Operations, reflecting recovery of applicable losses incurred as a result of the fire to date. In addition, during fiscal 2022, the Company received advance payments from insurers totaling approximately $ 30 million towards **its** ~~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 of $ 5 million reported within other accrued liabilities ~~in~~ **on** the Consolidated Balance Sheets as of August 31, 2022 **. In fiscal 2023, the Company received additional cash payments from insurers towards its claims totaling approximately $ 22 million, and in the fourth quarter of fiscal 2023 the Company reached a full and final settlement with its insurers for its claims and recognized an additional $ 27 million insurance recovery gain within cost of goods sold on the Consolidated Statements of Operations, reflecting recovery of applicable losses including business income losses incurred as a result of the fire** . 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 **67 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** repairs to shredder equipment that had been damaged. ~~Completion of~~ **In addition, shredding operations temporarily ceased at** the ~~remainder~~ **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, ~~will occur over a longer period and impacts on business income may continue. In addition, as~~ **was substantially completed by the end** of **fiscal** ~~June 18, 2022~~ **2023** ~~, shredder operations temporarily ceased at the facility pending completion of discussions with the Massachusetts Department of Environmental Protection and the Massachusetts Attorney General' s office regarding installation and operation of temporary emission capture and controls that would allow operation of the shredder prior to completion of the repair and~~

~~replacement of the shredder enclosure building. Non- shredding operations at the facility continue~~ . The Company filed ~~initial~~ 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 **. In fiscal 2023** , **the Company recognized an additional $ 16 million insurance receivable and related insurance recovery gain. As of August 31, 2023, the Company had recognized a total of $ 34 million in insurance recovery gains, all** reported within ~~prepaid expenses and other current assets in the Consolidated Balance Sheets and within~~ cost of goods sold ~~in~~ **on** the Consolidated Statements of Operations, ~~respectively,~~ reflecting recovery of applicable losses **to date** including impairment charges of $ 7 million related to the carrying value of plant and equipment assets lost in or damaged by the fire **,** and ~~initial~~ capital purchases, non- capitalizable repair and replacement costs, and other applicable losses totaling $ ~~10~~ **27** million that had been incurred ~~by the Company~~ as of August 31, ~~2022~~ **2023** . Also, during fiscal **2023 and** 2022, the Company received advance payments from insurers totaling approximately $ **26 million and $** 7 million **, respectively,** towards **its** ~~the Company' s~~ claims, and not reflecting any final or full settlement of claims with the insurers, which amount reduced the insurance receivable to $ **1 million and $** 10 million as of August 31, **2023 and** 2022 ~~. 70 / Schnitzer Steel Industries~~ , ~~Inc~~ **respectively** . ~~Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC~~ **The insurance receivable is reported within prepaid expenses and other current assets on the Consolidated Balance Sheets** . ~~NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ Long- Lived AssetsThe Company tests long- lived tangible and intangible assets for impairment at the asset group level, which is determined based on the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. Operating lease right- of- use assets are considered long- lived assets subject to this impairment testing. For the Company' s metals recycling operations, an asset group generally consists of the regional shredding operation along with surrounding feeder operations, except that the combined Oregon metals recycling and steel manufacturing operations is a single asset group. For the Company' s auto parts operations, generally each auto parts store is an asset group. The Company tests its asset groups for impairment when certain triggering events or changes in circumstances indicate that the carrying value of the asset group may be impaired. If the carrying value of the asset group is not recoverable because it exceeds the Company' s estimate of future undiscounted cash flows from the use and eventual disposition of the asset group, an impairment loss is recognized by the amount the carrying value exceeds its fair value, if any. The impairment loss is allocated to the long- lived assets of the group on a pro rata basis using the relative carrying amounts of those assets, except that the loss allocated to an individual long- lived asset of the group shall not reduce the carrying amount of that asset below its fair value. Fair value is determined using one or more of the income, market, or cost approaches, depending on the nature of the asset group. With respect to individual long- lived assets, changes in circumstances may merit a change in the estimated useful lives or salvage values of the assets, which are accounted for prospectively in the period of change. For such assets, the useful life is shortened based on the Company' s plans to dispose of or abandon the asset before the end of its original useful life and depreciation is accelerated beginning when that determination is made. Long- lived asset impairment charges (recoveries) and accelerated depreciation are reported in the Consolidated Statements of Operations within (1) asset impairment charges, net and (2) restructuring charges and other exit- related activities if related to a site closure. In fiscal **2023 and** 2022, the Company reported **less than $ 1 million and** $ 2 million **, respectively,** of ~~such items~~ **impairments of long- lived assets** within asset impairment charges, net ~~,~~ related primarily to abandonment of obsolete machinery and equipment ~~assets. In fiscal 2020, the Company reported $ 6 million of such items within asset impairment charges, net, comprising primarily $ 2 million related to abandonment of obsolete machinery and equipment assets, $ 2 million related to impairment of two auto parts stores, and $ 2 million related to accelerated depreciation due to the shortening of the useful lives of certain metals recovery~~ assets. Investments in Joint VenturesAs of August 31, 2022, the Company had two 50 %- owned joint venture interests **and 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. As of August 31, 2023, the Company had one 50 %- owned joint venture interest** which ~~were~~ **is** accounted for under the equity method of accounting. **This remaining** ~~One of the~~ joint ~~ventures~~ - **venture** sells recycled metal to the Company' s operations at prices that approximate local market rates, which produces intercompany profit. This intercompany profit is eliminated while the products remain in inventory and is not recognized until the finished products are sold to third parties. As of August 31, ~~2022~~ **2023** , the Company' s investments in equity method joint ventures have generated $ ~~12~~ **9** million in cumulative undistributed earnings . A loss in value of an...... based on a discounted cash flow analysis . See Note 18- Related Party Transactions for further detail on transactions with joint ventures. **.** A loss in value of an investment in a joint venture is recognized when the decline is other than temporary.Management considers all available evidence to evaluate the realizable value of its investments including the length of time and the extent to which the fair value has been less than cost,the financial condition and near- term prospects of the joint venture business,and the Company' s intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value.Once management determines that an other- than- temporary impairment exists,the investment is written down to its fair value,which establishes a new cost basis.The Company determines fair value using Level 3 inputs under the fair value hierarchy using an income approach based on a discounted cash flow analysis ~~.~~ Goodwill and Other Intangible Assets, netGoodwill represents the excess of the purchase price over the net amount of identifiable assets acquired and liabilities assumed in a business combination measured at fair value. 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. 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. ~~71 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ When testing goodwill for impairment, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more- likely- than- not that the estimated fair value of a reporting unit is less than its carrying amount. If the Company elects to perform a qualitative assessment and determines that an impairment is more- likely- than- not, the Company is then required to perform the quantitative impairment test, otherwise no further analysis is required. The Company also may elect not to perform the qualitative assessment and, instead, proceed directly to the quantitative impairment test. When performing the quantitative impairment test, the Company applies a one- step quantitative test and records the amount of goodwill impairment as the excess of a reporting unit' s carrying amount over its fair value, not to exceed the total amount of goodwill allocated to that reporting unit. When the Company performs a quantitative goodwill impairment test, it estimates the fair value of the reporting unit using an income approach based on the present value of expected future cash flows, including terminal value, utilizing a market- based weighted average cost of capital (" WACC ") determined separately for the reporting unit. The determination of fair value involves the use of estimates and assumptions, including **regarding** revenue growth rates driven by future ferrous and nonferrous commodity price and sales volume expectations, ~~automobile scrap and core price and sales volume expectations,~~ gross margins, selling, general, and administrative expense relative to total revenues, capital expenditures, working capital requirements, discount rate (WACC), tax rate, terminal growth rate, benefits associated with a taxable transaction, and synergistic benefits available to market participants. In addition, to corroborate the reporting **unit' s income approach valuation, as well as to estimate the fair value of the Company' s other reporting** units ~~' valuation~~ **, including those with no allocated goodwill** , the Company uses a market approach based on earnings multiple data **,** and **it performs** a reconciliation of **its** ~~the Company' s~~ estimate of the aggregate fair value of all reporting units to the Company' s market capitalization, including consideration of a control premium. ~~The Company did not record~~ **See Note 8- Goodwill and Other Intangible Assets, net for further detail including the recognition of a** goodwill impairment ~~charges~~ **charge** ~~in any~~ of **$ 39 million during** the ~~periods presented~~ **fiscal year ended August 31, 2023, representing a portion of the carrying amount of goodwill allocated to one reporting unit** . The Company tests indefinite- lived intangible assets for impairment by first assessing qualitative factors to determine whether it is necessary to perform a quantitative impairment test. If the Company believes, as a result of its qualitative assessment, that it is more- likely- than- not that the fair value of the indefinite- lived intangible asset is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. The Company did not record impairment charges on indefinite- lived intangible assets in any of the periods presented. See Note 8- Goodwill and Other Intangible Assets, net for further detail. Business AcquisitionsThe 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 7- Business Acquisitions for further detail. **69 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** Restructuring Charges and Other Exit- Related ActivitiesRestructuring charges consist of severance, contract termination, and other restructuring- related costs. A liability for severance costs is typically recognized when the plan of termination has been communicated to the affected employees and is measured at its fair value at the communication date. A liability for contract termination or other restructuring- related costs is measured at its fair value in the period in which the liability is incurred. Exit- related activities consist primarily of asset impairments in connection with closure of certain operations and sites, net of gains on exit- related disposals. Accrued Workers' Compensation CostsThe Company is self- insured for the significant majority of workers' compensation claims with exposure limited by various stop- loss insurance policies. The Company estimates the costs of workers' compensation claims based on the nature of the injury incurred and on guidelines established by the applicable state. An accrual is recorded based upon the amount of unpaid claims as of the balance sheet date. Accrued amounts recorded for individual claims are reviewed periodically as treatment progresses and adjusted to reflect additional information that becomes available. The estimated cost of claims incurred but not reported is included in the accrual. The Company accrued $ **5 million and $** 6 ~~million and $ 7~~ million for the estimated cost of unpaid workers' compensation claims as of August 31, **2023 and** 2022 ~~and 2021~~ , respectively, which are included in other accrued liabilities in the Consolidated Balance Sheets, with corresponding workers' compensation insurance receivables of $ **2 million and $** 4 million as of ~~both~~ August 31, **2023 and** 2022 ~~and 2021~~ **, respectively,** included in other current assets. ~~72 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ Environmental LiabilitiesThe Company estimates future costs for known environmental remediation requirements and accrues for them on an undiscounted basis when it is probable that the Company has incurred a liability and the related costs can be reasonably estimated but the timing of incurring the estimated costs is unknown. The Company considers various factors when estimating its environmental liabilities, and it evaluates the adequacy of these liabilities on a quarterly basis. Adjustments to the liabilities are recorded to selling, general, and administrative expense in the Consolidated Statements of Operations 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. Legal investigation and defense costs incurred in connection with environmental contingencies are expensed as incurred. When only a wide range of estimated amounts can be reasonably established and no other amount within the range is a better estimate than another, the low end of the range is recorded in the financial statements. In a number of cases, it is possible that the Company may receive reimbursement through insurance or from other third parties for a site or matter. In these situations, recoveries of environmental remediation costs from other parties are recognized when realization of the claim for recovery is deemed probable. The amounts recorded for environmental liabilities are reviewed periodically as assessment and remediation progresses at individual sites or for particular matters and adjusted to reflect additional information that becomes available. Due to evolving remediation technology, changing regulations, possible third- party contributions, the subjective nature of the assumptions used, and other factors, amounts accrued could vary significantly from amounts paid. See " Contingencies – Environmental " in Note 10- Commitments and Contingencies for further detail. Loss ContingenciesThe Company is subject to certain legal proceedings and contingencies in addition to those related to environmental liabilities discussed above in this Note, the outcomes of which are subject to significant uncertainty. The Company accrues for estimated losses if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. The Company uses judgment and evaluates whether a loss contingency arising from litigation or an unasserted claim should be disclosed or recorded. The outcome of legal proceedings and other contingencies is inherently uncertain and often difficult to estimate. Accrued legal contingencies are reported within other accrued liabilities in the Consolidated Balance Sheets. See " Contingencies – Other " in Note 10- Commitments and Contingencies for further detail. **70 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** Financial InstrumentsThe Company' s financial instruments include primarily cash and cash equivalents, accounts receivable, accounts payable, and debt **and derivative contracts** . The Company uses the market approach to value its financial assets and liabilities, determined using available market information. The net carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to the short- term nature of these instruments. For long- term debt, which is primarily at variable interest rates, fair value is estimated using observable inputs (Level 2) and approximates the carrying value **. Derivative contracts are reported at fair value. See Note 15- Derivative Financial Instruments for further detail** . Fair Value MeasurementsFair value is measured using inputs from the three levels of the fair value hierarchy. Classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are described as follows: • Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities. • Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the determination of the fair value of the asset or liability, either directly or indirectly. • Level 3 – Unobservable inputs that are significant to the determination of the fair value of the asset or liability. When developing fair value measurements, the Company uses quoted market prices whenever available or seeks to maximize the use of observable inputs and minimize the use of unobservable inputs when quoted market prices are not available. ~~DerivativesDerivative~~ **DerivativesThe Company records derivative instruments at fair value in the Consolidated Balance Sheets, and changes in their fair value are recognized in either other comprehensive (loss) income in the Consolidated Statements of Comprehensive (Loss) Income or net (loss) income in the Consolidated Statements of Operations, as applicable, depending on the nature of the underlying exposure, whether the derivative has been designated as a hedge and, if designated as a hedge, whether the hedge is expected to be highly effective. For cash flow hedges, such as the interest rate swap transactions entered by the Company in the fourth quarter of fiscal 2023, a formal assessment is made, both at the hedge' s inception and on an ongoing basis, to determine whether the derivatives that are designated as hedging instruments have been highly effective in offsetting changes in the cash flows of hedged items and whether those derivatives may be expected to remain highly effective in future periods. Changes in the fair value of a derivative that is qualified, designated, and highly effective as a cash flow hedge are recorded in other comprehensive (loss) income and are reclassified to earnings in the period in which earnings are impacted by the hedged item. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively. When available, quoted market prices or prices obtained through external sources are used to measure a derivative instrument' s fair value. The fair value of these instruments is a function of underlying forward interest rates, related volatility, counterparty creditworthiness, and the duration of the contracts. The Company has elected an accounting policy to classify the cash flows from its interest rate swap derivatives designated in qualifying cash flow hedges as cash flows from operating activities in the Consolidated Statements of Cash Flows, consistent with the classification of cash flows from the hedged item. See Note 15- Derivative Financial Instruments for further detail. Derivative** contracts for commodities used in normal business operations that are settled by physical delivery, among other criteria, are eligible for and may be designated as normal purchases and normal sales. Contracts that qualify as normal purchases or normal sales are not marked- to- market. The Company does not use derivative instruments for trading or speculative purposes. ~~73 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ Foreign Currency Translation and TransactionsAssets and liabilities of the Company' s operations in Canada are translated into U. S. dollars at the period- end exchange rate, revenues and expenses of these operations are translated into U. S. dollars at the average exchange rate for the period, and cash flows of these operations are translated into U. S. dollars using the exchange rates in effect at the time of the cash flows. Translation adjustments are not included in determining net income for the period, but are recorded in accumulated other comprehensive income, a separate component of shareholders' equity. Foreign currency transaction gains and losses are generated from the effects of exchange rate changes on transactions denominated in a currency other than the functional currency. Gains and losses on foreign currency transactions are generally included in determining net income for the period. The Company reports these gains and losses within other expense, net in the Consolidated Statements of Operations. Net realized and unrealized foreign currency transaction gains and losses were not material for fiscal **2023,** 2022, **or** 2021 ~~, or 2020~~ . **71 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** Common StockEach share of Class A and Class B common stock is entitled to one vote. Additionally, each share of Class B common stock may be converted to one share of Class A common stock. As such, the Company reserves one share of Class A common stock for each share of Class B common stock outstanding. There are currently no meaningful distinctions between the rights of holders of Class A shares and Class B shares. Share RepurchasesThe Company accounts for the repurchase of stock at par value. All shares repurchased are deemed retired. Upon retirement of the shares, the Company records the difference between the weighted average cost of such shares and the par value of the stock as an adjustment to additional paid- in capital, with the excess recorded to retained earnings when additional paid- in capital is not sufficient. Revenue RecognitionThe Company recognizes revenue upon satisfying its promises to transfer goods or services to customers under the terms of its contracts. Nearly all of these promises, referred to as performance obligations, consist of the transfer of physical goods, including recycled ferrous and nonferrous metal, auto bodies, auto parts, and finished steel products, to customers. These performance obligations are satisfied at the point in time the Company transfers control of the goods to the customer, which in nearly all cases is when title to and risk of loss of the goods transfer to the customer. The timing of transfer of title and risk of loss is dictated by customary or explicitly stated contract terms. For example, the Company recognizes revenue on partially loaded bulk shipments of recycled ferrous metal when contractual terms support revenue recognition based on transfer of title and risk of loss. The significant majority of the Company' s sales involve transfer of control to the customer, and thus revenue recognition, before delivery to the customer' s destination; for example, upon release of the goods to the shipper. The Company' s bill- and- hold arrangements involve transfer of control to the customer when the goods have been segregated from other inventory at the Company' s facility and are ready for physical transfer to the customer. Shipping and handling activities that occur after a customer has obtained control of a good are accounted for as fulfillment costs rather than an additional promise in a contract. As such, shipping and handling consideration (freight revenue) is recognized when control of the goods transfers to the customer, and freight expense is accrued to cost of goods sold when the related revenue is recognized. In certain regional markets, the Company enters into contracts whereby it arranges for, or brokers, the transfer of recyclable material between suppliers and end customers. For transactions in which the Company obtains substantive control of the material before the goods are transferred to the end customer, for example by arranging for the processing or warehousing of the material, the Company recognizes revenue equal to the gross amount of the consideration it expects to receive from the customer (as principal). Alternatively, for transactions in which the Company does not obtain substantive control of the material before the product is transferred to the end customer, the Company recognizes revenue equal to the net amount of the consideration it expects to retain after paying the supplier for the purchase of the material (as agent). The Company is the agent in the transaction for the substantial majority of brokerage arrangements. Nearly all of the Company' s sales contracts reflect market pricing at the time the contract is executed, are one year or less, and generally provide for shipment within 30 to 60 days after the price has been agreed upon with the customer. The Company' s retail auto parts sales are at listed prices and are recognized at the point of sale. ~~74 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ The Company recognizes revenue based on contractually stated selling prices and quantities shipped, net of sales tax, and adjusted for estimated claims and discounts. Claims are customary in the recycled metal industry and arise from variances in the quantity or quality of delivered products. Revenue adjustments may be required if the settlement of claims exceeds original estimates. Discounts offered to certain finished steel customers qualify as variable consideration as the discounts are contingent upon future events. Variable consideration arising from discounts is recognized upon the transfer of finished steel products to customers based upon either the expected value or the most likely amount and was not material for each of the years ended August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ . The Company experiences very few sales returns and, therefore, no material provisions for returns have been made when sales are recognized. For each of the years ended August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , revenue adjustments related to performance obligations that were satisfied in previous periods were not material. Advertising CostsThe Company expenses advertising costs when incurred. Advertising expense ~~for each of the years ended August 31, 2022 and 2021 was $ 6 million and~~ was $ 5 million for the year ended August 31 ~~, 2020~~ **2023 , and $ 6 million for each of the years ended August 31, 2022 and 2021** . **72 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** Share- Based CompensationThe Company estimates the grant- date fair value of stock- based compensation awards based on the market closing price of the underlying Class A common stock on the date of grant, except for performance share awards with a total shareholder return (" TSR ") market condition for which the Company estimates the grant- date fair value using a Monte- Carlo simulation model. The Company recognizes compensation cost for all awards, net of estimated forfeitures, over the requisite service period. Share- based compensation cost is based on the grant- date fair value as described above, except for performance share awards with a non- market performance condition. For these awards, compensation cost is based on the probable outcome of achieving the specified performance conditions. The Company reassesses whether achievement of the performance condition is probable at each reporting date and, if probable, the level of achievement. See Note 14- Share- Based Compensation for further detail. Income TaxesIncome taxes are accounted for using the asset and liability method. This requires the recognition of taxes currently payable or refundable and the recognition of deferred tax assets and liabilities for the future tax consequences of events that are recognized in one reporting period in the Consolidated Financial Statements but in a different reporting period on the tax returns. Tax credits are recognized as a reduction of income tax expense in the year the credit arises. Valuation allowances are recorded to reduce deferred tax assets when it is more- likely- than- not that a tax benefit will not be realized. 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. Tax benefits arising from uncertain tax positions are recognized when it is more- likely- than- not that the position will be sustained upon examination by the relevant tax authorities. The amount recognized in the financial statements is the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense. See Note ~~15~~ **16** - Income Taxes for further detail. Net **(Loss)** Income ~~(Loss)~~ Per ShareBasic net **(loss)** income ~~(loss)~~ per share attributable to ~~SSI~~ **Radius** shareholders is computed by dividing net **(loss)** income ~~(loss)~~ attributable to ~~SSI~~ **Radius** shareholders by the weighted average number of outstanding common shares during the period presented including vested deferred stock units (" DSUs ") and restricted stock units (" RSUs ") meeting certain criteria. Diluted net **(loss)** income ~~(loss)~~ per share attributable to ~~SSI~~ **Radius** shareholders is computed by dividing net **(loss)** income ~~(loss)~~ attributable to ~~SSI~~ **Radius** shareholders by the weighted average number of common shares outstanding, assuming dilution. Potentially dilutive common shares include the assumed vesting of **DSU, RSU, and** performance share ~~, RSU, and DSU~~ awards using the treasury stock method. Net income attributable to noncontrolling interests is deducted from **(loss)** income ~~(loss)~~ from continuing operations to arrive at **(loss)** income ~~(loss)~~ from continuing operations attributable to ~~SSI~~ **Radius** shareholders for the purpose of calculating **(loss)** income ~~(loss)~~ per share from continuing operations attributable to ~~SSI~~ **Radius** shareholders. See Note 17- Net **(Loss)** Income ~~(Loss)~~ Per Share for further detail. ~~75 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ Use of EstimatesThe preparation of the Company' s Consolidated Financial Statements in accordance with generally accepted accounting principles in the United States of America (" U. S. GAAP ") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and reported amounts of revenue and expenses during the reporting period. Examples include revenue recognition; the allowance for credit losses; estimates of contingencies, including environmental liabilities and other legal liabilities; goodwill, long- lived asset and indefinite- lived intangible asset valuation; valuation of equity investments; valuation of certain share- based awards; other asset valuation; inventory measurement and valuation; pension plan assumptions; and the assessment of the valuation of deferred income taxes and income tax contingencies. Actual results may differ from estimated amounts. **73 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** Concentration of Credit RiskFinancial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash and cash equivalents ~~and~~ **,** accounts receivable **and 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 August 31, ~~2022~~ **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.** Note 3- Recent Accounting PronouncementsIn ~~June~~ **August** ~~2022~~ **2023** , **the Financial Accounting Standards Board issued Accounting Standards Update (" ASU ") 2023- 05, Business Combinations- Joint Venture Formations (Subtopic 805- 60): Recognition** ~~an~~ **and Initial Measurement, which clarifies the business combination** accounting ~~standards update was issued~~ **for joint venture formations. The amendments in the ASU seek to reduce diversity in practice** that ~~clarifies that~~ **has resulted from** a **lack** ~~contractual restriction on the sale~~ of **authoritative guidance regarding** ~~an equity security is not considered part of~~ the ~~unit of account~~ **accounting** ~~of~~ **for** the **formation of joint ventures** ~~equity security and, therefore, is not considered~~ in ~~measuring fair value~~ **separate financial statements** . The amendments also **seek to** clarify ~~that an entity cannot~~ **the initial measurement of joint venture net assets** , ~~as~~ **including businesses contributed to** a **joint** ~~separate unit of account, recognize and measure a contractual sale restriction. Further, the guidance requires improved disclosures to help users of financial statements better understand the fair value, nature~~ - **venture** ~~, and timing of equity securities subject to contractual sale restrictions~~ . The guidance is applicable to all ~~equity investments measured at fair value that~~ **entities involved in the formation of a joint venture. The amendments** are ~~subject to contractual restrictions. The standard is~~ effective ~~for~~ **beginning in** the Company ~~beginning in~~ **' s** fiscal 2025 ~~, including interim periods~~ **and are applied prospectively to all joint venture formations** ~~within~~ -- **with** ~~that fiscal year~~ **a formation date on or after January 1, 2025** . ~~Management~~ **Early adoption and retrospective application of the amendments are permitted. The Company** does not expect adoption **of the new guidance** to have a material impact on **its** ~~the Company' s~~ consolidated financial statements **and disclosures** . Note 4- InventoriesInventories consisted of the following as of August 31 (in thousands): Processed and unprocessed scrap metal $ **143, 986 $** 166, 368 ~~$ 164, 960~~ Semi- finished goods **9, 959** 20, 009 ~~7, 671~~ Finished goods **60, 348** 72, 625 ~~39, 368~~ Supplies **64, 349** 56, 187 ~~44, 428~~ Inventories $ **278, 642 $** 315, 189 **74** ~~$ 256, 427 76~~ / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Note 5- LeasesThe Company' s operating leases for real property underlying certain auto parts stores, metals recycling facilities, and administrative offices generally have non- cancellable lease terms of 5 to 10 years, and the significant majority contain multiple renewal options for a further 5 to 20 years. Renewal options which the Company is reasonably certain to exercise are included in the measurement of lease term. The Company' s finance leases and other operating leases involve primarily transportation equipment assets, have non- cancellable lease terms of less than 10 years and usually do not include renewal options. The Company' s fiscal **2023 total lease cost was $ 38 million, consisting primarily of operating lease expense of $ 25 million and short- term lease expense of $ 10 million. The Company' s fiscal** 2022 total lease cost was $ 36 million, consisting primarily of operating lease expense of $ 25 million and short- term lease expense of $ 10 million. The Company' s fiscal 2021 total lease cost was $ 30 million, consisting primarily of operating lease expense of $ 24 million and short- term lease expense of $ 5 million. The ~~Company' s fiscal 2020 total lease cost was $ 28 million, consisting primarily of operating lease expense of $ 23 million and short- term lease expense of $ 4 million. The~~ other components of the Company' s total lease cost for each of fiscal **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , including finance lease amortization and interest expense, variable lease expense, and sublease income, were not material both individually and in aggregate. The substantial majority of the Company' s total lease cost for each of fiscal **2023,** 2022, **and** 2021 ~~, and 2020~~ is presented within cost of goods sold in the Consolidated Statements of Operations. Finance lease assets and liabilities consisted of the following as of August 31 (in thousands): Balance Sheet Classification Assets: Finance lease right- of- use assets (1) Property, plant and equipment, net $ **6, 340 $** 4, 861 ~~$ 5, 422~~ Liabilities: Finance lease liabilities- current Short- term borrowings $ ~~1~~ **2** , ~~736~~ **227** $ 1, ~~464~~ **736** Finance lease liabilities- noncurrent Long- term debt, net of current maturities 4, **973 4,** 158 ~~5, 127~~ Total finance lease liabilities $ **7, 200 $** 5, 894 **(1) Presented net of accumulated amortization of** $ 6 **million and** ~~, 591 (1) Presented net of accumulated amortization of~~ $ 4 million ~~and $ 2 million~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , respectively. The weighted average remaining lease terms and weighted average discount rates for the Company' s leases as of August 31: Weighted AverageRemaining LeaseTerm (Years) Weighted AverageDiscount Rate Weighted AverageRemaining LeaseTerm (Years) Weighted AverageDiscount Rate Operating leases 9. **2 3. 73 % 9.** 5 3. 36 ~~% 9. 7 3. 37~~ % Finance leases 4. **3 6. 10 % 4.** 5 7. 17 ~~% 5. 2 7. 78~~ % Maturities of lease liabilities by fiscal year as of August 31, ~~2022~~ **2023** were as follows (in thousands): Year Ending August 31, Finance Leases Operating Leases $ **2, 558 $ 23, 768** 1, **746 19** ~~991 $ 25~~ , ~~012~~ **391** 1, **262** ~~715 20, 810~~ 15, **503 1, 103** ~~913~~ **13** ~~12~~ , ~~754 11~~ **546 10** , ~~307~~ **901** Thereafter ~~59~~ **55** , ~~999~~ **434** Total lease payments ~~6~~ **8** , ~~676 145~~ **053 138** , ~~795~~ **543** Less amounts representing interest ( ~~782~~ **853** ) (22, ~~484~~ **622** ) Total lease liabilities ~~5~~ **7** , ~~894 123~~ **200 115** , ~~311~~ **921** Less current maturities ( ~~1~~ **2** , ~~736~~ **227** ) ( ~~21~~ **19** , ~~660~~ **835** ) Lease liabilities, net of current maturities $ 4, ~~158~~ **973** $ ~~101~~ **96** , ~~651 77~~ **086 75** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022SCHNITZER~~ **2023SCHNITZER** STEEL INDUSTRIES, INC. ~~NOTES~~ **dba RADIUS RECYCLINGNOTES** TO THE CONSOLIDATED FINANCIAL STATEMENTS Supplemental cash flow information and non- cash activity related to leases are as follows (in thousands): Year Ended August 31, Cash paid for amounts included in the measurement of lease liabilities: Operating cash flows for operating leases $ 25, **414 $ 25,** 351 $ 24, 154 ~~$ 22, 225~~ Operating cash flows for finance leases $ $ $ Financing cash flows for finance leases $ **2, 049 $** 1, 483 $ 1, 332 ~~$ 1, 336~~ Lease liabilities arising from obtaining right- of- use assets (1): Operating leases $ **15, 279 $** 12, 000 $ 8, 325 ~~$ 34, 586~~ Finance leases $ **3, 596** $ $ ~~1, 230~~ (1) Amounts include new leases and adjustments to lease balances as a result of remeasurement. Note 6- Property, Plant and Equipment, netProperty, plant and equipment, net consisted of the following as of August 31 (in thousands): Machinery and equipment $ **952, 480 $** 875, 904 ~~$ 791, 043~~ Land and improvements **345, 584** 324, 453 ~~304, 188~~ Buildings and leasehold improvements **169, 940** 148, 634 ~~147, 106~~ Enterprise resource planning (ERP) systems 18, **898 18,** 945 ~~17, 760~~ Office equipment and other software licenses **31, 195** 30, 797 ~~37, 326~~ Construction in progress **90, 939** 120, 419 ~~102, 544~~ Property, plant and equipment, gross 1, **609, 036 1,** 519, 152 ~~1, 399, 967~~ Less accumulated depreciation ( **902, 231) (** 855, 032) ~~(837, 293)~~ Property, plant and equipment, net (1) **$ 706, 805** $ 664, 120 ~~$ 562, 674~~ (1) Property, plant and equipment, net included $ **21 million and $** 22 million ~~and $ 18 million~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , respectively, related to the Company' s Canadian operations. Depreciation expense for property, plant and equipment, which includes amortization expense for finance lease right- of- use assets, was $ **84 million, $** 72 million, **and** $ 58 ~~million, and $ 57~~ million for the years ended August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. See Note 5- Leases for additional disclosure on finance leases. **Interest cost related to the construction of qualifying assets capitalized as part of the construction costs was $ 4 million for the year ended August 31, 2023, and $ 2 million for each of the years ended August 31, 2022 and 2021.** Note 7- Business **AcquisitionsFiscal** ~~AcquisitionsColumbus RecyclingOn October 1, 2021~~ **2023 Business AcquisitionOn November 18, 2022** , the Company used cash on hand and borrowings under existing credit facilities to acquire **the operating assets of ScrapSource** ~~eight metals recycling facilities across Mississippi, Tennessee, and Kentucky from Columbus Recycling~~ , a ~~provider of recycled ferrous and nonferrous metal products and~~ recycling services **company that provides solutions for industrial companies that generate scrap metal from their manufacturing process. The acquired business expands the 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 2- Summary of Significant Accounting Policies. The ~~cash~~ **total** purchase ~~price~~ **consideration** was approximately $ ~~107~~ **25** million **. As of 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** ~~adjustment for acquired net working capital relative to an agreed- upon benchmark, as well as other~~ -- **the completion** ~~adjustments. The Company paid an additional $ 7 million at closing and an additional $ 3 million in August 2022, primarily for acquired net working capital in excess~~ of **valuation procedures** ~~the benchmark, resulting in total purchase consideration measured as of the fiscal year ended August 31, 2022 of approximately $ 117 million~~ . **76** ~~The acquired Columbus Recycling operations purchase and process scrap metal from industrial manufacturers, local recycling companies, and individuals, and sell the recycled products to regional foundries and steel mills. Combined with the Company' s regional metals recycling facilities in Georgia, Alabama, and Tennessee, the acquired operations offer additional recycling products, services, and logistics solutions to customers and suppliers across the Southeast, giving rise to expected benefits supporting the amount of acquired goodwill. 78~~ / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022SCHNITZER~~ **2023SCHNITZER** STEEL INDUSTRIES, INC. ~~NOTES~~ **dba RADIUS RECYCLINGNOTES** TO THE CONSOLIDATED FINANCIAL STATEMENTS The following table summarizes the fair values of the assets acquired and liabilities assumed by the Company as of the ~~October 1~~ **November 18** , ~~2021~~ **2022** acquisition date (in thousands): ~~Cash $ Accounts receivable 22, 763 Inventories 10, 060 Other current assets Property, plant and equipment 13, 491~~ Operating lease right- of- use assets **$** Goodwill (1) ~~65~~ **13** , ~~203~~ **105** Other intangible assets ~~19~~ **11** , ~~741~~ **955 Other assets** Total assets acquired ~~132~~ **25** , ~~092 Current~~ **535 Operating lease** ~~liabilities~~ **liability** ~~11, 828~~

~~Other liabilities 3, 350~~ Total liabilities assumed ~~15, 178~~ Net assets acquired $ ~~116~~ **25** , ~~914~~ **069** (1) **All** ~~Approximately $ 62 million~~ 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 ~~October 1~~ **November 18** , ~~2021~~ **2022** acquisition date (in thousands): Useful LifeSupplier relationships $ ~~17~~ **10** , ~~245~~ **375 Non- compete intangible assets 1, 360** Customer relationships ~~2, 496~~ $ ~~19~~ **11** , ~~741~~ **955 The results of operations for the acquired ScrapSource business beginning as of the November 18, 2022 acquisition date are included in the accompanying consolidated financial statements. For the fiscal year ended August 31, 2023, the revenues and net income contributed by the acquired ScrapSource business and reported in the Consolidated Statements of Operations were not material to the financial statements taken as a whole. Fiscal 2022 Business AcquisitionsOn October 1, 2021, the Company used cash on hand and borrowings under existing credit facilities to acquire eight metals recycling facilities across Mississippi, Tennessee, and Kentucky from Columbus Recycling, a provider of recycled ferrous and nonferrous metal products and recycling services. Combined with the Company' s regional metals recycling facilities in Georgia, Alabama, and Tennessee, the acquired operations offer additional recycling products, services, and logistics solutions to customers and suppliers across the Southeast, giving rise to expected benefits supporting the amount of acquired goodwill. 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 results of operations for the acquired Columbus Recycling business beginning as of the October 1, 2021 acquisition date are included in the accompanying consolidated financial statements. **On** ~~For the fiscal year ended August 31, 2022, the revenues of the acquired Columbus Recycling business contributed 4 % of the Company' s consolidated revenues reported on the Consolidated Statements of Operations, and the amount of net income contributed by the acquired Columbus Recycling business was not material to the consolidated financial statements taken as a whole. Encore RecyclingOn~~ April 29, 2022, the Company used cash on hand and borrowings under existing credit facilities to acquire 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 acquired Encore Recycling operations purchase and process scrap metal and end- of life vehicles from industrial manufacturers, local recycling companies, and individuals, and sell the recycled products to regional foundries and steel mills~~ . Combined with the Company' s existing regional metals recycling facilities and recycled auto- parts centers, the acquired operations offer additional recycling products, services, and logistics solutions to customers and suppliers across portions of the Southeast, giving rise to expected benefits supporting the amount of acquired goodwill. The ~~transaction qualified as a business combination for accounting purposes. The cash purchase price was approximately $ 55 million, subject to adjustment for acquired net working capital relative to an agreed- upon benchmark, as well as other adjustments. The Company paid an additional $ 8 million at closing for estimated net working capital in excess of the benchmark, which was still subject to adjustment as of the end of fiscal 2022, resulting in~~ total purchase consideration ~~measured as~~ of ~~August 31, 2022 of approximately~~ $ ~~63~~ **64** million ~~. As of~~ **was allocated to** the **assets** ~~date of this report, measurement of actual~~ acquired **and liabilities assumed based on** ~~net working capital, as well as the~~ **their respective estimated** fair values **on** ~~of certain other~~ -- **the date of the acquisition. The results of operations for the** acquired **Encore Recycling business beginning as** ~~assets and assumed liabilities, is still preliminary and subject to change based on the completion~~ of ~~valuation procedures~~ **the April 29, 2022 acquisition date are included in the accompanying consolidated financial statements** . ~~79~~ **77** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022SCHNITZER~~ **2023SCHNITZER** STEEL INDUSTRIES, INC. ~~NOTES~~ **dba RADIUS RECYCLINGNOTES** TO THE CONSOLIDATED FINANCIAL STATEMENTS The following table summarizes the ~~provisional~~ **aggregate** fair values of the assets acquired and liabilities assumed by the Company **in the fiscal 2022 business acquisitions** as of ~~the~~ **their respective acquisition dates (in thousands): Columbus Recycling Encore Recycling October 1, 2021** April 29, 2022 **Cash $ $ —** ~~acquisition date (in thousands):~~ Accounts receivable ~~$~~ **22, 763** 10, 356 Inventories **10, 060** 4, 325 Other current assets Property, plant and equipment **13, 491** 25, ~~143~~ **027** Operating lease right- of- use assets Goodwill (1) **65, ~~20~~ 203 21** , ~~494~~ **423** Other intangible assets **19, 741** 4, 809 Total assets acquired ~~65~~ **132** , ~~544~~ **092 66, 357** Current liabilities **11, 828** 1, ~~322~~ **323** Other liabilities **3, 350** 1, 091 Total liabilities assumed **15, 178** 2, ~~413~~ **414** Net assets acquired $ **116, 914 $** 63, ~~131~~ **943** (1) Approximately **$ 62 million and** $ 20 million of the ~~provisional~~ amount of acquired goodwill ~~is~~ **for Columbus Recycling and Encore Recycling, respectively, are** tax deductible. The following table summarizes the ~~provisional~~ purchase price allocation to the identifiable intangible assets **of Columbus Recycling and Encore Recycling combined** and their estimated useful lives as of ~~the~~ **their respective** ~~April 29, 2022~~ acquisition ~~date~~ **dates** (in thousands): **Columbus Recycling Encore Recycling Useful Life** Useful LifeSupplier relationships $ **17, 245 $** 3, 679 Customer relationships **2, 496** 1, 130 $ **19, 741 $** 4, 809 **Unaudited Pro** ~~The results of operations for the acquired Encore Recycling business beginning as of the April 29, 2022 acquisition date are included in the accompanying consolidated financial statements. For~~ **Forma InformationThe** ~~the fiscal year ended August 31, 2022, the revenues and net income contributed by the acquired Encore Recycling business and reported in the Consolidated Statements of Operations were not material to the consolidated financial statements taken as a whole. 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): Year Ended August 31, Revenues $ 3, 566, 000 $ 2, 989, 000 Net income $ 184, 500 $ 179, 000 Net income attributable to ~~SSI~~ **Radius** shareholders $ 181, 000 $ 174, 500 There are no individually material, nonrecurring pro forma adjustments directly attributable to the business combinations included in these pro forma revenues and earnings. The information included in the pro forma amounts is derived from historical information obtained from the sellers of the businesses. These pro forma results are not necessarily indicative of what actual results would have been had these acquisitions occurred as of the beginning of fiscal 2021. In addition, the pro forma results are not intended to be a projection of future results and do not reflect any synergies that may be achieved from combining operations. ~~80~~ **For the fiscal years ended August 31,**

**2023 and 2022, the unaudited pro forma amounts of revenues and net income of the ScrapSource business acquired during fiscal 2023 were not material to the consolidated financial statements taken as a whole and, therefore, are not included in the tabular disclosure of unaudited pro forma information above. 78** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Note 8- Goodwill and Other Intangible Assets, netGoodwill ~~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.~~ In the fourth quarter of fiscal ~~2022~~ **2023** , the Company performed the annual goodwill impairment test as of July 1, ~~2022~~ **2023** . As of the testing date, the balance of the Company' s goodwill was $ ~~254~~ **269** million, which was ~~carried in three~~ **allocated among four** reporting units. **All** ~~Substantially all~~ of the **approximately** $ ~~85~~ **13** million of goodwill carried by one of the reporting units, a ~~regional metals~~ recycling **services** operation, related to ~~two~~ **the** business ~~acquisitions~~ - **acquisition** that ~~were~~ **was** completed in fiscal ~~2022~~ **2023** . The Company elected to perform the qualitative assessment for this reporting unit and concluded that it was not more likely than not that the fair value of the reporting unit was less than its carrying value. The remaining $ ~~169~~ **256** million of goodwill **as of the testing date** was ~~carried by two~~ **allocated among three** reporting units, which consist of ~~a~~ **two** regional metals recycling ~~operation~~ **operations** and the Company' s network of auto parts stores. ~~For this remaining amount of goodwill, the Company had last performed the quantitative impairment test of goodwill in the fourth quarter of fiscal 2020 using a measurement date of July 1, 2020.~~ Based **primarily** on the ~~changes in market conditions related to~~ **respective financial and operational performance of each of** ~~the~~ **these** ~~general economy and the~~ **three** ~~metals recycling industry, the extent of time that had passed since the last quantitative goodwill impairment test as of July 1, 2020, and the realignment of~~ reporting units **and the Company overall,** as **well as the year- over- year decrease in the Company' s market capitalization as** of **the testing date** ~~September 1, 2020~~ , the Company elected to not perform the qualitative assessment and **to** proceed directly to the quantitative impairment test for goodwill **allocated** ~~carried by these two~~ - **to the three** reporting units to identify potential impairment and measure an impairment loss, if necessary. The quantitative impairment test entails estimating the fair value of each reporting unit ~~carrying~~ **with allocated** goodwill and comparing it to the reporting unit' s carrying amount. The Company records the amount of goodwill impairment as the excess of a reporting unit' s carrying amount over its fair value, if any, not to exceed the total amount of goodwill allocated to that reporting unit. The Company estimated the fair value of the **two** metals recycling **reporting units** and **the** autos reporting ~~units~~ - **unit** subject to the quantitative impairment test as of July 1, ~~2022~~ **2023** using an income approach based on the present value of expected future cash flows, including terminal value, utilizing a market- based WACC ~~assessed specifically~~ **determined separately** for each reporting unit. The determination of fair value **under this income approach** involves the use of estimates and assumptions, including revenue growth rates driven by future ferrous and nonferrous commodity price and sales volume expectations, ~~automobile scrap and core price and sales volume expectations,~~ gross margins, selling, general **,** and administrative expense relative to total revenues, capital expenditures, working capital requirements, discount rate (WACC), tax rate, terminal growth rate, benefits associated with a taxable transaction, and synergistic benefits available to market participants. In addition, to corroborate ~~the~~ **each reporting unit' s income approach** valuation **, as well as to estimate the fair value** of **the Company' s** ~~the~~ **other** reporting units **, including those with no allocated goodwill** , the Company used a market approach based on earnings multiple data **,** and **it performed** a reconciliation of **its** ~~the Company' s~~ estimate of the aggregate fair value of all reporting units to the Company' s market capitalization, including consideration of a control premium. 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~~ **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 projections used in the income approach for the metals recycling and autos reporting units took into consideration, as applicable, the impact of recent and current market conditions for ferrous and nonferrous recycled metals **and retail auto parts** , the cost of obtaining adequate supply flows of scrap metal including end- of- life vehicles, and recent trends in ~~retail auto parts sales~~ **production and other operating costs** . The projections assumed a ~~limited~~ recovery of operating margins from the levels experienced around the time of the July 1, ~~2022~~ **2023** measurement date over a multi- year period. The WACC ~~rates~~ - **rate** used in the income approach valuation for the **two** metals recycling **reporting units was 13. 68 %,** and **the WACC rate used for the** autos reporting ~~units~~ - **unit** ~~were~~ **was** 13. ~~33~~ **62** % ~~and 12~~ . **The** ~~13 %, respectively, and the~~ terminal growth rate used for ~~both~~ **all three** reporting units was 2 ~~. 0~~ %. A ~~company~~ **reporting- unit** - specific risk premium is embedded in the WACC to reflect the perceived level of uncertainty inherent in each reporting unit' s expected future cash flows. ~~Assuming all other components of the fair value estimates were held constant, an increase in the WACC of 100 basis points for each of the metals recycling reporting unit and the autos reporting unit would have decreased indicated headroom to 21 % and 29 %, respectively.~~ The Company reconciled its market capitalization to the aggregated estimated fair value of all reporting units, including consideration of a control premium representing the estimated amount a market participant would pay to obtain a controlling interest in the Company. The implied control premium resulting from the difference between (i) the Company' s market capitalization (based on the average trading price of the Company' s Class A common stock for the two- week period ended July 1, ~~2022~~ **2023** ) increased by the estimated fair value of noncontrolling interests and (ii) the higher aggregated estimated fair value of all reporting units was within the historical range of average and mean premiums observed for historical transactions within the steel- making, scrap processing, and metals industries. The Company identified specific reconciling items, including market participant synergies, tax amortization benefits, and benefits from in- process technology investments, which supported the implied control premium as of July 1, ~~2022~~ **2023** . ~~81~~ **79** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022SCHNITZER~~ **2023SCHNITZER** STEEL INDUSTRIES, INC. ~~NOTES~~ **dba RADIUS RECYCLINGNOTES** TO THE CONSOLIDATED FINANCIAL STATEMENTS The gross change in the carrying amount of goodwill for the years ended August 31, **2023 and** 2022 ~~and 2021~~ was as follows (in thousands): Goodwill Balance as of September 1, ~~2020~~ **2021** $

~~169, 627 Foreign currency translation adjustment Balance as of August 31, 2021~~ 170, 304 Additions (1) 84, 040 Measurement period adjustments **(2)** 1, 657 Foreign currency translation adjustment (803) Balance as of August 31, 2022 **255, 198 Additions (1) 14, 759 Measurement period adjustments (2) (725) Impairments (39, 270) Foreign currency translation adjustment (543) Balance as of August 31, 2023** $ ~~255~~ **229** , ~~198~~ **419** (1) Additions to goodwill **in fiscal 2022** relate to the ~~acquired~~ Columbus Recycling ~~business (approximately $ 62 million)~~ and ~~the~~ Encore Recycling **businesses acquired on October 1, 2021 and April 29, 2022, respectively. Additions to goodwill in fiscal 2023 relate to the ScrapSource** business ~~(approximately $ 22 million) and~~ **acquired on November 18, 2022. All additions** are **presented** exclusive of measurement period adjustments ~~relating to these same business acquisitions, which adjustments are presented separately. The amount of acquired goodwill in the Encore Recycling acquisition was provisional as of August 31, 2022~~ . See Note 7- Business Acquisitions. **(2) Measurement period adjustments in fiscal 2022 relate to the acquired Columbus Recycling and Encore Recycling businesses. Measurement period adjustments in fiscal 2023 relate to the acquired ScrapSource and Encore Recycling businesses.** Accumulated goodwill impairment charges were $ **510 million as of August 31, 2023 and $** 471 million as of ~~each of~~ August 31, 2022 ~~and 2021~~ . Other Intangible Assets, netThe following table presents the Company' s other intangible assets as of August 31 (in thousands): GrossCarrying Amount AccumulatedAmortization Net GrossCarryingAmount AccumulatedAmortization Net Covenants not to compete $ **8, 756 $ (4, 796) $ 3, 960 $** 7, 780 $ (4, 442) $ 3, 338 ~~$ 6, 745 $ (3, 846) $ 2, 899~~ Supplier relationships **31, 299** ( ~~1~~ **6, 720** ) **24, 579** 20, 924 (2, 433) 18, 491 ~~— — —~~ Customer relationships ~~(1)~~ 3, **846 (926) 2, 920 3,** 626 (381) 3, 245 ~~— — —~~ Indefinite- lived intangibles ( ~~2~~ **1** ) 1, 081 — 1, 081 1, 081 — 1, 081 Total $ **44, 982 $ (12, 442) $ 32, 540 $** 33, 411 $ (7, 256) $ 26, 155 ~~$ 7, 826 $ (3, 846) $ 3, 980~~ (1 ~~) Purchase price allocated to identifiable intangible assets in connection with the acquisition of the Columbus Recycling business and the Encore Recycling business in fiscal 2022. The amount of acquired intangible assets in connection with the Encore Recycling acquisition, as presented above in Note 7- Business Acquisitions, was provisional as of August 31, 2022. (2~~ ) Indefinite- lived intangibles include previously acquired trade names and certain permits and licenses. **See Note 7- Business Acquisitions for information regarding intangible assets acquired in business combinations during the years ended August 31, 2023 and 2022.** Total intangible asset amortization expense was $ **6 million, $** 3 million ~~for the year ended August 31, 2022~~ , and $ 1 million **for** ~~in each of~~ the years ended August 31, **2023, 2022, and** 2021, **respectively** ~~and 2020~~ . There were no impairments of **amortized** intangible assets recognized ~~for~~ **in** the periods presented. The estimated amortization expense, based on current intangible asset balances, during the next five fiscal years and thereafter is as follows (in thousands): Years Ending August 31, EstimatedAmortizationExpense $ ~~4~~ **6** , ~~283 4~~ **189 6** , ~~232 4~~ **116 6** , ~~078 4~~ **116 6** , ~~078 3~~ **113 5** , ~~834~~ **667** Thereafter ~~4~~ **1** , ~~569~~ **258** Total $ ~~25~~ **31** , ~~074 82~~ **459 80** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Note 9- DebtDebt consisted of the following as of August 31 (in thousands): Bank revolving credit facilities, interest primarily at SOFR or LIBOR plus a spread $ 230, 000 $ ~~60~~ **230** , 000 Finance lease liabilities **7, 200** 5, 894 ~~6, 591~~ Other debt obligations 12, **192 12,** 668 ~~8, 362~~ Total debt **249, 392** 248, 562 ~~74, 953~~ Less current maturities ( **5, 813) (** 6, 041 ~~) (3, 654~~ ) Debt, net of current maturities $ **243, 579 $** 242, 521 ~~$ 71, 299~~ On August 22, 2022, the Company and certain of its subsidiaries entered into the Third Amendment to the Third Amended and Restated Credit Agreement (the ~~"~~ **"** Amended Credit Agreement ~~"~~ **"** ), by and among Schnitzer Steel Industries, Inc., as the U. S. borrower, Schnitzer Steel Canada Ltd., as the Canadian borrower, Bank of America, N. A., as administrative agent, and other lenders party thereto, which amended and restated our previously existing credit agreement (the ~~"~~ **"** Prior Credit Agreement ~~"~~ **"** ). The Amended Credit Agreement provides for $ 800 million and C $ 15 million in senior secured revolving credit facilities maturing in August 2027. The $ 800 million credit facility includes a $ 50 million sublimit for letters of credit, a $ 25 million sublimit for swing line loans, and a $ 50 million sublimit for multicurrency borrowings. The Prior Credit Agreement provided for $ 700 million and C $ 15 million in senior secured credit facilities maturing in August 2023. The Company incurred $ 2 million in debt issuance costs in connection with the Amended Credit Agreement, which are amortized to interest expense over the five- year term of the arrangement. Interest rates on outstanding indebtedness under the Amended 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 Amended 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. Interest rates on outstanding indebtedness under the Prior Credit Agreement were based, at our option, on either the London Interbank Offered Rate (" LIBOR ") (or the Canadian equivalent for C $ loans), plus a spread of between 1. 25 % and 3. 50 %, with the amount of the spread based on a pricing grid tied to our ratio of consolidated 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 one- month LIBOR plus 1. 75 %, in each case, plus a spread of between 0. 00 % and 2. 50 % based on a pricing grid tied to our consolidated funded debt to EBITDA ratio. In addition, commitment fees were payable on the unused portion of the credit facilities at rates between 0. 20 % and 0. 50 % based on a pricing grid tied to our ratio of consolidated funded debt to EBITDA. As of **both** August 31, **2023 and** 2022 ~~and 2021~~ , borrowings outstanding under the credit facilities were $ 230 million ~~and $ 60 million, respectively~~ . The weighted average interest rate on amounts outstanding under the credit facilities was **7. 17 % and** 3. 65 % ~~and 1. 75 %~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , respectively. ~~83 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ The credit agreement contains various representations and warranties, events of default, and financial and other customary covenants which limit (subject to certain exceptions) the Company' s 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 the business, engage in transactions with affiliates, and enter into restrictive agreements, including agreements that restrict the ability of the subsidiaries to make distributions. As of August 31, ~~2022~~ **2023** , the financial covenants under the credit agreement included (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. The Company' s obligations under the credit agreement are guaranteed by substantially all of its subsidiaries. The credit facilities and the related guarantees are secured by senior first priority liens on certain of the Company' s and its subsidiaries' assets, including equipment, inventory, and accounts receivable. **81 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** Other debt obligations, which totaled $ **12 million and $** 13 million ~~and $ 8 million~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , 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. ~~In fiscal 2022, the Company recorded $ 7 million of additional debt obligations with these terms generally.~~ Principal payments on the Company' s bank revolving credit facilities and other debt obligations during the next five fiscal years and thereafter are as follows (in thousands): Year Ending August 31, Credit Facilities Other Debt Obligations $ — $ ~~4~~ **3** , ~~306~~ **586** — 2, ~~425~~ **449** — 2, ~~466~~ **564 230, 000 2, 687** — ~~2, 735 230, 000~~ Thereafter ~~—~~ — Total $ 230, 000 $ 12, ~~668~~ **192** See Note 5- Leases for additional disclosure on finance lease obligations, including payments during the next five fiscal years and thereafter. The Company maintains stand- by letters of credit to provide for certain obligations including workers' compensation and performance bonds. The Company had $ 8 million outstanding under these arrangements as of both August 31, **2023 and** 2022 ~~and 2021~~ . Note 10- Commitments and ContingenciesContingencies- EnvironmentalChanges in the Company' s environmental liabilities for the years ended August 31, **2023 and** 2022 ~~and 2021~~ were as follows (in thousands): Balance as of September 1, ~~2020~~ **2021** LiabilitiesEstablished (Released), Net Payments andOther Ending Balance August 31, ~~2021~~ **2022** LiabilitiesEstablished (Released), Net Payments andOther Ending BalanceAugust 31, ~~2022~~ **2023** CurrentLiability Noncurrent Liability $ ~~53, 464 $ 28, 761 $ (5, 097) $~~ 77, 128 $ 12, 839 $ (21, 467) $ 68, 500 $ **10, 697 $ (12, 420) $ 66, 777 $** 13, ~~031~~ **743** $ ~~55~~ **53** , ~~469~~ **034** As of August 31, **2023 and** 2022 ~~and 2021~~ , the Company had environmental liabilities of $ **67 million and $** 69 ~~million and $ 77~~ million, respectively, for the potential remediation of locations where it has conducted business or has environmental liabilities from historical or recent activities. ~~The~~ **These** liabilities relate to the investigation and potential ~~future~~ remediation of **waterways** ~~contaminated sediments~~ and ~~riverbanks,~~ soil **and** ~~contamination,~~ groundwater contamination ~~, storm water runoff issues,~~ and ~~other~~ **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. ~~84 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ Portland HarborIn 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. **82 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** 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. ~~85 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ 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 August 31,** ~~At the time the EPA issued the UAO in April 2020~~ **2023 and 2022** , the Company **had $ 1 million and** ~~estimated that its share of the costs of performing such work under the UAO would be approximately~~ $ 3 million, **respectively, in** ~~which it recorded to~~ environmental **reserves related** ~~liabilities and selling, general, and administrative (" SG & A ") expense in the consolidated financial statements in the third quarter of fiscal 2020. In the fourth quarter of fiscal 2022, based primarily on our assessment of progress with respect~~ to **this matter** ~~tasks and milestones specified in the UAO, as well as remaining work and associated costs, the Company increased the estimate of its share of the costs of performing such work under the UAO by approximately $ 2 million, which it recorded to environmental liabilities and SG & A expense~~ . 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** ~~In the second quarter~~ of ~~fiscal~~ **the QSFs below in this Note. As of both August 31,** ~~2021~~ **2023 and 2022** , the Company **had** ~~recorded an~~ insurance **and other** ~~receivable~~ **receivables** ~~and a related insurance recovery to SG & A expense for approximately $ 3 million. In the fourth quarter of fiscal 2022, the Company increased the amount of this insurance receivable by approximately $ 2 million and recognized a related insurance recovery~~ in the same amount ~~within SG & A expense~~ **as the environmental reserves for such remedial design work under the UAO** . See " Other Assets " in Note 2 – Summary of Significant Accounting Policies for further discussion of **insurance and other related** receivables ~~from insurers~~. 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 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. **83 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** 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. ~~The Company has insurance policies that it believes will provide reimbursement for costs related to this matter.~~ As of August 31, **2023 and** 2022 ~~and 2021~~ , the Company had **a** ~~an insurance~~

receivable in the same amount as the environmental reserve. See " Other Assets " in Note 2 – Summary of Significant Accounting Policies for further discussion of **insurance and other related** receivables ~~from insurers~~ . ~~86 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ 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. The Company' s environmental liabilities as of ~~both~~ August 31, **2023 and** 2022 ~~and 2021~~ 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** ~~remedial design, remedial action~~ , 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 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** ~~a Qualified Settlement Fund (" QSF~~ **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 ~~QSF~~ **QSFs** may not cover all of the costs which the Company may incur. ~~The~~ **Each** QSF is an unconsolidated variable interest entity (" VIE ") with no primary beneficiary. Two ~~parties~~ **managers** unrelated to each other, one appointed by the Company and one appointed by MMGL, share equally the power to direct the activities of ~~the~~ **each** VIE that most significantly impact its economic performance. The Company' s appointee to co- manage ~~the~~ **each** VIE is an executive officer of the Company. Neither MMGL nor its appointee to co- manage ~~the~~ **each** VIE is a related party of the Company for the purpose of the primary beneficiary assessment or otherwise. 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. ~~In addition~~ **The Company believes that** , pursuant to its insurance policies, **it will be** ~~the Company is being~~ reimbursed for the costs it incurs for required source control evaluation and remediation work **; however, the Company' s insurance policies may not cover all the costs which the Company incurs** . As of both August 31, **2023 and** 2022 ~~and 2021~~ , the Company had an insurance receivable in the same amount as the environmental reserve for such source control work. **84 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** Other Legacy Environmental Loss ContingenciesThe Company' s environmental loss contingencies as of August 31, **2023 and** 2022 ~~and 2021~~ , 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. ~~87 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ 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 August 31, **2023 and** 2022 ~~and 2021~~ , 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 August 31, **2023 and** 2022 ~~and 2021~~ included $ **5 million and $** 8 ~~million and $ 19~~ 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 fiscal ~~2022~~ **2023** , the Company ~~recognized~~ **accrued an incremental** $ ~~6~~ **7** million 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 ~~, which agreement resulted in payment by the Company to the municipality of $ 11 million in the second quarter of fiscal 2022~~ . 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 ~~plan~~ **plans** for soil and groundwater conditions and completion and operation of the wellhead treatment facilities. In addition, the Company' s loss contingencies as of August 31, **2023 and** 2022 ~~and 2021~~ included $ **10 million and $** 7 ~~million and $ 8~~ million, respectively, 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 2- Summary of Significant Accounting Policies for further discussion of this client trust account. **In the fourth quarter of fiscal 2023, the Company increased its estimate of 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. **The** ~~However, the~~ Company ~~cannot~~ **estimates the** 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 August 31, 2023,** pending completion, approval **,** and implementation of the remediation action plan. **85 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** Summary- Environmental ContingenciesWith 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- OtherIn 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. ~~88~~ **86** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Note 11- Accumulated Other Comprehensive LossThe components of accumulated other comprehensive loss, net of tax, are as follows as of August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ (in thousands): Foreign CurrencyTranslationAdjustments **Cash Flow Hedges, net** Pension Obligations, net Total Balance as of September 1, ~~2019~~ **2020** $ ( ~~35~~ **34** , ~~689~~ **184** ) $ **—** ~~(3, 074)~~ $ ( ~~38~~ **2** , ~~763~~ **687) $ (36, 871** ) Other comprehensive income ~~before reclassifications 1, 505 1, 695 Income tax expense — (42) (42) Other comprehensive income before reclassifications, net of tax 1, 505 1, 653 Amounts reclassified from accumulated other comprehensive loss — Income tax benefit — (70) (70) Amounts reclassified from accumulated other comprehensive loss, net of tax — Net periodic other comprehensive income 1, 505 1, 892 Balance as of August 31, 2020 (34, 184) (2, 687) (36, 871) Other comprehensive income~~ (loss) before reclassifications 2, 575 **—** (530) 2, 045 Income tax benefit — **—** Other comprehensive income (loss) before reclassifications, net of tax 2, 575 **—** (410) 2, 165 Amounts reclassified from accumulated other comprehensive loss — **—** Income tax benefit **—** — (44) (44) Amounts reclassified from accumulated other comprehensive loss, net of tax — **—** Net periodic other comprehensive income (loss) 2, 575 **—** (258) 2, 317 Balance as of August 31, 2021 (31, 609) **—** (2, 945) (34, 554) Other comprehensive (loss) income before reclassifications (3, 070) **—** (2, 715) Income tax expense — **—**

(80) (80) Other comprehensive (loss) income before reclassifications, net of tax (3, 070) **—** (2, 795) Amounts reclassified from accumulated other comprehensive loss — **—** Income tax benefit **—** — (76) (76) Amounts reclassified from accumulated other comprehensive loss, net of tax — **—** Net periodic other comprehensive (loss) income (3, 070) **—** (2, 535) Balance as of August 31, 2022 **(34, 679) — (2, 410) (37, 089) Other comprehensive loss before reclassifications (2, 661) (277) (2) (2, 940) Income tax benefit — — Other comprehensive loss before reclassifications, net of tax (2, 661) (215) (2) (2, 878) Amounts reclassified from accumulated other comprehensive loss — (115) Income tax expense (benefit) — (108) (82) Amounts reclassified from accumulated other comprehensive loss, net of tax — (89) Net periodic other comprehensive (loss) income (2, 661) (304) (2, 594) Balance as of August 31, 2023** $ ( **37,** ~~34~~ **340** ~~, 679~~ ) $ ( **304) $ (** 2, ~~410~~ **039** ) $ ( ~~37~~ **39** , ~~089~~ **683** ) Reclassifications from accumulated other comprehensive loss to earnings, both individually and in the aggregate, were not material to the impacted captions in the Consolidated Statements of Operations in all periods presented. ~~89~~ **87** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Note 12- RevenueDisaggregation of RevenuesThe table below illustrates the Company' s revenues disaggregated by major product and sales destination (in thousands): Year Ended August 31, Major product information: Ferrous revenues $ 1, **439, 983 $ 1,** 914, 255 $ 1, 557, 891 ~~$ 862, 490~~ Nonferrous revenues **781, 102** 892, 444 684, 862 ~~390, 298~~ Steel revenues (1) **507, 550** 531, 731 379, 203 ~~336, 980~~ Retail and other revenues **153, 589** 147, 385 136, 595 ~~122, 575~~ Total revenues $ **2, 882, 224 $** 3, 485, 815 $ 2, 758, 551 ~~$ 1, 712, 343~~ Revenues based on sales destination: Foreign $ 1, **508, 019 $ 1,** 925, 235 $ 1, 612, 744 ~~$ 910, 785~~ Domestic 1, **374, 205 1,** 560, 580 1, 145, 807 ~~801, 558~~ Total revenues $ **2, 882, 224 $** 3, 485, 815 $ 2, 758, 551 ~~$ 1, 712, 343~~ (1) Steel revenues include predominantly sales of finished steel products, in addition to sales of semi- finished goods (billets) and steel manufacturing scrap. In fiscal **2023,** 2022, **and** 2021 ~~, and 2020~~ , the Company had no external customer that accounted for more than 10 % of the Company' s consolidated revenues. Sales to customers located in foreign countries are a significant part of the Company' s business. The schedule below identifies those foreign countries to which the Company' s sales exceeded 10 % of consolidated revenues in any of the last three years ended August 31 (in thousands): % ofRevenue % ofRevenue % ofRevenue Bangladesh ~~$ 446, 385 % $ 375, 668 % $ 197, 391 % Turkey N / A N / A~~ N / A N / A $ ~~222~~ **446** , ~~141~~ **385 % $ 375, 668** % N / A = Sales were less than the 10 % threshold. Receivables from Contracts with CustomersThe 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 August 31, **2023 and** 2022 ~~and 2021~~ , receivables from contracts with customers, net of an allowance for credit losses, totaled $ **208 million and $** 230 million ~~and $ 210 million~~ , respectively, representing **99 % and** 97 ~~% and 98~~ %, respectively, of total accounts receivable reported in the Consolidated Balance Sheets as of each reporting date. Contract LiabilitiesContract 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 reported within accounts payable in the Consolidated Balance Sheets, totaled $ **7 million and $** 8 million as of ~~both~~ August 31, **2023 and** 2022 ~~and 2021~~ **, respectively** . 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** ~~During the year ended August 31, 2022, the Company reclassified $ 7 million in~~ contract liabilities **are reclassified** ~~as of August 31, 2021~~ to revenues **within three months of the reporting date** as a result of satisfying performance obligations ~~during the year~~ . ~~During the year ended August 31, 2021, the Company reclassified $ 7 million in contract liabilities as of August 31, 2020 to revenues as a result of satisfying performance obligations during the year. 90 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ Note 13- Employee Benefits The Company and certain of its subsidiaries have or contribute to qualified and nonqualified retirement plans. These plans include a defined benefit pension plan, a supplemental executive retirement benefit plan (" SERBP "), multiemployer pension plans, defined contribution plans, and a deferred compensation plan. **88 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** Defined Benefit Pension Plan and Supplemental Executive Retirement Benefit PlanThe Company maintains a qualified defined benefit pension plan for certain nonunion employees. Effective June 30, 2006, the Company froze this plan and ceased accruing further benefits for employee service. The Company reflects the funded status of the defined benefit pension plan as a net asset or liability in its Consolidated Balance Sheets. Changes in its funded status are recognized in comprehensive income. The Company amortizes as a component of net periodic pension benefit cost a portion of the net gain or loss reported within accumulated other comprehensive loss if the beginning- of- year net gain or loss exceeds 5 % of the greater of the benefit obligation or the market value of plan assets. Net periodic pension benefit cost was not material for each of the fiscal years presented in this report. The fair value of plan assets was $ **15 million and $** 16 million ~~and $ 21 million~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , respectively, and the projected benefit obligation was $ **11 million and $** 12 million ~~and $ 17 million~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , respectively. The plan was fully funded with the plan assets exceeding the projected benefit obligation by $ 4 million as of **both** ~~each of~~ August 31, **2023 and** 2022 ~~and 2021~~ . Under the fair value hierarchy, plan assets comprised Level 1 and Level 2 investments as of August 31, **2023 and** 2022 ~~and 2021~~ . Level 1 investments are valued based on quoted market prices of identical securities in the principal market. Level 2 investments are corporate bonds valued at the yields currently available on comparable securities of issuers with similar credit ratings. No significant contributions are expected to be made to the defined benefit pension plan in the future; however, changes in the discount rate or actual investment returns that are lower than the long- term expected return on plan assets could result in the need for the Company to make additional contributions. The assumed discount rate used to calculate the projected benefit obligation was **5. 13 % and** 4. 40 % ~~and 2. 46 %~~ as of August 31, **2023 and** 2022 ~~and 2021~~ , respectively. The Company estimates future annual benefit payments to be between $ 1 million and $ ~~3~~ **4** million per year. The Company also has a nonqualified SERBP for certain executives. A restricted trust fund has been established with assets invested in life insurance policies that can be used for plan benefits, although the fund is subject to claims

of the Company' s general creditors. The trust fund is included in other assets, the current portion of the pension liability is included in other accrued liabilities, and the noncurrent portion of the pension liability is included in other long- term liabilities in the Company' s Consolidated Balance Sheets. The trust fund was valued at $ 4 million as of each August 31, **2023 and** 2022 ~~, and 2021~~ . The trust fund assets' gains and losses are included in other ~~expense~~ **loss** , net in the Company' s Consolidated Statements of Operations. The benefit obligation was $ 4 million as of **each of** August 31, **2023 and** 2022 ~~, and $ 5 million as of August 31, 2021~~ . Net periodic pension benefit cost under the SERBP was not material for each of the fiscal years presented in this report. Because the defined benefit pension plan and the SERBP are not material to the Consolidated Financial Statements, other disclosures required by U. S. GAAP have been omitted. Multiemployer Pension PlansThe Company contributes to 14 multiemployer pension plans in accordance with its collective bargaining agreements. Multiemployer pension plans are defined benefit plans sponsored by multiple employers in accordance with one or more collective bargaining agreements. The plans are jointly managed by trustees that include representatives from both management and labor unions. Contributions to the plans are made based upon a fixed rate per hour worked and are agreed to by contributing employers and the unions in collective bargaining. Benefit levels are set by a joint board of trustees based on the advice of an independent actuary regarding the level of benefits that agreed- upon contributions can be expected to support. To the extent that the pension obligation of other participating employers is unfunded, the Company may be required to make additional contributions in the future to fund these obligations. ~~91 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ One of the multiemployer plans that the Company contributes to is the Steelworkers Western Independent Shops Pension Plan (" WISPP, " EIN 90- 0169564, Plan No. 001) benefiting the union employees of the Company' s steel manufacturing operations, which are covered by a collective bargaining agreement that will expire on March 31, 2026. As of October 1, ~~2021~~ **2022** , the WISPP was certified by the plan' s actuaries as being in the Green Zone, as defined by the Pension Protection Act of 2006. The Company contributed $ 4 million to the WISPP for each of the years ended August 31, **2023,** 2022 **,** and 2021 ~~, and $ 3 million for the year ended August 31, 2020~~ . These contributions represented more than 5 % of total contributions to the WISPP for each year. ~~In 2004, the Internal Revenue Service (" IRS ") approved a seven- year extension of the period over which the WISPP may amortize unfunded liabilities, conditioned upon maintenance of certain minimum funding levels. In 2014, the WISPP obtained relief from the specified funding requirements from the IRS, which requires that the WISPP meet a minimum funded percentage on each valuation date and achieve a funded percentage of 100 % as of October 1, 2029. Based on the most recent actuarial valuation for the WISPP, the funded percentage using the valuation method prescribed by the IRS satisfied the minimum funded percentage requirement.~~ Company contributions to all of the multiemployer plans ~~were~~ **totaled** $ 7 million ~~for the year ended August 31~~ , ~~2022~~ **$ 7 million** , and $ 6 million for ~~each of~~ the years ended August 31, **2023, 2022, and** 2021, **respectively** ~~and 2020~~ . Defined Contribution PlansThe Company has several defined contribution plans covering certain employees. Company contributions to the defined contribution plans totaled $ **6 million, $** 5 million ~~for the year ended August 31, 2022~~ , and $ 4 million for ~~each of~~ the years ended August 31, **2023, 2022, and** 2021, **respectively** ~~and 2020~~ . **89 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** Deferred Compensation PlanIn fiscal 2021, the Company established a non- qualified deferred compensation plan (the " DCP ") which permits eligible employees to elect to defer receipt of compensation including salary, bonuses, and certain equity awards made under the Company' s long- term incentive plan. The DCP also allows the Company to make discretionary contributions to participant accounts that may be subject to one or more vesting schedules. Participant contributions, excluding equity awards subject to vesting conditions, are fully vested at all times. The deferred compensation liability as of August 31, **2023 and** 2022 ~~and 2021~~ was **$ 4 million and** $ 1 million ~~and less than $ 1 million~~ , respectively, consisted entirely of deferred salary **and bonuses** , and was **substantially all noncurrent and** classified within other long- term liabilities ~~in~~ **on** the Consolidated Balance Sheets. The Company maintains a rabbi trust to fund obligations under the DCP. The carrying value of assets held in the rabbi trust, which comprise company- owned life insurance policies, substantially equaled the deferred compensation liability as of both August 31, **2023 and** 2022 ~~and 2021~~ . The rabbi trust asset is classified within other assets ~~in~~ **on** the Consolidated Balance Sheets. ~~92 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ Note 14- Share- Based CompensationThe Company' s 1993 Stock Incentive Plan, as amended (the " SIP "), was established to provide for the grant of stock- based compensation awards to its employees, consultants, and directors. The SIP authorizes the grant of restricted shares, restricted stock units, performance- based awards including performance share awards, stock options, and stock appreciation rights, and other stock- based awards. The SIP is administered by the Compensation Committee of the Company' s Board of Directors (" Compensation Committee "). There are 12. 2 million shares of Class A common stock reserved for issuance under the SIP, of which 2. ~~2~~ **0** million were available for future grants as of August 31, ~~2022~~ **2023** . Share- based compensation expense recognized in cost of goods sold or selling, general, and administrative expense, as applicable, was $ **11 million, $** 19 million, **and** $ 18 ~~million, and $ 10~~ million for the years ended August 31, **2023,** 2022, **and** 2021, ~~and 2020,~~ respectively ~~. The Company capitalized less than $ 1 million of share- based compensation cost to the cost of qualifying long- lived assets in each of fiscal 2022, 2021, and 2020~~ . Restricted Stock Units (" RSUs ") During the years ended August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , the Compensation Committee granted **213, 080,** 160, 312, **and** 317, 760 ~~, and 470, 917~~ RSUs, respectively, to the Company' s key employees under the SIP. RSUs generally vest 20 % per year over five years commencing October 31 of the year after grant. Each RSU entitles the recipient to receive one share of Class A common stock upon vesting. The estimated fair value of an RSU is based on the market closing price of the underlying Class A common stock on the date of grant. The weighted average grant date fair value of RSUs granted was $ **31. 80, $** 52. 32, **and** $ 22. 26 ~~, and $ 14. 88~~ per unit for the years ended August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. The total estimated fair value of RSUs granted was $ **7 million, $** 8 million ~~for the year ended August 31, 2022~~ , and $ 7 million for ~~each of~~ the years ended August 31, **2023, 2022, and** 2021 ~~and 2020~~ **, respectively** . For RSUs granted in each of ~~the~~ **these fiscal** years ~~ended August 31, 2022, 2021, and 2020~~ , the compensation cost 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 award is the longer of two years or the period ending on the date retirement eligibility is achieved. ~~RSU compensation cost was $ 8 million, $ 7 million, and $ 4 million for the years ended August 31, 2022, 2021, and 2020, respectively.~~ A summary of the Company' s RSU activity for the year ended August 31, ~~2022~~ **2023** is as follows: Number of Units (in thousands) Weighted AverageGrant DateFair Value Outstanding as of August 31, ~~2021 $ 20. 62 Granted $ 52. 32 Vested (296) $ 21. 33 Forfeited (7) $ 22. 38 Outstanding as of August 31,~~ 2022 $ 26. 59 **Granted $ 31. 80 Vested (270) $ 25. 17 Forfeited (42) $ 28. 61 Outstanding as of August 31, 2023 $ 28. 57** The total fair value of RSUs that vested, based on the market closing price of the underlying Class A common stock on the vesting date, was $ **7 million, $** 15 million, **and** $ 10 ~~million, and $ 6~~ million for the years ended August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~, respectively. As of August 31, ~~2022~~ **2023**, total unrecognized compensation costs related to unvested RSUs amounted to $ ~~10~~ **8** million, which is expected to be recognized over a weighted average period of two years. **90 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** Performance Share AwardsThe SIP authorizes performance- based awards to certain employees subject to certain conditions and restrictions. Vesting is subject to both the continued employment of the participant with the Company and the achievement of certain performance goals established by the Compensation Committee. A participant generally must be employed by the Company on October 31 following the end of the performance period to receive an award payout. However, adjusted awards are paid if employment terminates earlier on account of a qualifying employment termination event such as death, disability, retirement, termination without cause after the first year of the performance period, or a sale of the Company. ~~93 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ In recent years, the performance share awards have comprised 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 fiscal **2023 and** 2022, the performance metrics are the Company' s recycled metal volume growth and its return on capital employed (" ROCE "). 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. The number of shares that a participant receives is equal to the number of performance shares granted multiplied by an initial 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 to the initial payout factor within a certain range, with a maximum increase or decrease of 20 %. For awards granted in fiscal 2021 ~~and 2020~~, the performance metrics are the Company' s TSR relative to a designated peer group and the Company' s ROCE. Award share payouts depend on the extent to which the performance goals have been achieved. The number of shares that a participant receives is equal to the award granted multiplied by a payout factor, which ranges from a threshold of 50 % to a maximum of 200 %. The TSR awards granted in fiscal 2021 ~~and 2020~~ stipulate certain limitations to the payout in the event the payout reaches a defined ceiling level or the Company' s TSR is negative. The Company estimates the fair value of performance share awards with a TSR market condition using a Monte- Carlo simulation model utilizing several key assumptions, including the following for such awards granted during the years ended August 31: Expected share price volatility ( ~~SSI~~ **Radius** ) **56. 1 %** 51. 6 % 48. 5 ~~% 38. 9~~ % Expected share price volatility (Peer group) **60. 5 %** 58. 5 % 54. 9 % ~~44. 5 %~~ Expected correlation to peer group companies **48. 1 %** 46. 0 % 44. 5 ~~% 34. 3~~ % Risk- free rate of return **4. 16 %** 0. 61 % 0. 23 ~~% 1. 58~~ % The fair value of the ROCE awards granted in fiscal 2021 ~~and 2020~~, which awards do not have a TSR market condition, is based on the market closing price of the underlying Class A common stock on the grant date. All the performance share awards granted in fiscal **2023 and** 2022 have a non- market performance condition (either recycled metal volume growth or ROCE) in addition to a market condition (TSR modifier), and the ROCE awards granted in fiscal 2021 ~~and 2020~~ have only a non- market performance condition. The Company accrues compensation cost for these performance share awards based on the probable outcome of achieving the 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. 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. The compensation cost for the TSR awards granted in fiscal 2021 ~~and 2020~~ 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 years ended August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~, the Compensation Committee granted a total of **211, 046 (105, 523 recycled metal volume growth with TSR modifier and 105, 523 ROCE with TSR modifier),** 153, 080 (76, 540 recycled metal volume growth with TSR modifier and 76, 540 ROCE with TSR modifier), **and** 316, 649 (157, 791 TSR and 158, 858 ~~ROCE), and 337, 770 (165, 834 TSR and 171, 936~~ ROCE) performance share awards, **91 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** respectively. The weighted average grant date fair value per share of performance share awards granted was $ **32. 10, $** 54. 29, **and** $ 22. 33 ~~, and $ 21. 32~~ for the years ended August 31, **2023,** 2022, **and** 2021, ~~and 2020,~~

respectively. ~~94 / Schnitzer Steel Industries, Inc. Form 10- K 2022SCHNITZER STEEL INDUSTRIES, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS~~ A summary of the Company’ s performance- based awards activity for the year ended August 31, ~~2022~~ **2023** is as follows: Number of Awards (in thousands) Weighted AverageGrant DateFair Value Outstanding as of August 31, ~~2021~~ **2022** $ ~~23~~ **28** . ~~62~~ **16** Granted $ ~~54~~ **32** . ~~29~~ **10** Performance achievement (1) $ ~~29~~ **20** . ~~17~~ **98** Vested ( ~~263~~ **487** ) $ ~~28~~ **21** . ~~66~~ **20** Forfeited ( ~~42~~ **50** ) $ ~~27~~ **34** . ~~44~~ **20** Outstanding as of August 31, ~~2022~~ **2023** ~~28~~ **$ 32** . ~~16~~ **44** (1) Reflects the net number of awards achieved above target levels based on actual performance measured at the end of the performance period. The total fair value of performance share awards which vested, based on the market closing price of the Company’ s Class A common stock on the vesting date, was $ **13 million, $** 14 million, **and** $ 7 ~~million, and $ 10~~ million for the years ended August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. As of August 31, ~~2022~~ **2023** , total unrecognized compensation costs related to unvested performance share awards amounted to $ ~~10~~ **4** million, which is expected to be recognized over a weighted average period of two years. Deferred Stock Units (“ DSUs ”) The Deferred Compensation Plan for Non- Employee Directors (“ DSU Plan ”) provides for the issuance of DSUs to non- employee directors to be granted under the DSU Plan. Each DSU gives the director the right to receive one share of Class A common stock at a future date. Immediately following the annual meeting of shareholders, each non- employee director receives DSUs which become fully vested on the day before the next annual meeting, subject to continued service on the Board. The compensation cost associated with the DSUs granted is recognized over the requisite service period of the awards. The Company issues Class A common stock to a director pursuant to vested DSUs in a lump sum in January of the first year after the director ceases to be a director of the Company, subject to the right of the director to elect an installment payment program under the DSU Plan. DSUs **with vesting conditions** granted during the years ended August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ totaled **21, 438 units,** 20, 876 units, **and** 28, 042 ~~units, and 41, 592~~ units, respectively. The compensation cost associated with DSUs and the total value of shares vested during each of ~~the~~ **these fiscal** years ~~ended August 31, 2022, 2021, and 2020~~ , as well as the unrecognized compensation cost as of August 31, ~~2022~~ **2023** , were not material. Note 15- **Derivative Financial InstrumentsInterest Rate SwapsThe 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. During the fiscal year ended August 31, 2023, the Company entered three pay- fixed interest rate swap transactions, each with a different major financial institution counterparty and designated as a cash flow hedge, to hedge the variability in interest cash flows associated with the Company’ s variable- rate loans under its bank revolving credit facilities. The interest rate swaps involve the receipt of variable- rate amounts from the 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 August 31, 2023, the total notional amount of these interest rate swaps was $ 150 million. The fair values of the interest rate swaps are based upon inputs corroborated by observable market data which is considered Level 2 of the fair value hierarchy. The fair value of derivative instruments in the Consolidated Balance Sheet as of August 31, 2023 is as follows (in thousands): 92 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023SCHNITZER STEEL INDUSTRIES, INC. dba RADIUS RECYCLINGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Asset (Liability) Derivatives Balance Sheet Location August 31, 2023 Interest rate swap contracts Prepaid expenses and other current assets $ 1, 163 Interest rate swap contracts Other long- term liabilities (1, 555) See Note 11- 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 Consolidated Statement of Operations for the year ended August 31, 2023, which reclassified amounts totaled less than $ 1 million. Total interest expense was $ 19 million for the year ended August 31, 2023. There was no hedge ineffectiveness with respect to the Company’ s interest rate swap cash flow hedges for the year ended August 31, 2023. Note 16-** Income ~~TaxesIncome~~ **Taxes** ( ~~loss~~ **Loss** ) **income** from continuing operations before income taxes was as follows for the years ended August 31 (in thousands): United States $ **(32, 541) $** 204, 150 $ 195, 037 ~~$ (5, 649)~~ Foreign **4, 465** 12, 526 12, 952 ~~3, 710~~ Total **$ (28, 076)** $ 216, 676 $ 207, 989 **Income tax (benefit) expense from continuing operations consisted of the following for the years ended August 31 (in thousands): Current: Federal** $ ( **377) $ 18, 114 $ 27, 244 State** 1, **392 3, 811 Foreign (4) Total current tax expense 1, 187 19, 545 31, 051 Deferred: Federal (4, 198) 21, 771 6,** 939 **State (686** ) **(547) Foreign 2, 501 Total deferred tax (benefit) expense (3, 934) 25, 052 6, 884 Total income tax (benefit) expense $ (2, 747) $ 44, 597 $ 37,** ~~95~~ **935 93** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022SCHNITZER~~ **2023SCHNITZER** STEEL INDUSTRIES, INC. ~~NOTES~~ **dba RADIUS RECYCLINGNOTES** TO THE CONSOLIDATED FINANCIAL STATEMENTS ~~Income tax expense (benefit) from continuing operations consisted of the following for the years ended August 31 (in thousands): Current: Federal $ 18, 114 $ 27, 244 $ (15, 778) State 1, 392 3, 811 Foreign (4) Total current tax expense (benefit) 19, 545 31, 051 (14, 930) Deferred: Federal 21, 771 6, 939 12, 292 State (547) 1, 338 Foreign 2, 501 1, 466 Total deferred tax expense 25, 052 6, 884 15, 096 Total income tax expense $ 44, 597 $ 37, 935 $~~ A reconciliation of the difference between the federal statutory rate and the Company’ s effective tax rate for the years ended August 31 is as follows: Federal statutory rate 21. 0 % 21. 0 % 21. 0 % State taxes, net of credits **5. 0** 1. 6 1. 4 ~~(57. 9)~~ Foreign income taxed at different rates **(1. 2)** — (0. 5 ~~) (11. 6~~ ) Valuation allowance on deferred tax assets **(6. 1)** 0. 4 (1. 0 ~~) (24. 5~~ ) Federal rate change — **—** 0. 4 ~~71. 9~~ Non- deductible officers’ compensation **(7. 8)** 2. 5 1. 2 ~~(46. 9)~~ Other non- deductible expenses **(1. 6)** 0. 3 0. 4 ~~(66. 0)~~ Noncontrolling interests ~~(~~ 0. 3 ~~)~~ (0. **3) (0.** 5) ~~21. 1~~ Research and development credits **6. 4** (0. 9) (1. 5) ~~99. 3~~ Tax return to provision adjustment ( **1.** 2 **) (2** . 4) — ~~89. 2~~ Unrecognized tax benefits **(8. 5)** 1. 2 0. 9 ~~(97. 3)~~ Interest income **1. 4** (0. 1) (0. 1) ~~9. 0~~ Excess tax benefit from stock- based compensation **3. 2** (1. 6) (0. 2) ~~3. 0~~ Foreign derived intangible income **—** (1. 0) (2. 5) ~~—~~ Other ( **1. 1) (** 0. 1) (0. 8 ~~) (18. 9~~ ) Effective tax rate **9. 8 %** 20. 6 % 18. 2 ~~% (8. 6)~~ % Effective Tax RateThe Company’ s effective tax rate from continuing operations for fiscal ~~2022~~ **2023** was **a**

**benefit on pre- tax loss of 9. 8 %, compared to** an expense on pre- tax income of 20. 6 % **and** ~~, compared to~~ 18. 2 % for fiscal **2022 and** 2021 **, respectively. The Company’ s effective tax rate from continuing operations for fiscal 2023 was lower than the U. S. federal statutory rate of 21 % primarily due to the aggregate effect of the relatively low absolute level of pre- tax earnings, permanent differences from non- deductible expenses, and unrecognized tax benefits** . The Company' s effective tax rate from continuing operations for fiscal ~~2020 was an expense on pre- tax loss of 8. 6 %. The Company’ s effective tax rate from continuing operations for fiscal~~ 2022 approximated the U. S. federal statutory rate of 21 %, reflecting ~~primarily discrete~~ tax benefits ~~resulting~~ from vesting of share- based awards ~~during the fiscal year and other discrete items~~ , ~~as well as the benefit from~~ the foreign derived intangible income ( ~~"~~ **“** FDII ~~"~~ **”** ) deduction **,** ~~in fiscal 2022~~ and research and development credits, offset by the aggregate impact of state taxes and permanent differences from non- deductible expenses. The Company' s effective tax rate from continuing operations for fiscal 2021 was lower than the U. S. federal statutory rate of 21 % primarily due to the benefit from the FDII deduction **,** ~~in fiscal 2021 and~~ the ~~impacts~~ **impact** of research and development credits, **and the** release of the valuation allowance against Puerto Rico deferred tax assets ~~, and other discrete items. The Company' s effective tax rate from continuing operations for fiscal 2020 was lower than the U. S. federal statutory rate of 21 %, and reflective of income tax expense on a pre- tax loss from continuing operations, primarily due to the partially offsetting impacts of individually immaterial permanent differences from non- deductible expenses and research and development credits, the effects of unrecognized tax benefits, and the aggregate impact of state taxes~~ . Inflation Reduction ActOn August 16, 2022, the Inflation Reduction Act of 2022 ( ~~"~~ **“** IRA ~~"~~ **”** ) was signed into law, which included the introduction of a new 15 % Corporate Alternative Minimum Tax ( ~~"~~ **“** CAMT ~~"~~ **”** ), as well as a 1 % excise tax on corporate share repurchases. The Company does not meet the threshold to be subject to the CAMT, and there were no other impacts of the IRA to the Company in fiscal **2023 or** 2022. ~~96~~ **94** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022SCHNITZER~~ **2023SCHNITZER** STEEL INDUSTRIES, INC. ~~NOTES~~ **dba RADIUS RECYCLINGNOTES** TO THE CONSOLIDATED FINANCIAL STATEMENTS Deferred Tax Assets and LiabilitiesDeferred tax assets and liabilities comprised the following as of August 31 (in thousands): Deferred tax assets: Operating lease liabilities $ 17, **605 $ 17,** 901 ~~$ 20, 645~~ Amortizable goodwill and other intangibles **13, 488** 9, 914 ~~13, 490~~ Employee benefit accruals **8, 772** 12, 241 ~~14, 007~~ Net operating loss carryforwards **20, 280** 7, 499 ~~7, 642~~ Environmental liabilities **10, 109** 9, 742 ~~10, 508~~ Other contingencies 5, **579 5,** 199 ~~5, 044~~ State credit carryforwards 7, **711 7,** 212 ~~7, 216~~ Inventory valuation methods 2, **508 2,** 749 ~~2, 129~~ Other **7, 193** 3, 687 ~~2, 459~~ Valuation allowances ( **17, 042) (** 15, 342 ~~) (14, 522~~ ) Total deferred tax assets **76, 203** 60, 802 ~~68, 618~~ Deferred tax liabilities: Accelerated depreciation and other basis differences **61, 938** 60, 539 ~~43, 304~~ Operating lease right- of- use assets 17, **573 17,** 353 ~~19, 895~~ Investment in operating partnerships **25, 769** 15, 553 ~~12, 410~~ Prepaid expense acceleration and other 6, **827 6,** 087 ~~6, 041~~ Total deferred tax liabilities **112, 107** 99, 532 ~~81, 650~~ Net deferred tax liabilities $ ( **35, 904) $ (** 38, 730 ~~) $ (13, 032~~ ) As of August 31, ~~2022~~ **2023** , ~~foreign~~ **deferred tax assets related to U. S. federal** operating loss carryforwards were $ **11** ~~3. 1~~ million **with no expiration period** , **and deferred tax assets related to state operating loss carryforwards were $ 9 million, the majority of** which **had a valuation allowance. State operating loss carryforwards will** expire if not used ~~between~~ **in various years beginning in** ~~2033~~ - **2023** ~~and 2042~~ . State credit carryforwards will expire if not used between ~~2022~~ **2023** and ~~2036~~ **2037** . Valuation AllowancesThe 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. In fiscal 2021, the Company released the valuation allowance against its Puerto Rican deferred tax assets resulting in a discrete tax benefit of $ 2 million. The release of this valuation allowance was the result of sufficient positive evidence at the time, including cumulative income in the Company’ s Puerto Rico tax jurisdiction in recent years and projections of future taxable income based primarily on the Company' s improved financial performance, that it is more- likely- than- not that the deferred tax assets will be realized. 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. Accounting for Uncertainty in Income TaxesThe following table summarizes the activity related to the Company’ s reserve for unrecognized tax benefits, excluding interest and penalties, for the years ended August 31 (in thousands): Unrecognized tax benefits, as of the beginning of the year $ **10, 326 $** 8, 320 $ 7, 456 ~~$ 5, 410~~ Additions (reductions) for tax positions of prior years 1, 055 (574) ~~1, 368~~ Additions for tax positions of the current year 1, **223 1,** 486 Reductions for lapse of statutes **—** (23) (48 ~~) (174~~ ) Unrecognized tax benefits, as of the end of the year $ **11, 830 $** 10, 326 $ 8, 320 **95** ~~$ 7, 456 The Company does not anticipate any material changes to the reserve in the next 12 months. The recognized amount of tax- related penalties and interest was not material for each of the fiscal years presented in this report. 97~~ / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022SCHNITZER~~ **2023SCHNITZER** STEEL INDUSTRIES, INC. ~~NOTES~~ **dba RADIUS RECYCLINGNOTES** TO THE CONSOLIDATED FINANCIAL STATEMENTS The Company **anticipates an immaterial impact on earnings from releases from the reserve in the next 12 months. The recognized amount of tax- related penalties and interest was not material for each of the fiscal years presented in this report. 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 ~~2021~~ **2022** remain subject to examination under the statute of limitations ~~. Note 16- Restructuring Charges and Other Exit- Related Activities In fiscal 2020, the Company implemented restructuring initiatives aimed at further reducing its annual operating expenses, primarily selling, general, and administrative, mainly through reductions in non- trade procurement spend, including outside and professional services, lower employee- related expenses, and other non- headcount measures. Additionally, in April 2020, the Company announced its intention to modify its internal organizational and reporting structure to the One Schnitzer functionally- based, integrated model, which it completed in the first quarter of fiscal 2021. During fiscal 2020, the Company incurred~~

~~severance costs of $ 2 million, exit- related costs associated with a lease contract termination of $ 1 million, and professional services costs related to these initiatives of $ 6 million~~ . Note 17- Net **(Loss)** Income ~~(Loss)~~ Per ShareThe following table sets forth the information used to compute basic and diluted net **(loss)** income ~~(loss)~~ per share attributable to ~~SSI~~ **Radius** shareholders for the years ended August 31 (in thousands): **(Loss)** ~~Income~~ **income** ~~(loss)~~ from continuing operations $ **(25, 329) $** 172, 079 $ 170, 054 ~~$ (2, 105)~~ Net income attributable to noncontrolling interests ( **353) (** 3, 196) (4, 863) ( **Loss** ~~1, 945~~ ) ~~Income~~ **income** ~~(loss)~~ from continuing operations attributable to ~~SSI~~ **Radius** shareholders **(25, 682)** 168, 883 165, 191 ~~(4, 050)~~ Loss from discontinued operations, net of tax ( **109) (** 83) (79) ~~(95)~~ Net **(loss)** income ~~(loss)~~ attributable to ~~SSI~~ **Radius** shareholders **$ (25, 791)** $ 168, 800 $ 165, 112 ~~$ (4, 145)~~ Computation of shares: Weighted average common shares outstanding, basic 28, **008 28,** 084 27, 982 ~~27, 672~~ Incremental common shares attributable to dilutive performance share, RSU and DSU awards **—** 1, 445 1, 211 ~~—~~ Weighted average common shares outstanding, diluted **28, 008** 29, 529 29, 193 ~~27, 672~~ Common stock equivalent shares of **698, 847 and** 113, 005 were considered antidilutive and were excluded from the calculation of diluted net **(loss)** income per share attributable to ~~SSI~~ **Radius** shareholders for the ~~year~~ **years** ended August 31, **2023 and** 2022 **, respectively** . No common stock equivalent shares were considered antidilutive for the year ended August 31, 2021 ~~.~~ ~~Common stock equivalent shares of 629, 223 were considered antidilutive and were excluded from the calculation of diluted net loss per share attributable to SSI shareholders for the year ended August 31, 2020~~ . Note 18- Related Party TransactionsThe Company purchases recycled metal from ~~one of~~ its joint venture ~~operations~~ - **operation** at prices that approximate fair market value. These purchases totaled $ **18 million, $** 26 million, **and** $ 20 ~~million, and $ 11~~ million for the years ended August 31, **2023,** 2022, **and** 2021, ~~and 2020,~~ respectively. ~~98~~ **96** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Schedule II – Valuation and Qualifying AccountsFor the Years Ended August 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ (In thousands) Column A Column B Column C Column D Column E Description Balance atBeginningof Period Chargesto Cost and Expenses Deductions Balance atEnd ofPeriod Fiscal **2023 Allowance for credit losses $ 1, 550 $ $ (271) $ 1, 590 Deferred tax valuation allowance $ 15, 342 $ 1, 873 $ (173) $ 17, 042 Fiscal** 2022 Allowance for credit losses $ 1, 566 $ $ (56) $ 1, 550 Deferred tax valuation allowance $ 14, 522 $ 2, 326 $ (1, 506) $ 15, 342 Fiscal 2021 Allowance for doubtful accounts $ 1, 593 $ — $ (27) $ 1, 566 Deferred tax valuation allowance $ 16, 933 $ $ (2, 893) $ 14, 522 ~~Fiscal 2020 Allowance for doubtful accounts $ 1, 569 $ $ (42) $ 1, 593 Deferred tax valuation allowance $ 16, 436 $ 1, 293 $ (796) $ 16, 933 99 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE ITEM 9A. CONTROLS AND PROCEDURES Disclosure Controls and Procedures The Company maintains 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 required to be disclosed by the Company in the reports that it files or submits 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. The Company’ s 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 the Company' s 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** ~~acquired Columbus Recycling~~ business, which the Company acquired on **November 18** ~~October 1, 2021, and the Encore Recycling business, which the Company acquired on April 29~~ , 2022, from its evaluation of the effectiveness of ~~our~~ **the Company’ s** disclosure controls and procedures. **The ScrapSource** ~~Together, the Columbus Recycling and Encore Recycling businesses~~ -- **business** represented ~~approximately 11~~ **less than 2** % of consolidated total assets and ~~5~~ **less than 1** % of consolidated total revenues as of and for the year ended August 31, ~~2022~~ **2023** . Based on this evaluation, the Company’ s Chief Executive Officer and Chief Financial Officer have concluded that, as of August 31, ~~2022~~ **2023** , the Company’ s disclosure controls and procedures were effective at the reasonable assurance level. Management’ s Annual Report on Internal Control Over Financial Reporting is presented within Part II, Item 8 of this report and is incorporated herein by reference. Changes in Internal Control Over Financial Reporting There was no change in the Company’ s internal control over financial reporting (as that term is defined in Rules 13a- 15 (f) and 15d- 15 (f) under the Exchange Act) during its most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’ s internal control over financial reporting. ITEM 9B. OTHER INFORMATION **During the three months ended August 31, 2023, none of the Company' s directors or officers (as defined in Rule 16a- 1 (f) of the 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 Item 408 of Regulation S- K of the Securities Act of 1933, as amended).** ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS ~~100~~ **98** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** PART III ITEM 10. DIRECTORS, EXECUTIVE OFFICERS **,** AND CORPORATE GOVERNANCE Information required by Item 401 of Regulation S- K regarding directors, and information required by Items 407 (c) (3), 407 (d) (4), and 407 (d) (5) of Regulation S- K, will be included under “ Election of Directors ” and “ Corporate Governance ” in the Company’ s Proxy Statement for its ~~2023~~ **2024** Annual Meeting of Shareholders and is incorporated herein by reference. Information regarding executive officers is included in **“ Executive Officers of the Company ” in** Part I, Item 1 ~~“~~ **.** Business ~~– Executive Officers of the Company ”~~ of this Form 10- K as permitted by General Instruction G (3). Code of Ethics On ~~November 5~~ **January 25** , ~~2021~~ **2023** , the Board of Directors approved a revised Company’ s Code of Conduct that is applicable to all of its directors and employees. This document is posted under the caption “ ~~Company~~ **About Us** – **Culture** ~~About Schnitzer~~ – Ethics & Code of Conduct ” on the Company’ s internet website (www. ~~schnitzersteel~~ **radiusrecycling** . com) and is available free of charge by calling the Company or submitting a request to ir @ ~~sehn~~ **rdus** . com. The Company intends to satisfy its disclosure obligations with respect to any amendments to or waivers of the Code of Conduct for directors, executive officers **,** or Senior Financial Officers by posting such information on its internet website set forth above rather than by filing a Form 8- K. ITEM 11. EXECUTIVE COMPENSATION Information required by this Item 11 is incorporated herein by reference to our definitive proxy statement for our ~~2023~~ **2024** Annual Meeting of Shareholders to be filed pursuant to Regulation 14A under the Exchange Act. ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS Information required by this Item 12 is incorporated herein by reference to our definitive proxy statement for our ~~2023~~ **2024** Annual Meeting of Shareholders to be filed pursuant to Regulation 14A under the Exchange Act. ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE Information required by this Item 13 is incorporated herein by reference to our definitive proxy statement for our ~~2023~~ **2024** Annual Meeting of Shareholders to be filed pursuant to Regulation 14A under the Exchange Act. ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES Information required by this Item 14 is incorporated herein by reference to our definitive proxy statement for our ~~2023~~ **2024** Annual Meeting of Shareholders to be filed pursuant to Regulation 14A under the Exchange Act. ~~101~~ **99** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** PART IV ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES (a) The following documents are filed as part of this report: FORM 10- K PAGE 1. Financial Statements: Report of Independent Registered Public Accounting Firm (PCAOB ID 238) Consolidated Balance Sheets as of August 31, **2023 and** 2022 ~~and 2021~~ Consolidated Statements of Operations for each of the three years ended August 31, **2023,** 2022, **and** 2021 ~~and 2020~~ Consolidated Statements of Comprehensive **(Loss)** Income ~~(Loss)~~ for each of the three years ended August 31, **2023,** 2022, **and** 2021 ~~and 2020~~ Consolidated Statements of Equity for each of the three years ended August 31, **2023,** 2022, **and** 2021 ~~and 2020~~ Consolidated Statements of Cash Flows for each of the three years ended August 31, **2023,** 2022, **and** 2021 ~~and 2020~~ Notes to the Consolidated Financial Statements 2. Financial Statement Schedules: Schedule II- Valuation and Qualifying Accounts for each of the three years ended August 31, **2023,** 2022, **and** 2021 ~~and 2020~~ All other schedules are omitted as the information is either not applicable or is not required. 3. Exhibits: 3. 1 2006 Restated Articles of Incorporation (as corrected December 2, 2011) of the Registrant. Filed as Exhibit 3. 1 to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended November 30, 2011, and incorporated herein by reference. 3. 2 Restated Bylaws of the Registrant. Filed as Exhibit 3. 1 to the Registrant' s Current Report on Form 8- K filed on December 16, 2013, and incorporated herein by reference. 4. 1 Description of Registrant' s Securities. 10. 1 Lease Agreement, dated September 1, 1988, between Schnitzer Investment Corp. and the Registrant, as amended, relating to the Portland Metals Recycling operation and which has terminated except for surviving indemnity obligations. Filed as Exhibit 10. 3 to the Registrant' s Registration Statement on Form S- 1 filed on September 24, 1993 (Commission File No. 33- 69352), and incorporated herein by reference (P). 10. 2 Purchase and Sale Agreement, dated May 4, 2005, between Schnitzer Investment Corp. and the Registrant, relating to purchase by the Registrant of the Portland Metals Recycling operations real estate. Filed as Exhibit 10. 1 to the Registrant' s Current Report on Form 8- K filed on May 10, 2005, and incorporated herein by reference. 10. 3 Third Amended Shared Services Agreement, dated July 26, 2006, between the Registrant, Schnitzer Investment Corp. and Island Equipment Company, Inc. Filed as Exhibit 10. 5 to the Registrant' s Current Report on Form 8- K filed on July 28, 2006, and incorporated herein by reference. 10. 4 Third Amended and Restated Credit Agreement dated as of April 6, 2016 among Schnitzer Steel Industries, Inc., as the US Borrower, and Schnitzer Steel Canada Ltd., as a Canadian Borrower, Bank of America, N. A., as Administrative Agent, and the other Lenders party thereto. Filed as Exhibit 10. 1 to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended February 29, 2016, and incorporated herein by reference. 10. 5 Security Agreement dated as of April 6, 2016 among Schnitzer Steel Industries, Inc., the other Grantor' s party thereto and Bank of America, N. A., as Administrative Agent. Filed as Exhibit 10. 2 to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended February 29, 2016, and incorporated herein by reference. ~~102~~ **100** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** 10. 6 General Security Agreement dated as of April 6, 2016 between Schnitzer Steel Canada Ltd. and Bank of America, N. A., as Collateral Agent. Filed as Exhibit 10. 3 to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended February 29, 2016, and incorporated herein by reference. 10. 7 First Amendment, dated as of August 24, 2018, to Third Amended and Restated Credit Agreement dated as of April 6, 2016 among Schnitzer Steel Industries, Inc., as the US Borrower, and Schnitzer Steel Canada Ltd., as a Canadian Borrower, Bank of America, N. A., as Administrative Agent, and the other Lenders party thereto. Filed as Exhibit 10. 1 to the Registrant' s Current Report on Form 8- K filed on August 28, 2018, and incorporated herein by reference. 10. 8 Second Amendment, dated as of June 30, 2020, to Third Amended and Restated Credit Agreement dated as of April 6, 2016 among Schnitzer Steel Industries, Inc. as the US Borrower, and Schnitzer Steel Canada Ltd., as a Canadian Borrower, Bank of America, N. A., as Administrative Agent, and the other Lenders party thereto. Filed as Exhibit 10. 3 to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended May 31, 2020, and incorporated herein by reference. 10. 9 Third Amendment, dated as of August 22, 2022, to Third Amended and Restated Credit Agreement dated as of April 6, 2016 among Schnitzer Steel Industries, Inc. as the US Borrower, Schnitzer Steel Canada Ltd., as the Canadian Borrower, Bank of America, N. A., as Administrative Agent, and the other Lenders party thereto. Filed as Exhibit 10. 1 to the Registrant' s Current Report on Form 8- K filed on August 23, 2022, and incorporated herein by reference. * 10. 10 Amended Executive Annual Bonus Plan. Filed as Appendix A to the Registrant' s Annual Proxy Report on Form DEF 14A filed on December 17, 2014, and incorporated herein by reference. * 10. 11 Annual Incentive Compensation Plan, effective September 1, 2006. Filed as Exhibit 10. 1 to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended February 28, 2007, and incorporated herein by reference. * 10. 12 1993 Stock Incentive Plan of the Registrant as Amended and Restated on November 7, 2013. Filed as Appendix A to the Registrant' s Definitive Proxy Statement filed on December 18, 2013, and incorporated herein by reference. * 10. 13 Form of Deferred Stock Unit Award Agreement under the 1993 Stock Incentive Plan used for non- employee directors **for awards**

**granted prior to 2023** . Filed as Exhibit 10. 1 to the Registrant' s Current Report on Form 8- K filed on July 28, 2006, and incorporated herein by reference. * 10. 14 **Form of** Deferred ~~Compensation~~ **Stock Unit Award Agreement under the 1993 Stock Incentive** Plan **used** for ~~Non~~ **non** - ~~Employee~~ **employee** ~~Directors~~ **directors for awards granted in 2023** . Filed as Exhibit 10. 1 to the Registrant' s Quarterly Report on Form 10- Q filed for the quarter ended February 28, ~~2022~~ **2023** , and incorporated herein by reference. * 10. 15 **Deferred Compensation Plan for Non- Employee Directors. Filed as Exhibit 10. 1 to the Registrant' s Quarterly Report on Form 10- Q filed for the quarter ended February 28, 2022, and incorporated herein by reference. * 10. 16** Summary Sheet for ~~2022~~ **2023** Non- Employee Director Compensation. Filed as Exhibit 10. 2 to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended February 28, ~~2022~~ **2023** , and incorporated herein by reference. * 10. ~~16~~ **17** Amended and Restated Supplemental Executive Retirement Bonus Plan of the Registrant effective January 1, 2009. Filed as Exhibit 10. 1 to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended May 31, 2009, and incorporated herein by reference. * 10. ~~17~~ **18** Form of Change in Control Severance Agreement between the Registrant and executive officers other than Tamara L. Lundgren and used for agreements entered into prior to 2011. Filed as Exhibit 10. 1 to the Registrant' s Current Report on Form 8- K filed on May 5, 2008, and incorporated herein by reference. * 10. ~~18~~ **19** Form of Change in Control Severance Agreement between the Registrant and executive officers and used for agreements entered into between 2011 and 2014. Filed as Exhibit 10. 19 to the Registrant' s Annual Report on Form 10- K filed October 29, 2013 and incorporated herein by reference. * 10. ~~19~~ **20** Form of Change in Control Severance Agreement between the Registrant and executive officers and used for agreements entered into after 2014. Filed as Exhibit 10. 16 to the Registrant' s Annual Report on Form 10- K filed October 27, 2015, and incorporated herein by reference. * 10. ~~20~~ **21** Amended and Restated Employment Agreement by and between the Registrant and Tamara L. Lundgren dated October 29, 2008. Filed as Exhibit 10. 1 to the Registrant' s Current Report on Form 8- K filed on November 4, 2008, and incorporated herein by reference. **101 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** * 10. ~~21~~ **22** Amendment No. 1 dated June 29, 2011 to Amended and Restated Employment Agreement by and between the Registrant and Tamara L. Lundgren dated October 29, 2008. Filed as Exhibit 10. 1 to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended May 31, 2011 and incorporated herein by reference. ~~103 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ * 10. ~~22~~ **23** Amendment No. 2 dated July 25, 2017 to Amended and Restated Employment Agreement by and between the Registrant and Tamara L. Lundgren dated October 29, 2008. Filed as Exhibit 10. 19 to the Registrant' s Annual Report on Form 10- K for the year ended August 31, 2017, and incorporated herein by reference. * 10. ~~23~~ **24** Amended and Restated Change in Control Severance Agreement by and between the Registrant and Tamara L. Lundgren dated October 29, 2008. Filed as Exhibit 10. 2 to the Registrant' s Current Report on Form 8- K filed on November 4, 2008, and incorporated herein by reference. * 10. ~~24~~ **25** Form of Indemnification Agreement for Directors and certain officers used for agreements entered into prior to 2016. Filed as Exhibit 10. 3 to the Registrant' s Current Report on Form 8- K filed on July 28, 2006, and incorporated herein by reference. * 10. ~~25~~ **26** Form of Indemnification Agreement for Directors and certain officers used for agreements entered into after 2015. Filed as Exhibit 10. 1 to the Registrant' s Current Report on Form 8- K filed on May 3, 2016, and incorporated herein by reference. * 10. ~~26~~ **27** Form of Restricted Stock Unit Award Agreement under the 1993 Stock Incentive Plan used for awards granted **in** ~~after the first half of~~ fiscal ~~2016~~ **2019** ~~through fiscal 2018~~ . Filed as Exhibit 10. ~~1~~ **2** to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended ~~May 31~~ **November 30** , ~~2016~~ **2018** and incorporated herein by reference. * 10. ~~27~~ **28** Form of Restricted Stock Unit Award Agreement under the 1993 Stock Incentive Plan used for awards granted in fiscal ~~2019~~ **2020** . Filed as Exhibit 10. 2 to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended ~~November 30~~ **May 31** , ~~2018~~ **2020** and incorporated herein by reference. * 10. ~~28~~ **29** Form of Restricted Stock Unit Award Agreement under the 1993 Stock Incentive Plan used for awards granted ~~in~~ **after** fiscal 2020. Filed as Exhibit 10. 2 to the Registrant' s Quarterly Report on Form 10- Q for the quarter ended ~~May 31~~ **November 30** , 2020 and incorporated herein by reference. * 10. ~~29~~ **30** Form of ~~Restricted Stock Unit~~ **Long- Term Incentive** Award Agreement under the 1993 Stock Incentive Plan used for awards granted ~~after~~ **in** fiscal ~~2020~~ **2021** . Filed as Exhibit 10. ~~2~~ **1** to the Registrant' s Quarterly Report on Form 10- Q for the ~~quarter~~ **quarterly period** ended November 30, 2020 and incorporated herein by reference. * 10. ~~30~~ **31** Form of Long- Term Incentive Award Agreement under the 1993 Stock Incentive Plan used for awards granted in fiscal ~~2020~~ **2022** . Filed as Exhibit 10. 1 to the Registrant' s Quarterly Report on Form 10- Q for the quarterly period ended November 30, ~~2019~~ - **2021** and incorporated herein by reference. * 10. ~~31~~ **32** Form of Long- Term Incentive Award Agreement under the 1993 Stock Incentive Plan used for awards granted in fiscal ~~2021~~ **2023** . Filed as Exhibit 10. 1 to the Registrant' s Quarterly Report on Form 10- Q for the quarterly period ended November 30, ~~2020~~ **2022** and incorporated herein by reference. * 10. **33 Fiscal 2022 Annual Performance Bonus Program** ~~32 Form of Long- Term Incentive Award Agreement under the 1993 Stock Incentive Plan used~~ for **Tamara L. Lundgren** ~~awards granted in fiscal 2022~~ . Filed as Exhibit 10. ~~1~~ **2** to the Registrant' s Quarterly Report on Form 10- Q for the quarterly period ended November 30, 2021 and incorporated herein by reference. * 10. ~~33~~ **34** Fiscal ~~2021~~ **2023** Annual Performance Bonus Program for Tamara L. Lundgren. Filed as Exhibit 10. ~~3~~ **2** to the Registrant' s Quarterly Report on Form 10- Q for the quarterly period ended November 30, ~~2020~~ **2022** and incorporated herein by reference. * 10. ~~34 Fiscal 2022 Annual Performance Bonus Program for Tamara L. Lundgren. Filed as Exhibit 10. 2 to the Registrant' s Quarterly Report on Form 10- Q for the quarterly period ended November 30, 2021 and incorporated herein by reference. * 10.~~ 35 Schnitzer Steel ~~Industries~~ Deferred Compensation Plan. Filed as Exhibit 10. 1 to the Registrant' s Current Report on Form 8- K filed on May 4, 2021 and incorporated herein by reference. *** 10. 36 Separation and Release Agreement by and between the Registrant and Michael R. Henderson.** 21. 1 Subsidiaries of Registrant. 23. 1 Consent of Independent Registered Public Accounting Firm. 24. 1 Powers of Attorney. 31. 1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes- Oxley Act of 2002. **102 / Schnitzer Steel Industries, Inc. dba Radius Recycling Form 10- K Fiscal 2023** 31. 2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes- Oxley Act of 2002. ~~104 / Schnitzer Steel Industries, Inc. Form 10- K 2022~~ 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 Document101. CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document101. DEF Inline XBRL Taxonomy Extension Definition Linkbase Document101. LAB Inline XBRL Taxonomy Extension Label Linkbase Document101. PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) * Management contract or compensatory plan or arrangement. The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document as of the date they were made and may not describe the actual state of affairs for any other purpose or at any other time. ITEM 16. FORM 10- K SUMMARY ~~105~~ **103** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** SIGNATURES Pursuant to the requirements of Section 13 or 15 (d) 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. Dated: October ~~24~~ **25** , ~~2022~~ **2023** By: / s / STEFANO R. GAGGINI Senior Vice President and Chief Financial Officer Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant on October ~~24~~ **25** , ~~2022~~ **2023** in the capacities indicated. Signature Title Principal Executive Officer: / s / TAMARA L. LUNDGREN Chairman, President and Chief Executive OfficerTamara L. Lundgren Principal Financial Officer: / s / STEFANO R. GAGGINI Senior Vice President and Chief Financial OfficerStefano R. Gaggini Principal Accounting Officer: / s / MARK SCHUESSLER Vice President and Chief Accounting OfficerMark Schuessler Directors: * **GREGORY FRIEDMAN DirectorGregory Friedman** ~~WAYLAND R. HICKS DirectorWayland R. Hicks~~ * RHONDA D. HUNTER DirectorRhonda D. Hunter * DAVID L. JAHNKE DirectorDavid L. Jahnke ~~* JUDITH A. JOHANSEN DirectorJudith A. Johansen~~ * GLENDA MINOR DirectorGlenda Minor * LESLIE L. SHOEMAKER DirectorLeslie L. Shoemaker * MICHAEL **W.** SUTHERLIN DirectorMichael **W.** Sutherlin * By: / s / STEFANO R. GAGGINI Attorney- in- fact, Stefano R. Gaggini ~~106~~ **104** / Schnitzer Steel Industries, Inc. **dba Radius Recycling** Form 10- K **Fiscal** ~~2022~~ **2023** Exhibit 4. 1 DESCRIPTION OF THE REGISTRANT' S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934 Schnitzer Steel Industries, Inc. (" Schnitzer, " " we, " " our, " or " us ") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock. DESCRIPTION OF CAPITAL STOCK The following summary of the terms of our capital stock is based upon our 2006 Restated Articles of Incorporation (the " Articles of Incorporation ") and our Restated Bylaws (the " Bylaws "). The summary is not complete, and is qualified by reference to our Articles of Incorporation and our Bylaws, which are filed as exhibits to this Annual Report on Form 10- K and are incorporated by reference herein. We encourage you to read our Articles of Incorporation, our Bylaws and the applicable provisions of the Oregon Business Corporation Act for additional information. Authorized Shares of Capital Stock Our authorized capital stock consists of 75, 000, 000 shares of Class A common stock, $ 1. 00 par value, 25, 000, 000 shares of Class B common stock, $ 1. 00 par value, and 20, 000, 000 shares of preferred stock, $ 1. 00 par value. As of October ~~20~~ **23** , ~~2022~~ **2023** , there were ~~26~~ **27** , ~~747~~ **312** , ~~474~~ **233** shares of Class A common stock and 200, 000 shares of Class B common stock issued and outstanding and no shares of preferred stock issued and outstanding. The outstanding shares of our common stock are duly authorized, validly issued, fully paid, and nonassessable. Listing Our Class A common stock is listed and principally traded on the NASDAQ Global Select Market under the symbol " **RDUS " ("** SCHN ~~.~~" **prior to September 1, 2023).** Voting Rights If the number of outstanding shares of Class B common stock is less than 20 % of the sum of the number of outstanding shares of Class B common stock and Class A common stock, the holders of shares of Class B common stock and Class A common stock vote together as a class and are entitled to one vote per share on all matters submitted to the vote of shareholders. Our common stock does not have cumulative voting rights. Dividend Rights Subject to any preferential dividend rights granted to the holders of any shares of our preferred stock that may at the time be outstanding, holders of our common stock are entitled to receive dividends as may be declared from time to time by our Board of Directors in its discretion out of funds legally available for the payment of dividends. Liquidation Rights Subject to any preferential rights of outstanding shares of preferred stock, holders of our common stock are entitled to share pro rata, upon any liquidation or dissolution of Schnitzer, in all remaining assets legally available for distribution to shareholders. Other Rights and Preferences Holders of Class B common stock have the right at any time to convert each share of Class B common stock into one share of Class A common stock. Other than the Class B common stock conversion right as noted above, our common stock has no sinking fund, redemption provisions, or preemptive, conversion, or exchange rights. Holders of our common stock may act by unanimous written consent. Classified Board of Directors Our Board of Directors is classified into three classes of directors with staggered three- year terms. Transfer Agent and Registrar Equiniti is the transfer agent and registrar for our common stock. **Exhibit 10. 36 SEPARATION AND RELEASE AGREEMENT This Agreement is made and entered into by SCHNITZER STEEL INDUSTRIES, INC. (the " Company ") and MICHAEL HENDERSON (" Mr. Henderson ") on the following terms: Mr. Henderson' s employment with the Company will terminate effective July 21, 2023 or such earlier date as may be mutually agreed by the Company and Mr. Henderson (the " Termination Date "). Mr. Henderson hereby confirms his resignation from all director and officer positions with the Company and its affiliates as of the Termination Date. 1. Payment of Wages. Mr. Henderson acknowledges and represents that the Company has paid all wages and paid time off due, if any, to Mr. Henderson through the date of this Agreement. Mr. Henderson also acknowledges that Mr. Henderson has received any and all leave and other benefits that Mr. Henderson has been or is entitled to pursuant to the Family and Medical Leave Act of 1993, as amended. 2. Post- Termination Consultation. Mr. Henderson, acting by and through Henderson**

**Consulting, LLC, will provide the Consulting Services (as defined below) to the Company during the period commencing on the Termination Date and ending on the earlier of (a) the one- year anniversary of the Termination Date and (b) the termination of the Consulting Services in accordance with the terms set forth in this Section 2 (such period, the " Consulting Term "), to help facilitate an orderly transition of Mr. Henderson' s duties and responsibilities, in such manner and at such times as may be requested by the Company; provided, that, the number of hours Mr. Henderson provides the Consulting Services during the Consulting Term shall not exceed twenty (20) hours per week. During the Consulting Term, Mr. Henderson shall report to the CEO. In consideration of the Consulting Services, the Company will pay Mr. Henderson a fee in the form of salary continuation payments (at Mr. Henderson' s current annualized salary rate of $ 638, 729 per year) through the end of the Consulting Term. During the term of this Agreement, Company will reimburse Mr. Henderson for his actual, reasonable, out- of- pocket expenses for travel in connection with his work under this Agreement. Mr. Henderson shall submit to the Company accurate and complete supporting documents for reimbursement of such expenses and shall follow any policies, requirements, or directions imposed by Company in connection with such expenses. The Company may terminate the Consulting Services at any time the Company learns that Mr. Henderson failed to comply with the obligations set forth in Sections 6 through 11 of this Agreement. For purposes of this Agreement, " Consulting Services " shall mean reasonable consultation and transition services, including but not limited to supporting the Metals Recycling Technology team and AMRTS project, including participating in calls and travelling to and attending in- person meetings as requested; supporting the Public Affairs team, including participating in calls and travelling to and attending in- person meetings as requested; supporting the Metals Recycling Sales and Trading team, including participating in calls and travelling to and attending in- person meetings as requested; and other projects that the CEO may request from time to time. 3. COBRA Payments. In consideration of, and subject to (a) Mr. Henderson' s performance and continued compliance with the terms of this Agreement (including without limitation, Sections 6 through 11 of this Agreement) and (b) Mr. Henderson' s timely and proper election for health benefit continuation coverage pursuant to COBRA as coverage existed on the Termination Date, the Company will pay Mr. Henderson an amount equal to the full COBRA premium cost for the elected continuation coverages (subject to applicable taxes) during the period commencing on the Termination Date through the one- year anniversary of the Termination Date, subject to Mr. Henderson remaining eligible for COBRA continuation coverage. 4. Termination of Employee Benefit Participation and Treatment of Outstanding Equity Awards. Mr. Henderson acknowledges and agrees that his active participation in all Company employee benefit plans (and any continued vesting with respect to outstanding equity awards) will cease as of the Termination Date (except as provided pursuant to this Section 4 and Section 5 below), notwithstanding Mr. Henderson' s continued consultation services pursuant to Section 2 above. The Company and Mr. Henderson acknowledge and agree that Mr. Henderson' s termination of employment with the Company shall be treated as a " retirement " as of the Termination Date for purposes of Mr. Henderson' s outstanding equity awards, and such outstanding equity awards shall accordingly be subject to the relevant provisions of the applicable plan and award agreements thereunder. 5. Annual Incentive Compensation Plan: Mr. Henderson shall be entitled to receive a pro- rated annual bonus for the 2023 fiscal year. Such bonus amount will be paid to Mr. Henderson at the same time bonuses are paid to the Company' s other executive officers. 6. Confidential Information. Mr. Henderson understands and acknowledges that during the course of employment with the Company and the Consulting Term, Mr. Henderson has had and will have access to and learned or will learn about confidential, secret, and proprietary documents, materials, and other information, in tangible and intangible form, of and relating to the Company and its businesses and existing and prospective customers, suppliers, investors, and other associated third parties (" Confidential Information "). Mr. Henderson understands and acknowledges that the intellectual and business services Mr. Henderson provided or will provide to the Company are unique, special, and extraordinary because of commercial and operational skills, acumen, and relationships that he has developed and exercised during the course of his employment with the Company and within the industry which are strongly tied to the industry and Company operations. In addition, Mr. Henderson has obtained a high level of knowledge about the development and deployment of Company specific technology and other intellectual property that is of extraordinary value to the Company and its competitive advantage within the industry. Mr. Henderson further understands and acknowledges that this Confidential Information and the Company' s ability to reserve it for the exclusive knowledge and use of the Company is of great competitive importance and commercial value to the Company, and that improper use or disclosure of the Confidential Information by Mr. Henderson may cause the Company to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages, and criminal penalties. For purposes of this Agreement, Confidential Information includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic, or any other form or medium, relating directly or indirectly to the business that: a) is marked as Confidential Information; b) is treated by the Company as Confidential Information; c) would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used; or d) that if known to others, would give them an unfair competitive advantage. This provision is to be construed as broadly as permitted by law for the benefit of the Company to protect its trade secrets and confidential and proprietary information. Mr. Henderson agrees and covenants: to treat all Confidential Information as strictly confidential; not to directly or indirectly disclose, publish, communicate, or make available Confidential Information, or allow it to be disclosed, published, communicated, or made available, in whole or part, to any entity or person whatsoever except as required in the performance of any of Mr. Henderson' s obligations to the Company under this Agreement and as authorized by an officer of the Company. Nothing in this Agreement shall be construed to prevent disclosure of Confidential Information as may be required by**

applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. Mr. Henderson shall promptly provide written notice of any such order to an authorized officer of the Company where such notice is not prohibited by law or court order. Nothing in this Agreement prohibits or restricts Mr. Henderson from filing a charge or complaint with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), or any other securities regulatory agency or self- regulatory authority, or the Equal Employment Opportunity Commission (EEOC), the National Labor Relations Board (NLRB), the Occupational Safety and Health Administration (OSHA), or any other federal, state, or local governmental agency or commission (collectively, " Government Agencies "). Mr. Henderson further understands that this Agreement does not limit Mr. Henderson' s ability to communicate with any securities regulatory agency or authority or Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any securities regulatory agency or authority or Government Agencies in connection with reporting a possible securities law violation without notice to the Company. Notice of Immunity Under the Defend Trade Secrets Act of 2016. Notwithstanding any other provision of this Agreement, Mr. Henderson will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Mr. Henderson files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Mr. Henderson may disclose the Company' s trade secrets to Mr. Henderson' s attorney and use the trade secret information in the court proceeding if Mr. Henderson: (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order. 7. Non- Interference with Business. Mr. Henderson agrees and covenants that he will not interfere with the Company' s business, including but not limited to: the disclosure of confidential and proprietary business information; the disparagement of the Company, its officers, employees, products, services; solicitation of the Company' s employees or customers; his failure to cooperate with the Company; or engaging in unfair competitive activities, as set forth below. 8. Non- Disparagement. Mr. Henderson agrees and covenants that Mr. Henderson shall not at any time make, publish, or communicate to any person or entity or in any public forum any disparaging remarks, comments, or statements concerning the Company or its businesses, or any of its employees, officers, or directors and its existing and prospective customers, suppliers, investors, and other associated third parties, now or in the future. 9. Non- Competition. Because of the Company' s legitimate business interest as described in this Agreement and the good and valuable consideration offered to Mr. Henderson, for the remainder of Mr. Henderson' s employment with the Company and for the term of twelve (12) months to run consecutively following the Termination Date, Mr. Henderson agrees and covenants not to engage in any Competitive Activity (as defined below) within the Company' s Industry. " Industry " is defined as the businesses and activities in which the Company engages as set forth in the Company' s publicly reported and filed Annual and Quarterly statements. For purposes of this non- compete clause, " Competitive Activity " means to, directly or indirectly, in whole or in part, engage in, provide services to, or otherwise participate in, whether as an employee, company, owner, operator, manager, advisor, consultant, agent, partner, director, stockholder, officer, volunteer, intern, or any other similar capacity, any entity engaged in a business within the Company' s Industry. Without limiting the foregoing, Competitive Activity also includes activity that may require or inevitably require Mr. Henderson' s disclosure of trade secrets, proprietary information, or Confidential Information. Nothing in this Agreement prohibits Mr. Henderson from purchasing or owning less than five percent (5 %) of the publicly traded securities of any corporation, provided that Mr. Henderson' s ownership represents a passive investment and that Mr. Henderson is not a controlling person of, or a member of a group that controls, the corporation. 10. Non- Solicitation of Employees. Mr. Henderson understands and acknowledges that the Company has expended and continues to expend significant time and expense in recruiting and training its employees and that the loss of employees would cause significant and irreparable harm to the Company. Mr. Henderson agrees and covenants not to directly or indirectly solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment of any employee of the Company or its subsidiaries for the remainder of his employment with the Company and for the term of twelve (12) months to run consecutively following the Termination Date. 11. Non- Solicitation of Customers. Mr. Henderson understands and acknowledges that the Company has expended and continues to expend significant time and expense in developing customer relationships, customer information, and goodwill, and that because of Mr. Henderson' s experience with and relationship to the Company, Mr. Henderson has had and will have access to and learned and will learn about much or all of the Company' s customer information (" Customer Information "). Customer Information includes, but is not limited to, names, phone numbers, addresses, email addresses, order history, order preferences, chain of command, pricing information, and other information identifying facts and circumstances specific to the customer and relevant to the Company' s sales, services, and business. Mr. Henderson understands and acknowledges that loss of any of these customer relationships or goodwill will cause significant and irreparable harm to the Company. Mr. Henderson agrees and covenants for the remainder of his employment with the Company and for the term of twelve (12) months to run consecutively following the Termination Date, not to directly or indirectly solicit or attempt to solicit, contact (including but not limited to communications using email, regular mail, express mail, telephone, fax, instant message, social media, or any other oral, written, or electronic transmission), attempt to contact, or meet with any current, former, or prospective customers of the Company or its subsidiaries for the purpose of offering or accepting goods or services similar to or competitive with those offered by the Company (other than in connection with his provision of services to the Company). 12. Cooperation. Mr. Henderson shall cooperate with the Company regarding

**matters arising out of or related to Mr. Henderson' s service to the Company. The Company shall make reasonable efforts to minimize disruption of Mr. Henderson' s other activities. The Company shall reimburse Mr. Henderson for reasonable expenses incurred in connection with this cooperation and, solely to the extent that Mr. Henderson is required to spend substantial time on such matters following the Consulting Term, the Company shall compensate Mr. Henderson at an hourly rate of $ 300 per hour, which is approximately based on Mr. Henderson' s base salary on the Termination Date. 13. Remedies. In the event of a breach or threatened breach by Mr. Henderson of any provision of this Agreement, Mr. Henderson hereby consents and agrees that money damages would not afford an adequate remedy and that Company shall be entitled to seek a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages, and without the necessity of posting any bond or other security. Any equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages, or other available relief. The parties mutually agree that this Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of the Agreement. 14. Waiver and General Release by Mr. Henderson. Mr. Henderson acknowledges that Mr. Henderson would not be entitled to receive the payments and benefits provided for in Section 3 herein absent Mr. Henderson' s execution of and compliance with this Agreement. For the consideration set forth in this Agreement, which the Company does not otherwise owe, Mr. Henderson, for Mr. Henderson, Mr. Henderson' s marital community, Mr. Henderson' s heirs, executors, administrators, successors, and assigns, hereby knowingly and voluntarily waives, releases, acquits and forever discharges the Company and its parent, its affiliates, partners, subsidiaries, and related corporations and each entity' s respective owners, directors, officers, shareholders, employees, agents, contractors, successors and assigns, from any and all known or unknown liability, damages, claims, causes of action or suits of any type related directly or indirectly to Mr. Henderson' s employment with Company, and the termination of Mr. Henderson' s employment with Company, including claims under any common law theories, including but not limited to, breach of contract or tort or tort- like theories and under any state or federal, constitutional, civil rights, labor, and employment laws, including but not limited to, Employee Retirement Income Security Act (ERISA), Title VII of the Civil Rights Act of 1964, the Post Civil War Civil Rights Acts (42 USC § § 1981- 1988), the Civil Rights Act of 1991, the Equal Pay Act, Older Workers' Benefit Protection Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Worker Adjustment and Retraining Notification Act, the Rehabilitation Act of 1973, and the Uniformed Services Employment and Reemployment Rights Act, Executive Order 11246, all as amended, including any regulations or guidelines thereunder, any other theory, whether legal or equitable, including attorneys' fees, and any other claims which could have been asserted up to the date of execution of this Agreement, but excluding the Fair Labor Standards Act, the National Labor Relations Act and any other state, federal or local statute or law which prohibits the release of claims generally or absent court, agency or other approval. This Release shall not affect any rights that Mr. Henderson may have under health insurance plans or under the retirement plans maintained by the Company or for workers' compensation benefits, unemployment compensation, or any other claim for which a release is prohibited by law. Mr. Henderson assumes all risks attendant to the release of claims arising out of facts occurring at any time prior to the execution of this Agreement which are unknown, unforeseen, or latent. 15. Time for Consideration of Offer, Consultation with Counsel. Mr. Henderson is hereby advised to consult with an attorney prior to executing this Agreement. Mr. Henderson acknowledges that Mr. Henderson has been granted a period of twenty- one (21) days within which to consider this Agreement (the " Consideration Period "). Mr. Henderson acknowledges that if Mr. Henderson signs and returns this Agreement prior to the expiration of the Consideration Period, or if Mr. Henderson chooses to forego the advice of an attorney, Mr. Henderson does so freely and knowingly, and waives any and all future claims that such action or actions would affect the validity of this Agreement. 16. Revocation Period. Mr. Henderson may revoke this Agreement within seven (7) calendar days after signing it. Notice of revocation must be made in writing and must be received by [ ATTN: HUMAN RESOURCES, PO BOX 10047, Portland, Oregon 97296 ]. If Mr. Henderson revokes this Agreement, the Company will be immediately released of any further obligation under this Agreement and this Agreement will not be effective or enforceable. 17. Effective Date. If Mr. Henderson signs and returns this Agreement by the end of the Consideration Period, and does not revoke it, it will become effective and irrevocable on the 8th day after Mr. Henderson signs it (the " Effective Date ") and only then will Mr. Henderson be entitled to the payments and benefits set forth in Section 3 of this Agreement, which will be paid to Mr. Henderson following the Effective Date as described in this Agreement. 18. No Pending Claims or Lawsuits. Mr. Henderson represents that no claims, complaints, charges or other proceedings are pending in any court, administrative agency, commission or other forum relating directly to Mr. Henderson' s employment with the Company; however, nothing in this Agreement precludes Mr. Henderson from filing a charge or complaint with, or participating in an investigation conducted by, the Equal Employment Opportunity Commission (EEOC) or other federal, state or local governmental agency. Mr. Henderson does waive, however, the right to any monetary recovery, should any agency pursue any claims on Mr. Henderson' s behalf, if such waiver is permitted by applicable law. 19. Claims Under the Older Workers Benefit Protection Act (" OWBPA-). In addition, in spite of this Agreement, Mr. Henderson still retains the right to challenge the knowing and voluntary nature of this Agreement under the Older Workers Benefit Protection Act (" OWBPA ") and Age Discrimination in Employment Act (" ADEA ") before a court, the EEOC, or any state or local agency permitted to enforce those laws, and this release does not impose any penalty or condition for doing so. Mr. Henderson understands, however, that if Mr. Henderson successfully pursues a claim against the Company under the OWBPA or the ADEA, the Company may seek to set off the amount paid to Mr. Henderson for signing the release against any amount Mr. Henderson obtains. If Mr. Henderson unsuccessfully pursues a claim against the Company under the OWBPA or the**

**ADEA, then the Company may be entitled to recover its costs and attorneys' fees to the extent specifically authorized by federal law. 20. Confidential Agreement. Until such time as the terms of this Agreement may be publicly disclosed by the Company, Mr. Henderson agrees to keep the terms of this Agreement strictly confidential and not to disclose those terms to anyone, except a spouse, attorney, or tax adviser, unless compelled to do so by compulsory court process. The parties agree that this confidentiality provision is a material term of this Agreement. 21. Tax Withholding. All amounts payable to Mr. Henderson pursuant to this Agreement are subject to applicable tax withholdings. 22. Entire Agreement. This document is the entire Agreement between Mr. Henderson and the Company. The Company has made no promises to Mr. Henderson other than those in this Agreement. Except as stated otherwise in this Agreement, this Agreement supersedes any previous understandings, agreements or correspondence of the parties and is binding on the parties, their heirs, executors, administrators, and successors in interest. This Agreement may be changed only in a written document signed by both Mr. Henderson and the Company. For purposes of this Agreement, the parties shall be deemed to have participated equally in its drafting. 23. Choice of Law. This Agreement shall be interpreted under the laws of the State of NEW JERSEY, without giving effect to conflict of law principles. 24. Voluntary Acknowledgment. The parties represent that they have each read this Agreement in its entirety and are fully aware of its content and legal effect. Each party executes this Agreement voluntarily and with full awareness of its terms. [ Signature page follows. ] IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates below. THIS AGREEMENT CONTAINS A RELEASE. PLEASE READ CAREFULLY BEFORE SIGNING. Dated: 7 / 5 / 2023 / s / Michael Henderson MICHAEL HENDERSON SCHNITZER STEEL INDUSTRIES INC. Dated: 7 / 5 / 2023 By: / s / Erich WilsonTitle: Chief Human Resources Officer**