Worthington Steel

Investor Presentation | December 2024

Safe Harbor Statement

Selected statements contained in this release constitute "forward-looking statements," as that term is used in the Private Securities Litigation Reform Act of 1995 (the "Act"). The Company wishes to take advantage of the safe harbor provisions included in the Act. Forward-looking statements reflect the Company's current expectations, estimates or projections concerning future results or events. These statements are often identified by the use of forward-looking words or phrases such as "believe," "anticipate," "may," "could," "should," "would," "intend," "plan," "will," "likely," "expect," "estimate," "project," "position," "strategy," "target," "aim," "seek," "foresee" and similar words or phrases. These forward-looking statements include, without limitation, statements relating to: future or expected cash positions, liquidity and ability to access financial markets and capital; outlook, strategy or business plans; the anticipated benefits of the Company's separation from Worthington Enterprises, Inc. (the "Separation"); the expected financial and operational performance of, and future opportunities for, the Company following the Separation; the tax treatment of the Separation transaction; the leadership of the Company following the Separation; future or expected growth, growth potential, forward momentum, performance, competitive position, sales, volumes, cash flows, earnings, margins, balance sheet strengths, debt, financial condition or other financial measures; pricing trends for raw materials and finished goods and the impact of pricing changes; the ability to improve or maintain margins; expected demand or demand trends for the Company or its markets; additions to product lines and opportunities to participate in new markets; expected benefits from transformation and innovation efforts; the ability to improve performance and competitive position at the Company's operations; anticipated working capital needs, capital expenditures and asset sales; anticipated improvements and efficiencies in costs, operations, sales, inventory management, sourcing and the supply chain and the results thereof; projected profitability potential; the ability to make acquisitions and the projected timing, results, benefits, costs, charges and expenditures related to acquisitions, joint ventures, headcount reductions and facility dispositions, shutdowns and consolidations; projected capacity and the alignment of operations with demand; the ability to operate profitably and generate cash in down markets; the ability to capture and maintain market share and to develop or take advantage of future opportunities, customer initiatives, new businesses, new products and new markets; expectations for Company and customer inventories, jobs and orders; expectations for the economy and markets or improvements therein; expectations for generating improving and sustainable earnings, earnings potential, margins or shareholder value; effects of judicial rulings; the ever-changing effects of the novel coronavirus ("COVID-19") pandemic and the various responses of governmental and nongovernmental authorities thereto on economies and markets, and on our customers, counterparties, employees and third-party service providers; and other non-historical matters.

Because they are based on beliefs, estimates and assumptions, forward-looking statements are inherently subject to risks and uncertainties that could cause actual results to differ materially from those projected. Any number of factors could affect actual results, including, without limitation, those that follow: our ability to successfully realize the anticipated benefits of the Separation; the effect of conditions in national and worldwide financial markets, including inflation, increases in interest rates and economic recession, and with respect to the ability of financial institutions to provide capital; the impact of tariffs, the adoption of trade restrictions affecting the Company's products or suppliers, a United States withdrawal from or significant renegotiation of trade agreements, the occurrence of trade wars, the closing of border crossings, and other changes in trade regulations or relationships; changing oil prices and/or supply; product demand and pricing; changes in product mix, product substitution and market acceptance of the Company's products; volatility or fluctuations in the pricing, quality or availability of raw materials (particularly steel), supplies, transportation, utilities, labor and other items required by operations (especially in light of Russia's invasion of Ukraine); effects of sourcing and supply chain constraints; the outcome of adverse claims experience with respect to workers' compensation, product recalls or product liability, casualty events or other matters; effects of facility closures and the consolidation of operations; the effect of financial difficulties, consolidation and other changes within the steel, automotive, construction and other industries in which the Company participates; failure to maintain appropriate levels of inventories; financial difficulties (including bankruptcy filings) of original equipment manufacturers, end-users and customers, suppliers, joint venture partners and others with whom the Company does business; the ability to realize targeted expense reductions from headcount reductions, facility closures and other cost reduction efforts; the ability to realize cost savings and operational, sales and sourcing improvements and efficiencies, and other expected benefits from transformation initiatives, on a timely basis; the overall success of, and the ability to integrate, newly acquired businesses and joint ventures, maintain and develop their customers, and achieve synergies and other expected benefits and cost savings therefrom; capacity levels and efficiencies, within facilities, within major product markets and within the industries in which the Company participates as a whole; the effect of disruption in the business of suppliers, customers, facilities and shipping operations due to adverse weather, casualty events, equipment breakdowns, labor shortages, interruption in utility services, civil unrest, international conflicts (especially in light of Russia's invasion of Ukraine), terrorist activities or other causes; changes in customer demand, inventories, spending patterns, product choices, and supplier choices; risks associated with doing business internationally, including economic, political and social instability (especially in light of Russia's invasion of Ukraine), foreign currency exchange rate exposure and the acceptance of the Company's products in global markets; the ability to improve and maintain processes and business practices to keep pace with the economic, competitive and technological environment; the effect of inflation, interest rate increases and economic recession, as well as potential adverse impacts as a result of the Inflation Reduction Act of 2022, which may negatively impact the Company's operations and financial results; deviation of actual results from estimates and/or assumptions used by the Company in the application of its significant accounting policies; the level of imports and import prices in the Company's markets; the impact of environmental laws and regulations or the actions of the United States Environmental Protection Agency or similar regulators which increase costs or limit the Company's ability to use or sell certain products; the impact of increasing environmental, greenhouse gas emission and sustainability regulations and considerations; the impact of judicial rulings and governmental regulations, both in the United States and abroad, including those adopted by the United States Securities and Exchange Commission ("SEC") and other governmental agencies as contemplated by the Coronavirus Aid, Relief and Economic Security (CARES) Act, the Consolidated Appropriations Act, 2021, the American Rescue Plan Act of 2021, and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; the effect of healthcare laws in the United States and potential changes for such laws, which may increase the Company's healthcare and other costs and negatively impact the Company's operations and financial results; the effect of tax laws in the United States and potential changes for such laws, which may increase the Company's costs and negatively impact its operations and financial results; cyber security risks; the effects of privacy and information security laws and standards; and other risks described from time to time in the Company's filings with the SEC, including those described in "Part I – Item 1A. – Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2024 and its subsequent filings with the SEC.

Forward-looking statements should be construed in the light of such risks. The Company notes these factors for investors as contemplated by the Act. It is impossible to predict or identify all potential risk factors. Consequently, you should not consider the foregoing list to be a complete set of all potential risks and uncertainties. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. The Company does not undertake, and hereby disclaims, any obligation to update any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

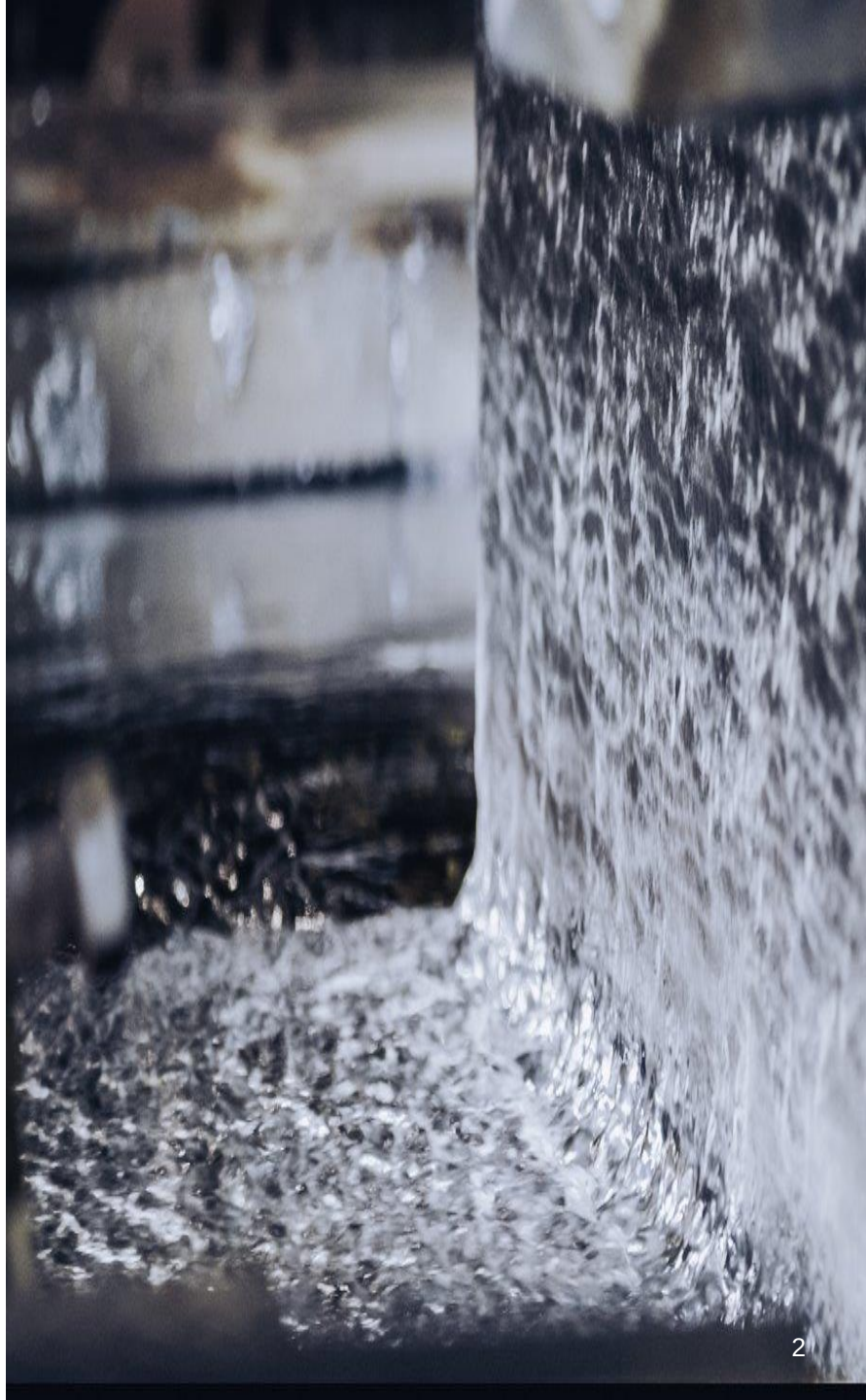
Investment Highlights

1. Well-positioned to capitalize on opportunities resulting from the energy transition with our electrical steel products

2. Long-standing customer relationships focused on value creation and best-in-class service delivery

3. Strong balance sheet and ample liquidity to pursue attractive growth opportunities via strategic capital investments and/or value-enhancing acquisitions

4. Successful, experienced management team with a proven playbook and track record of delivering value



Building A Differentiated Steel Processing Company

Established **market leading joint ventures** to bring additional value to our customers

1955 – Worthington Steel founded in 1955 with a focus on providing custom processed steel

1960s – First public stock offering in 1968

Introduction of the **Worthington Philosophy** and Profit Sharing

1970s – 1980s – 1971 Worthington Steel changed its name to Worthington Industries to reflect new areas of business

Rapid growth powered by innovation with unique culture focused on the "Golden Rule"

1990s – 2000s

1992 – TWB

Codified safety program

1996 – SpartanSteel Coating

2007 – serviacero WORTHINGTON

2010s – SAMUEL 1855 Steel Pickling Company

GIBRALTAR INDUSTRIES Strip Steel Assets

Heidtman Steel Cleveland Facility

ROME STRIP STEEL "The Customers Mill"

Introduction of **Worthington Business System**

2020s – TEMPEL

SHILOH. BlankLight® Assets

2023 – voestalpine Automotive Components Nagold, Germany

Worthington Steel begins driving value as a standalone company

Strategic acquisitions to expand Worthington's core competencies and enter attractive end-markets

Value-added Metals Processing Company

1955
Founded

Columbus, OH
Headquarters

32
Locations[1]

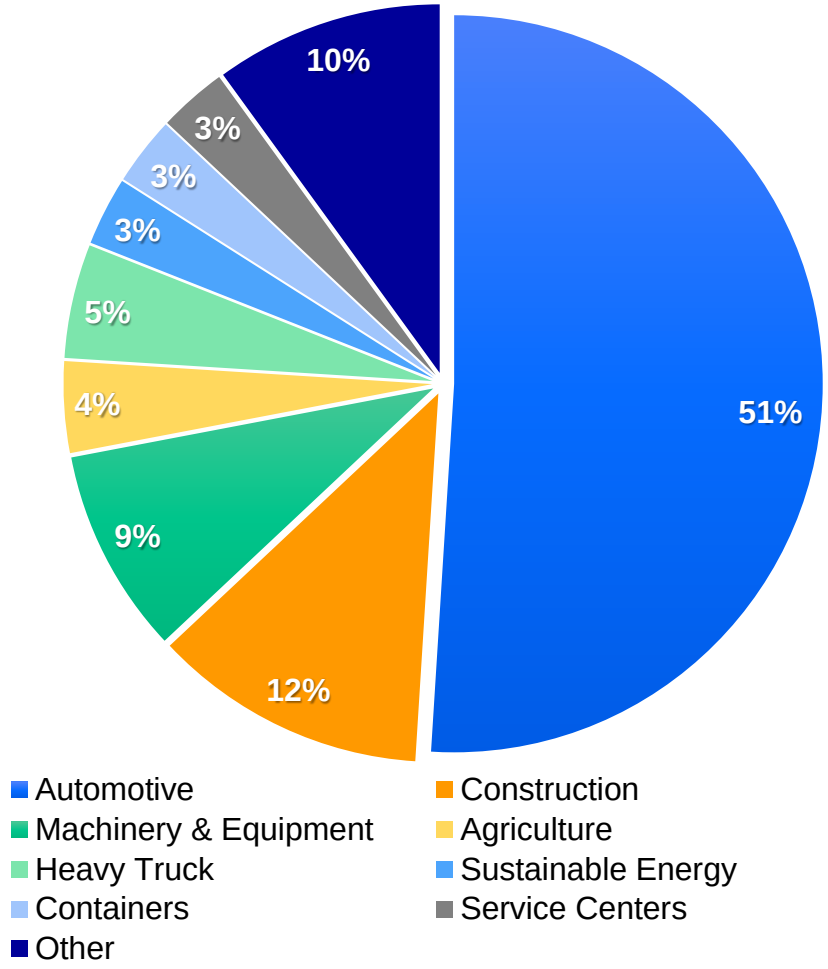
~5,000
Employees[1]

~$2.3B[4]
Market Capitalization

TTM Financial Metrics[2]

Volume Delivered (tons)	3.9M
Direct / Toll (tons)	2.2M / 1.7M
Net Sales	$3.3B
Adjusted EBITDA / Margin	$255M / 7.8%
Free Cash Flow	$79.4M
Capex / % of sales	$123.5M / 3.8%
Dividend (Annualized Rate)	$0.64

Net Sales by End-Market[2,3]

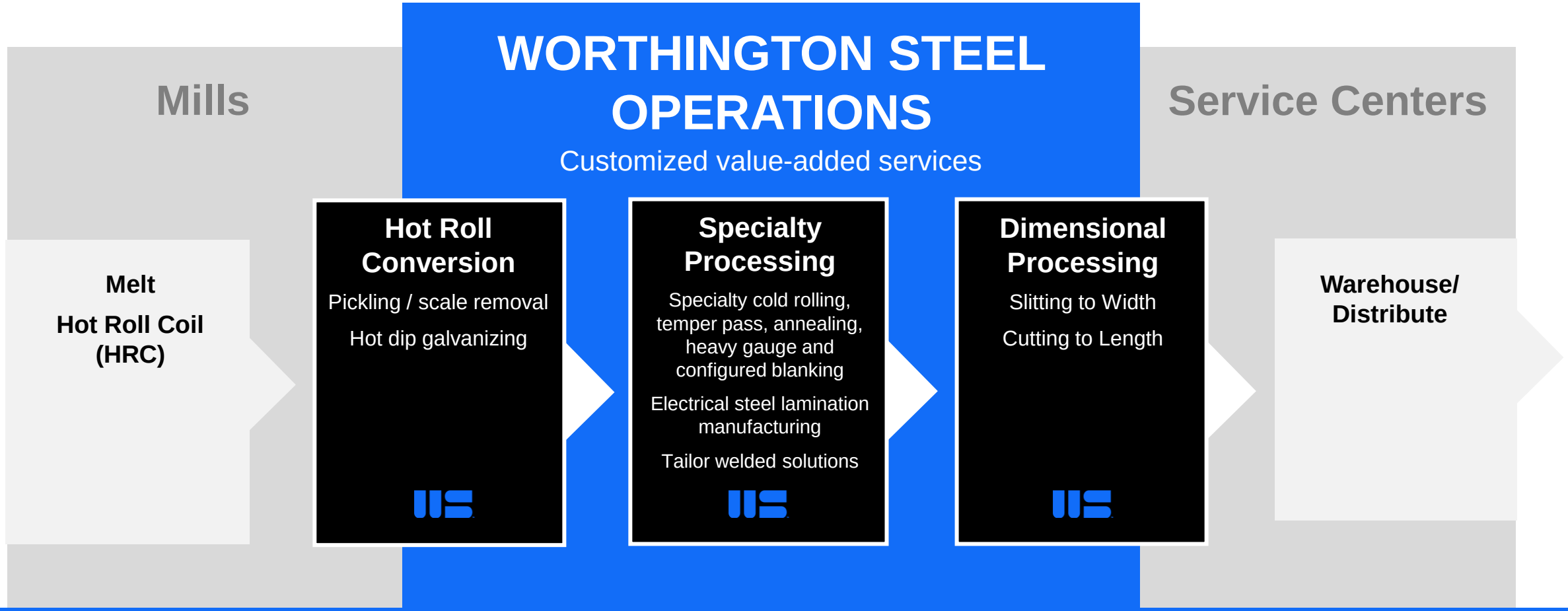


OUR VISION

As a leader in the markets we serve, we boldly drive the metals industry toward a sustainable future as the most trusted, most innovative and most value-added metals processing partner in North America and beyond.

[1] Includes JV people & locations; [2] TTM ended November 30, 2024; [3] Excludes pro-rata share of unconsolidated JVs; [4] As of November 30, 2024.

We Occupy a Unique Position in the Steel Supply Chain



WHY WE WIN

What Differentiates Worthington Steel from Competitors Across the Steel Supply Chain

- ✓ Customized, Value-added Solutions
- ✓ Make-to-Order, Contract-Based
- ✓ End-to-End Supply Chain Management

Building on Market Leadership Position

#1	#1	#1	#1	#2	#3
Independent Producer of Hot Dipped Galvanized Steel in North America	Producer of Tailor Welded Blanks in North America	Trader of Steel Futures by Volume Among North American Service Centers	Network of Independent Picklers in North America	Independent Flat Rolled Service Center in Mexico	Global Manufacturer of Electrical Steel Laminations and Cores

Blue-Chip Customer Recognition and Accolades

Supplier of the Year
2020, 2021 & 2023

2021, 2022 & 2023 Partner Level Supplier and inducted into 10-year Hall of Fame

2021 Schaeffler Supplier Excellence Award

2020 Raw Material Supplier of the Year

2022 Global Supplier Award in "Lead Electric Propulsion"

Zero PPM Award for Manufacturing Excellence 2023
Supplier of the Year 2022

Tata AutoComp Systems
2024 Supplier Award for Synergy

Note: Rankings based on management estimates.

Network and Services to Deliver Added Value to Customers



Wholly Owned Joint Ventures

- ✓ 32 Manufacturing Facilities Primarily Located in North America[1]
- ✓ Key Operations Strategically Located Proximate to Suppliers and Customers
- ✓ Expertise in Optimizing Supply Chains and Minimizing Total Landed Cost
- ✓ 90% of Sales in North America; 10% of Sales in Asia and Europe





[1] Includes Worthington Steel's consolidated and unconsolidated joint ventures.

Joint Ventures Expand Our Processing Capabilities and Reach

Spartan Steel Coating (52%)

- Partner: Cleveland-Cliffs
- A cold-rolled, hot-dipped coating line producing galvanized, galvannealed and aluminized products
- Single facility in Michigan
- ***Growth Initiative – Added Type 1 aluminized capability***



450k Toll Tons

TWB (55%)

- Partner: BAOSteel
- Tailor welded products for the automotive industry
- Operates 11 facilities in US, Canada, Mexico
- ***Growth Initiative - Adding ablation equipment to pursue new market***



300k Direct Tons
125k Toll Tons

WSCP[1] (63%)

- Partner: Samuel, Son & Co.
- Pickling and slitting for the automotive, fabrication and appliance markets
- Operates 2 pickling facilities in Ohio



625k Toll Tons

Serviacero Worthington (50%)

- Partner: Serviacero
- Pickling, heavy gauge blanking, and slitting
- Operates 3 steel processing facilities in Mexico
- ***Growth Initiative - New slitter available January 2025 to process recent program wins***



450k Direct Tons
125k Toll Tons

Note: Volumes shown are total tons shipped from the fiscal year ended May 31, 2024, presented on a 100% basis.
[1] Worthington Samuel Coil Processing.

Our Steel is Used in a Variety of End Markets and Applications

Automotive

- Traction motors for BEVs /hybrids including trucks
- Automatic transmissions for hybrids / ICE
- Frames and chassis
- Seat rails
- Body structure



Construction

- Metal buildings
- Garage doors & rail systems
- Corrugated steel pipe
- Metal framing
- Strut and conduit
- Fencing



Agriculture

- Combines
- Grain bins
- Center pivot irrigation
- Hay bailers
- Auger, chain, blades and plow components



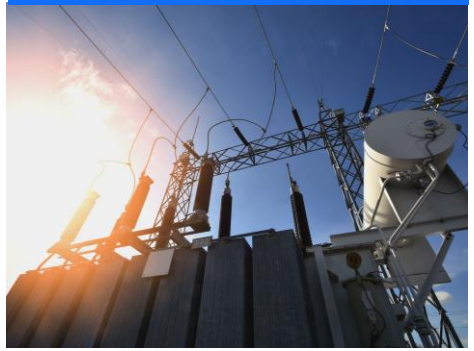
Truck / Trailer

- Wheel rims
- Frames
- Suspensions
- Trailer components
- Drivetrain



Energy

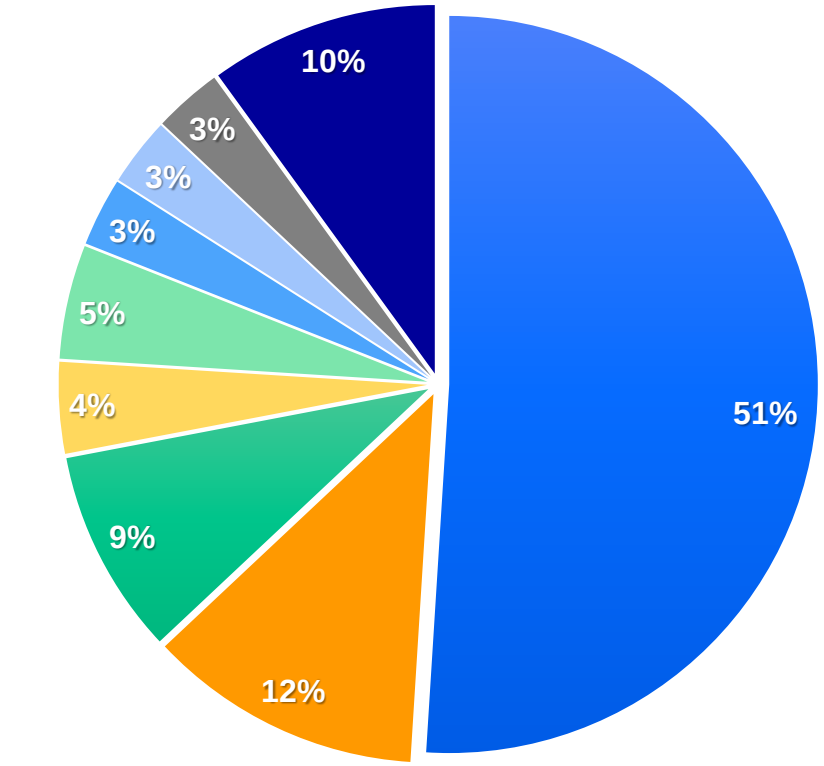
- Transformer cores for power distribution
- Racking and mounts for solar applications
- Generators, including large scale & home power generation



Note: BEVs = battery electric vehicles; Hybrids = full and mild hybrids and contain both traction motors and internal combustion engines; ICE = internal combustion engine vehicles.

Critical Supplier to Blue-Chip Companies Across End Markets

Diversified Customer Base, Many With Decades-Long Relationships



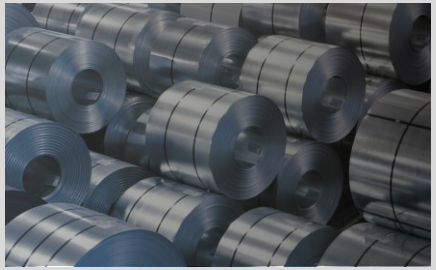
Note: Sales based on TTM ended November 30, 2024.

Strategy Focused on Growth



Focused Investments in the rapidly growing electrical steel market

Strategically expanding our capacity for highly technical electrical steel products to meet demand for improved electrical infrastructure and electric vehicles (including battery electric and hybrid)



Margin-Accretive Growth using a strong commercial focus combined with disciplined strategic capex and acquisitions

Capitalizing on attractive growth opportunities



Base Business Improvements through our Transformation to improve margins, reduce working capital and add capacity

Transformation remains unique among our peer group

Worthington Business System is the Foundation for Driving Improved Profitability

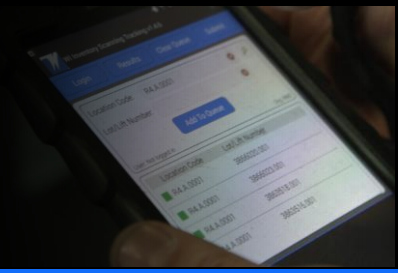


Our people-first Philosophy is rooted in the Golden Rule: We treat our employees, customers, suppliers and shareholders as we would like to be treated

TRANSFORMATION

Leveraging Lean Practices and Technology

- Systematic approach to business improvement
- Optimizing working capital
- Predictive analytics and automation enhance efficiency, reduce downtime and improve safety



INNOVATION

Tailored Customer Solutions

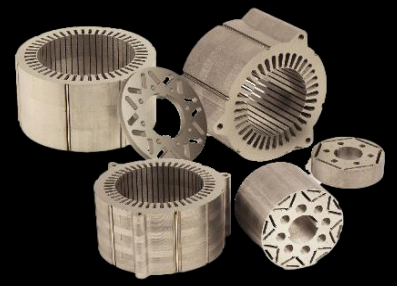
- Cross-functional teams
- Sophisticated supply chain management
- Price risk management
- Metallurgical expertise for customized solutions



ACQUISITION

Adding Capabilities for Above-Market Growth

- **Green energy transition**: Tempel provides direct exposure to the global decarbonization movement and power grid modernization / expansion
- **Automotive lightweighting**: Acquisition of Shiloh BlankLight® expanded offerings for fuel-efficiency, cost reduction and part consolidation



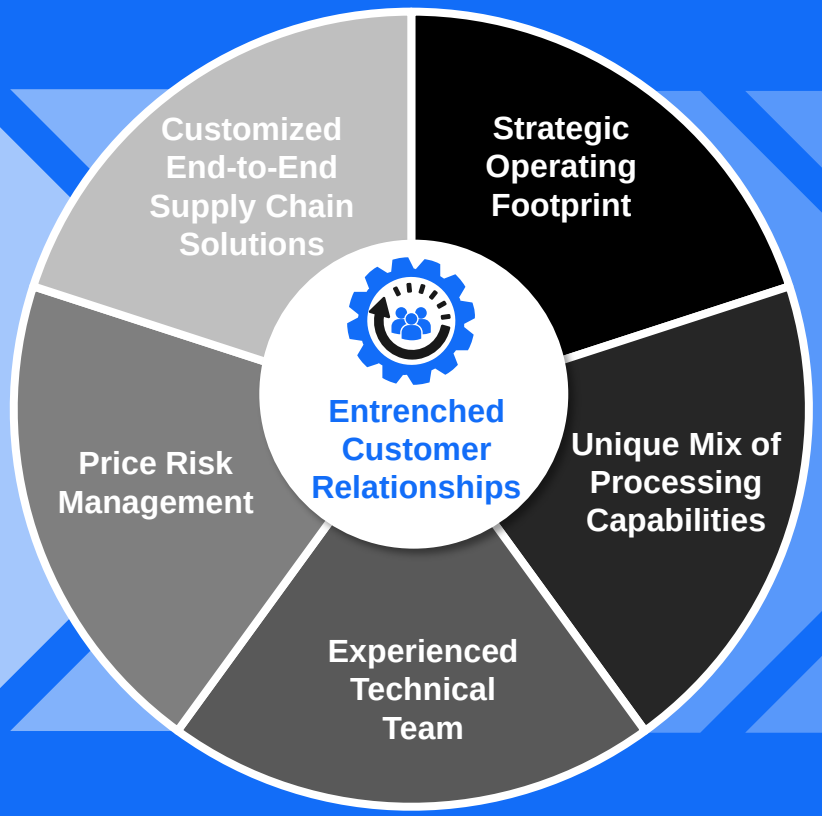
Our Differentiated Business Model Drives Worthington Steel Forward

Beginning with Material from our Mill Partners

Worthington Steel Offers a Wide Range of Value-Added Processing Capabilities and Services

Serving Customers Across Attractive End Markets







Case Study: Using the Transformation Resulted in ~$2.3M in Annualized Savings

GOAL: Margin Expansion Through Operational Excellence

FOCUS: Columbus Tandem Mill

OBJECTIVES

- Improve gauge-reduction performance to **reduce scrap and processing time**
- **Leverage insights** from various holistic data set and business intelligence tools to **identify opportunities for improvement**

APPROXIMATE ANNUAL SAVINGS ACHIEVED

$2M	$315k
Scrap Savings from Reduced / Optimized Footage	Improved Performance and Reduced Processing Time

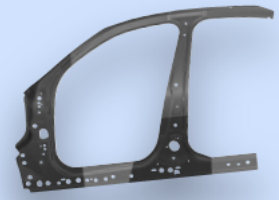


Case Study: Product Improvements That Meet Changing Customer Needs for Lightweighting

“Voice of Customer” Approach to New Product Development
Driving Market Share Gains and Improved Customer Intimacy

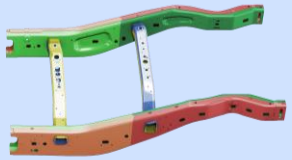
Continued Enhancements to Core Offerings

Hot Stamped Door Ring



Capitalizes on lightweighting and part consolidation trends

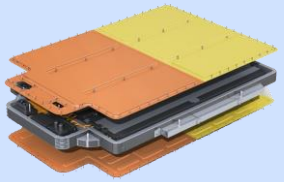
Advanced, High-strength Tailor Welded Frame Rails



Adopted by most North American light duty truck manufacturers

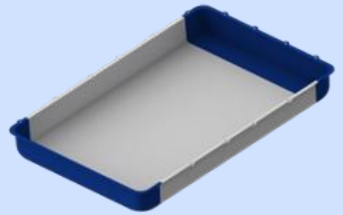
At the Forefront of EV Battery Box Design

Upper / Lower Battery Covers



A leading supplier to North American automotive producers

Deep Drawn Battery Tray



Innovative product solution in development

Since 2000, we have successfully launched more than 500 lightweighting production parts

Well Positioned to Capitalize on Key End Market Trends

	Decarbonization of Transportation		Energy Transition		Infrastructure	
Worthington Steel Product Offering	**Electrical Steel Laminations**  **EV Traction Motors**	**Tailored Blanks**  **Automotive Frames**	**Galvanized Steel**  **Solar Panel Racks**	**Electrical Steel Laminations**  **Transformer Cores**	**Electrical Steel Laminations**  **Transformer Cores**	**Galvanized Steel**  **Drainage Culvert / Renewables**
Key Trends	Worldwide transition to electric vehicles and OEM push for lightweighting innovation supporting automotive steel demand		Transition to renewable energy driving demand for our products		Upgrading aging infrastructure and electrical grid in the U.S. will require a significant amount of steel	
Market Growth Drivers	**>70% of passenger vehicles** sold globally in 2030 expected to be battery or hybrid[1]		**6.1%**[2] Projected CAGR through 2040		**$1 Trillion**[3] infrastructure bill signed in 2021	

Sources: [1] S&P Global Mobility, E-Motor Production Forecast, July 2024, includes mid- and full-hybrids; [2] Advention, 2022 Transformer Market Study estimates based on market interviews; [3] White House (Inflation Reduction Act Guidelines, January 2023).

Focused Strategic Investments in Electrical Steel

Mexico: Increase Motor Lamination Capacity to Meet Growing xEV Demand

- Expanding existing xEV production capacity
- Total expected capex = $85M (~40% spent through 11/30/24)
  - Building expansion complete
  - Initial five presses installed; five more expected (exact timing tied to commercial milestones)
- Targeting start of production for fall 2025



Canada: Increase Transformer Core Making Capacity to Meet Demand

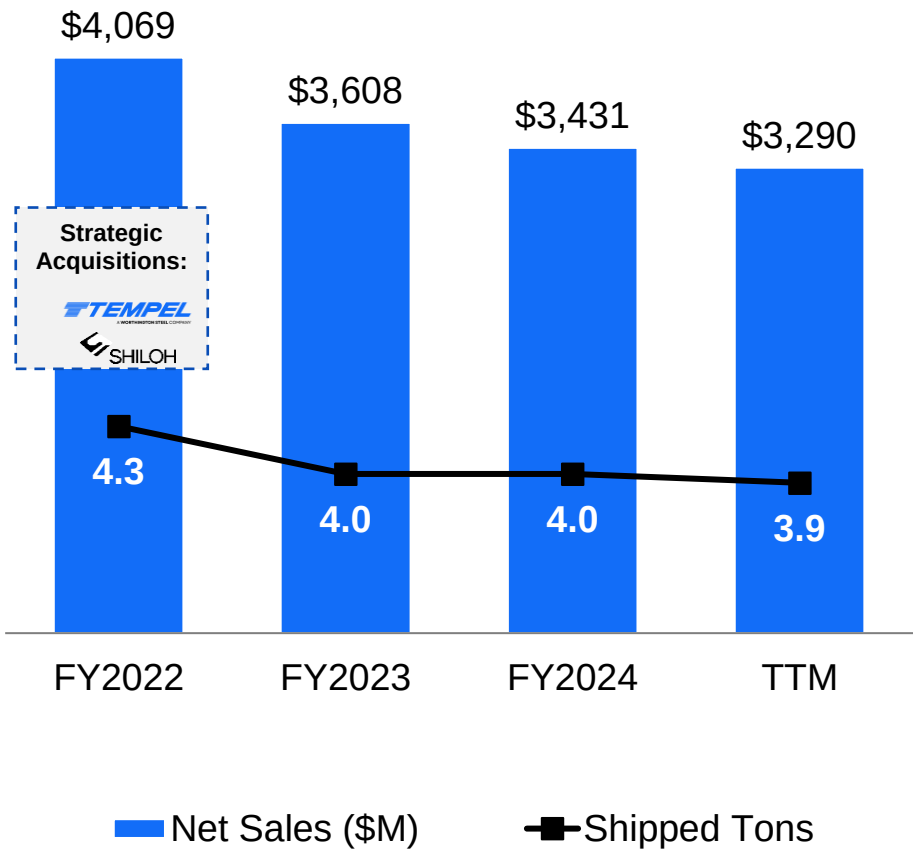
- Adding capacity to existing core-making operation to help customers close 2-year backlog on transformer orders
- Total expected capex = $85M (~40% spent through 11/30/24)
- Awarded enough new business to fill 50% of the additional capacity
- Targeting start of production for late CY 2025 or early CY 2026



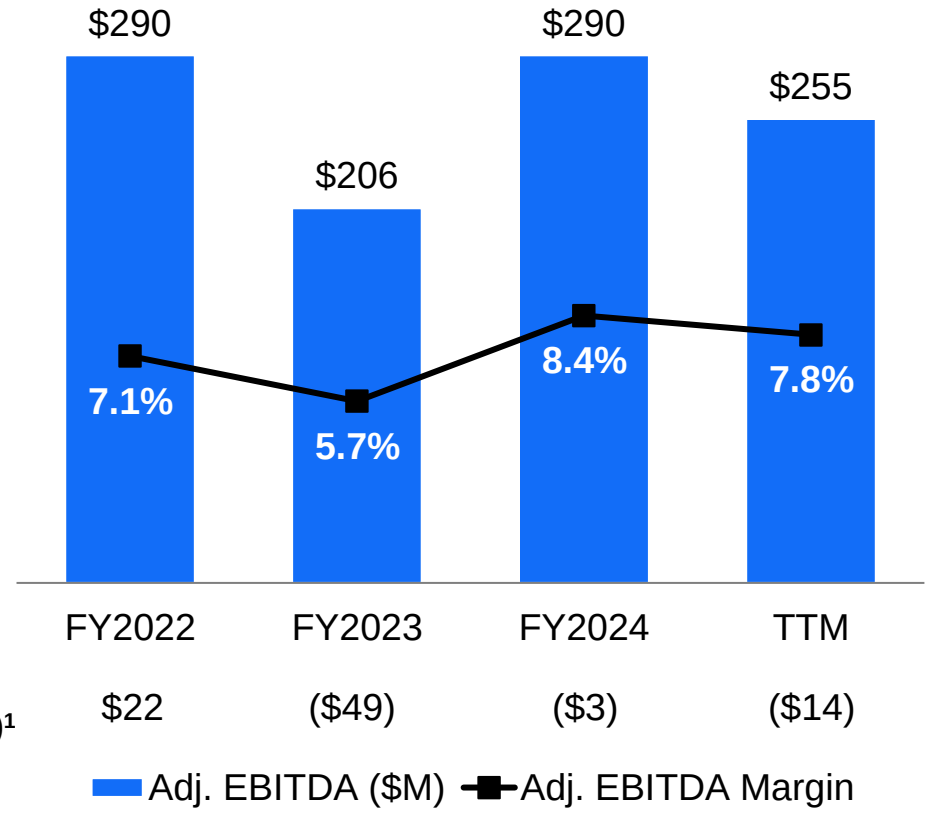
Expect Steady State EBITDA Margins to Be Accretive

Resilient Financial Performance Despite Commodity Volatility

Net Sales ($M) & Volumes (M Tons)



Adjusted EBITDA ($M) & Margin (%)



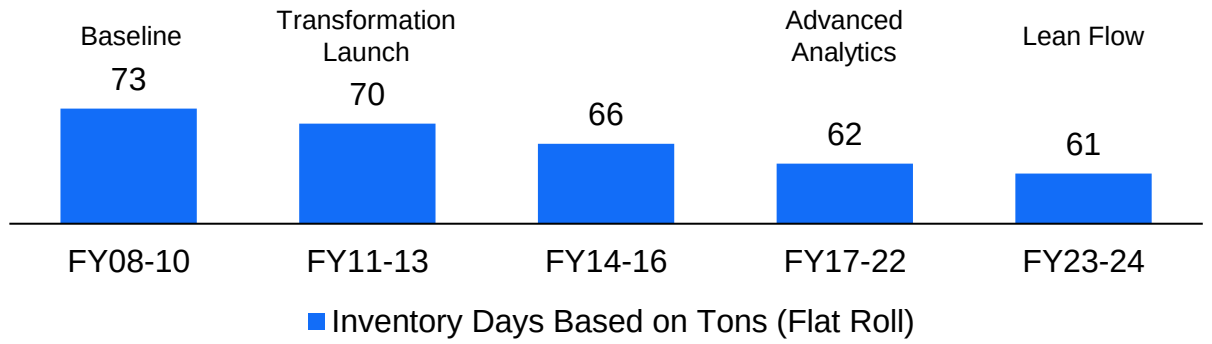
Note: FY is fiscal year ended May 31. TTM ended November 30, 2024. [1] Estimated Inventory Holding Gains or Losses in respective period.

How Worthington Steel Mitigates Volatility in Steel Pricing

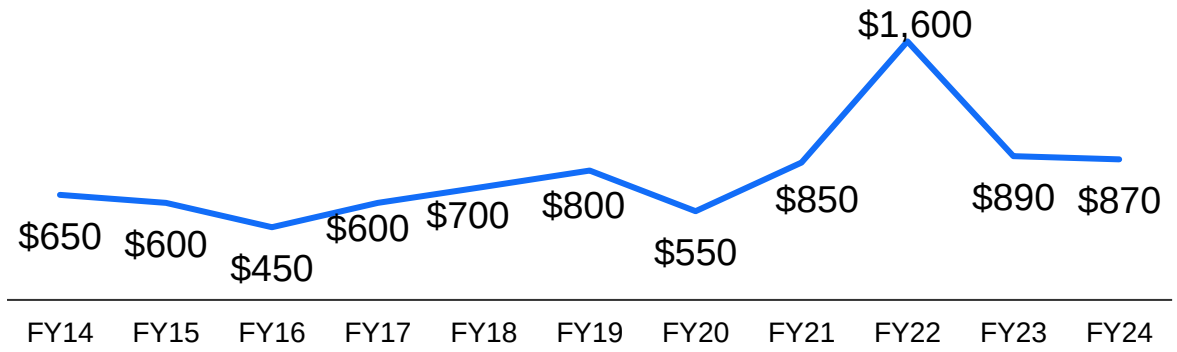
We Minimize Steel Holding Gains and Losses

- **Worthington Business System** to manage inventory
  - Deployed to drive inventory lower within carbon flat-rolled locations; opportunities remain
  - Inventory down 16% on a tons basis
- Use **firm-priced** contracts where possible to lock in margin
  - Customers choose contract mechanisms that best fit their business
- **Mirror** customer and supplier contract mechanisms (e.g., buy/sell on quarterly CRU)
  - ~100% of contracts are mirrored
- Utilize **steel futures** when fixed pricing is not offered by a mill

Worthington Business System Helps Drive Down Inventory



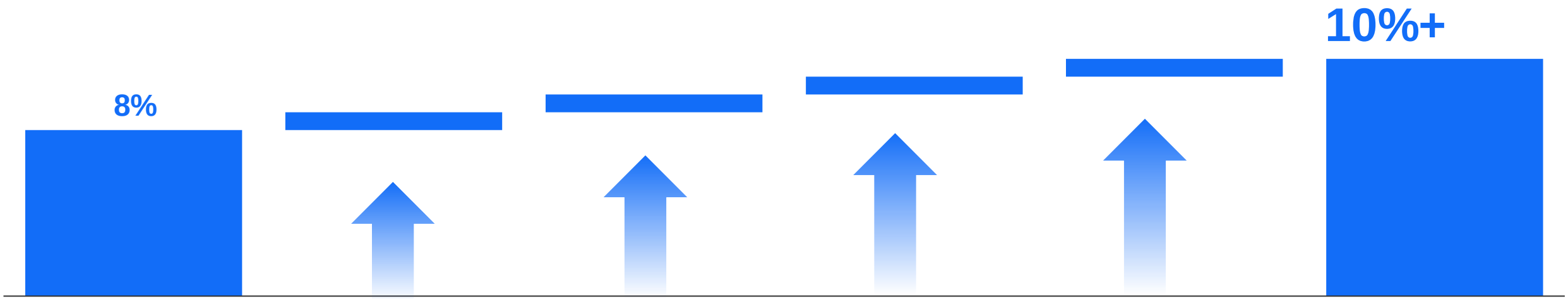
Historical Hot-Rolled Steel Price ($/ton)



Note: Fiscal year ended May 31.

Pathway to Margin Expansion

Strategy to Achieve 10%+ Adj. EBITDA Margin Target

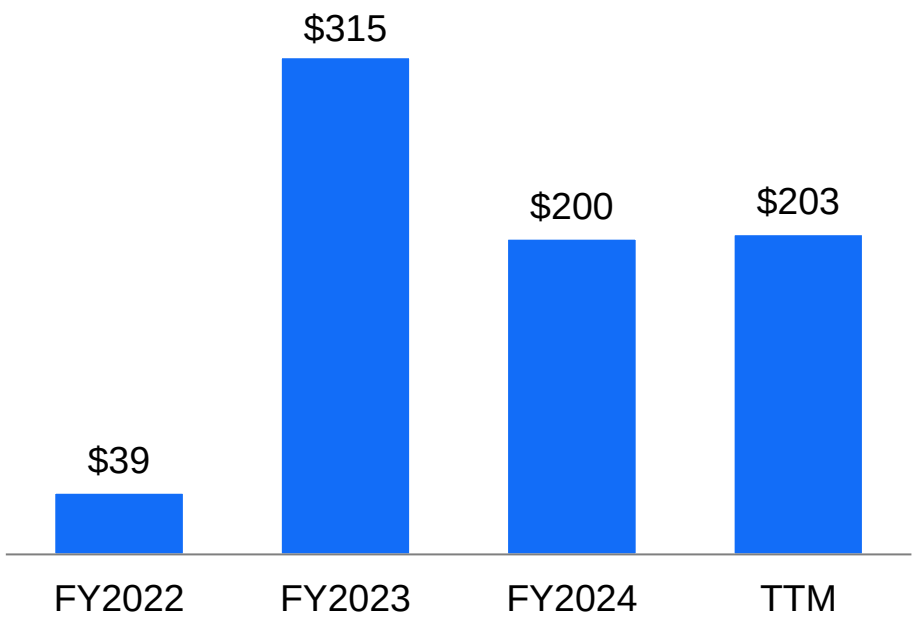


LEVERS TO IMPROVE PROFITABILITY	**Drive out waste and reduce costs**	**Focus on high margin products**	**Introduce higher margin new products and processes**	**Acquire margin accretive businesses**
RECENT EXAMPLES	Applying Transformation to corporate functions	Expanding electrical steel capabilities in Canada and Mexico	Licensed ablation technology to open new opportunities for TWB	Nagold acquisition adds European manufacturing for electrical steel

Note: Fiscal year ended May 31.

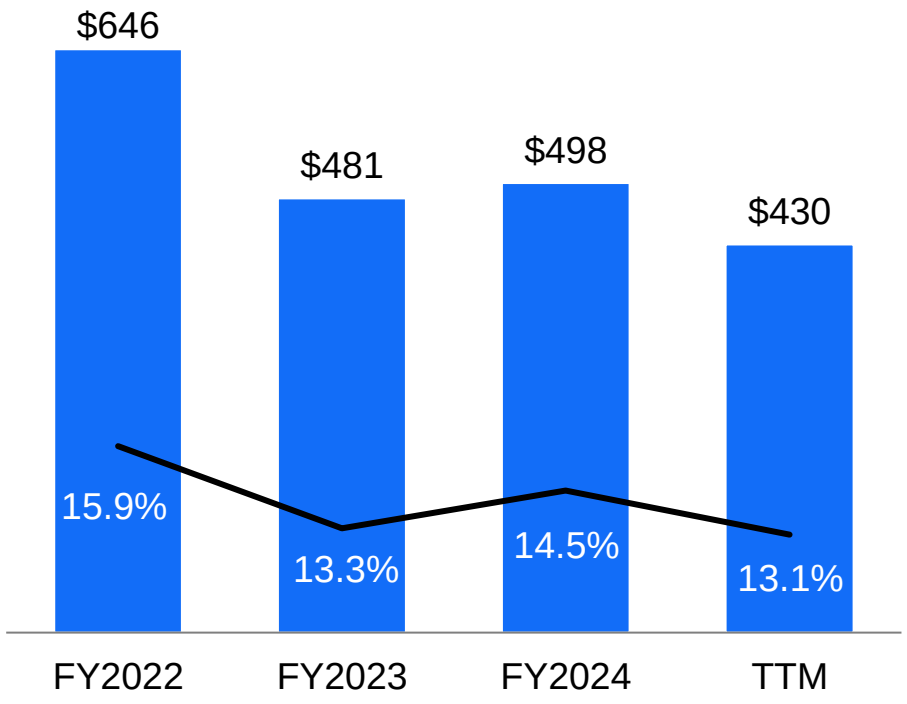
Strong Cash Flow Supports Growth Initiatives

Operating Cash Flow ($M)



	FY2022	FY2023	FY2024	TTM
Capex ($M)	$36	$45	$103	$124

Operating Working Capital[1] ($M)



	FY2022	FY2023	FY2024	TTM
Steel Price ($/ton)	$1,600	$890	$870	$800

Note: FY is fiscal year ended May 31. TTM as of November 30, 2024.

[1] Operating Working Capital defined as accounts receivable plus inventory minus accounts payable.

Capital Investments to Strengthen and Grow Market Position

Strategic Capital Investments

Increasing Lightweighting Capabilities/Capacity

- **Hot Galvanizing Line:** produce Type 1 aluminized steels for the automotive industry
- **Laser Welding:** support lightweighting targets for new Battery EV models
- **Ablation:** produce Hot Formed Tailored Blanks for automotive lightweighting applications

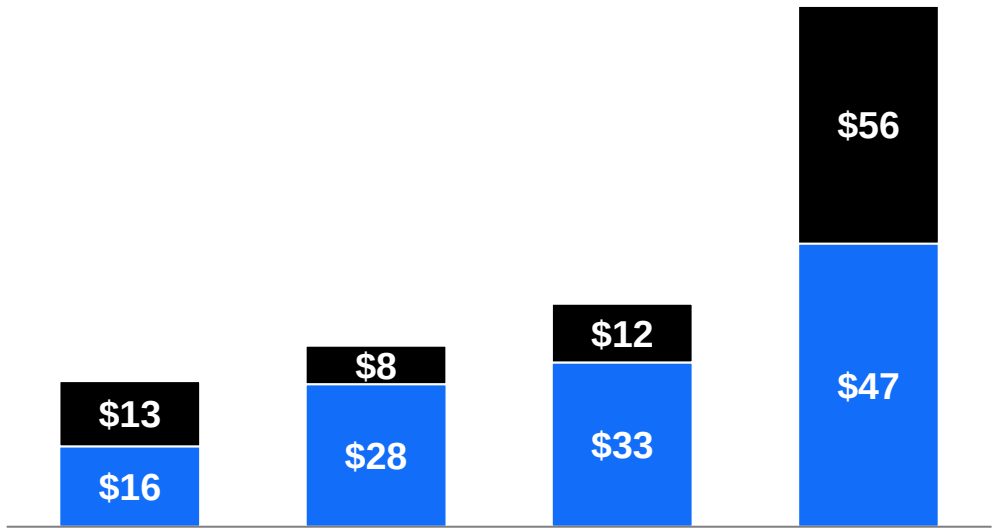
Investing in Electrical Steel Capacity/Capability

- **Transformer Core Lamination Expansion:** adding capacity and capability in Canada
- **xEV Focus Factory:** expanding electrical steel lamination offering in Mexico

Maintenance Capital

- Category includes equipment, information technology and environmental, health & safety
- Philosophy toward maintenance spending is to maintain key assets in market ready condition

Capital Expenditures ($M)



	FY2021	FY2022	FY2023	FY2024
Capex (% of Sales)	1.4%	0.9%	1.3%	3.0%

Capital Structure Supports Growth Initiatives

- Accomplished initial goal for a **strong balance sheet at Spin Date**
- Expect to maintain a **flexible capital structure** with modest leverage and ample liquidity
- **Current credit facility** consists of:
  - $550M ABL facility, maturing in 2028
- Goal is to **maintain sufficient liquidity and flexibility** to execute on our business strategy
  - Pursue high-return **organic growth** opportunities
  - Target strategic **accretive acquisitions**
  - **Return capital to shareholders**

Balance Sheet Summary ($M)	
Total Debt	**$115**
(-) Cash	$52
Net Debt	**$63**
Trailing Twelve Month Adjusted EBITDA	**$255**
Trailing Twelve Month Net Leverage[1]	0.25x
Total Liquidity[2]	**$487**

Note: Fiscal 2025 Second Quarter ended November 30, 2024; [1] Trailing Twelve Month Net Leverage defined as Net Debt at period end divided by Trailing Twelve Month Adjusted EBITDA; [2] Total Liquidity defined as total capacity of ABL facility less net debt.

M&A Is a Key Part of Our Strategy

Investment Criteria

- Immediately accretive to earnings per share and increases overall EBITDA margin
- Well-run, successful companies with strong management teams
- Culture aligns with Our Philosophy
- Opportunities to increase value through Transformation and synergy capture
- Strengthen our business in current markets or provide access to new, attractive and more niche markets

Select Acquisitions

GIBRALTAR INDUSTRIES
Strip Steel Assets

ROME STRIP STEEL
"THE CUSTOMERS MILL"

Heidtman Steel
Cleveland Facility

SHILOH.
BlankLight® Assets

TEMPEL

voestalpine
Automotive Components
Nagold, GER

Disciplined Framework Designed to Drive Shareholder Value

Organic Growth

- Maintain operations in **market ready condition**
- **Grow capacity** to meet electrical steel and lightweighting demand
- Pursue **high IRR capacity additions**

Strategic M&A

- Target acquisition opportunities that are expected to be **immediately accretive to earnings**
- **Leverage track** record and skill set to **integrate bolt-on opportunities** and realize synergies

Shareholder Return

- Focus on **maximizing shareholder return**
- Expect to pay a modest **dividend**
- Long-term intention to pursue opportunistic **share buybacks**

…and Maintain Ample Liquidity and Financial Flexibility to Support Strategic Initiatives and Resiliency Through the Cycle

Experienced Management Team to Drive Strategy

More than 200 Combined Years of Experience Managing Through Steel Price Cycles and Shifting Macroeconomic Climates with Proven Ability to Execute M&A



GEOFF GILMORE
President & Chief Executive Officer



JEFF KLINGLER
Executive VP & Chief Operating Officer



TIM ADAMS
VP & Chief Financial Officer



JOE HEUER
VP & General Counsel



MELISSA DYKSTRA
VP of Corporate Communications & Investor Relations



NIKKI BALLINGER
VP of Human Resources



BRAD KERN
VP of Operations



CLIFF LARIVEY
President, Flat-Rolled Steel Processing



BILL WERTZ
VP of Transformation & Chief Information Officer



STEVE WITT
Corporate Controller

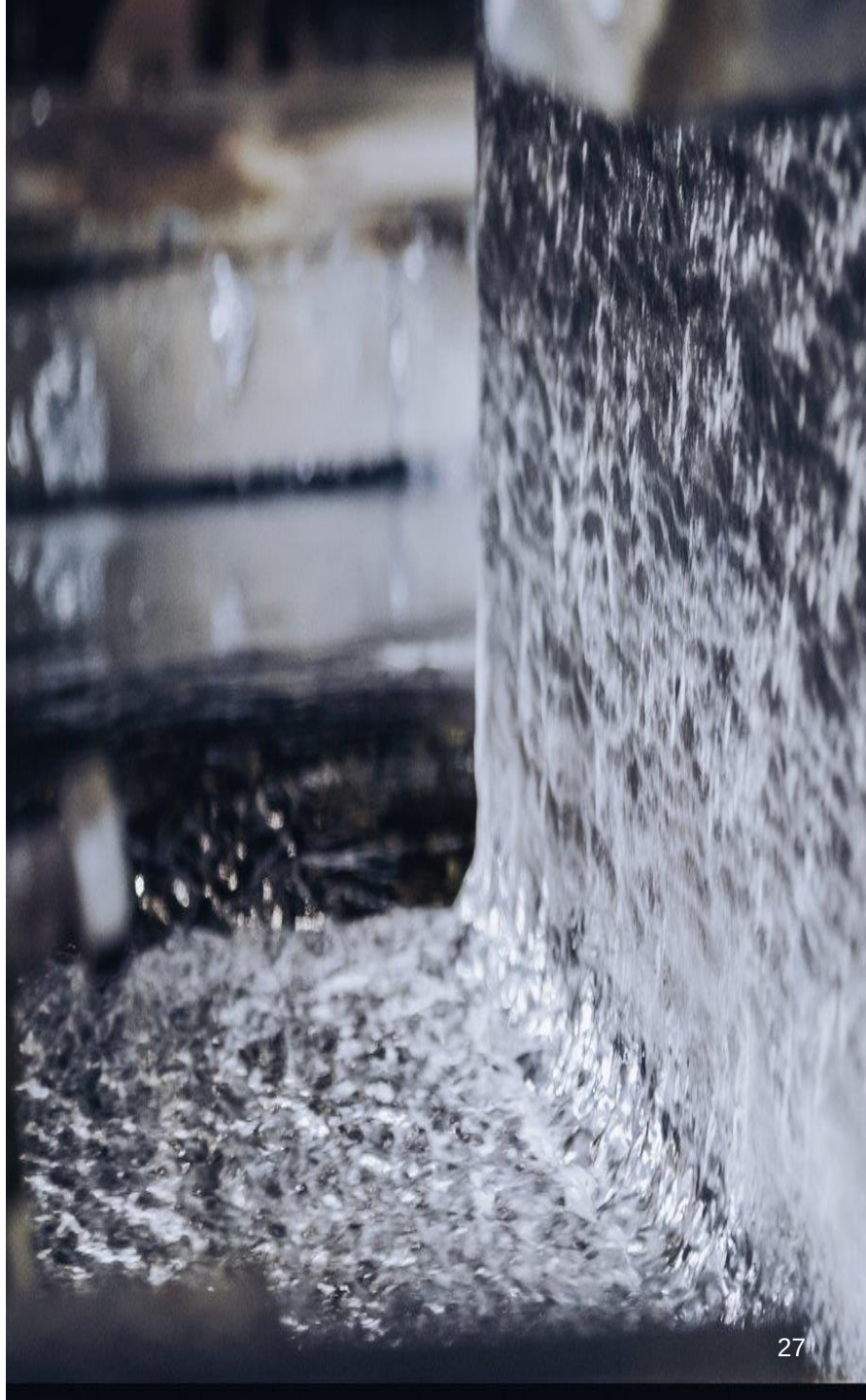
Investment Highlights

1. Well-positioned to capitalize on opportunities resulting from the energy transition with our electrical steel products

2. Long-standing customer relationships focused on value creation and best-in-class service delivery

3. Strong balance sheet and ample liquidity to pursue attractive growth opportunities via strategic capital investments and/or value-enhancing acquisitions

4. Successful, experienced management team with a proven playbook and track record of delivering value



Appendix

WORTHINGTON STEEL

Reconciliation of Non-GAAP Financial Measures

These materials present certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles, or GAAP. Management believes these non-GAAP measures provide useful supplemental information on the performance of the Company's ongoing operations and should not be considered as an alternative to the comparable GAAP measure. Additionally, management believes these non-GAAP measures allow for meaningful comparisons and analysis of trends in the Company's business and enable investors to evaluate operations and future prospects in the same manner as management. A reconciliation of each non-GAAP measure to its most directly comparable GAAP measure is outlined below. The following provides an explanation of each non-GAAP measure presented in these materials:

Adjusted EBITDA is defined as Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization, and consists of EBITDA (calculated by adding or subtracting, as appropriate, interest expense, income tax expense and depreciation and amortization to/from net earnings attributable to controlling interest), which is further adjusted to exclude impairment and restructuring charges (gains) as well as other items that management believes are not reflective of, and thus should not be included when evaluating the performance of its ongoing operations.

- Impairment of long-lived assets - impairments are excluded because they do not occur in the ordinary course of the Company's ongoing business operations, are inherently unpredictable in timing and amount, and are non-cash, so their exclusion facilitates the comparison of historical and current financial results.
- Separation costs - direct and incremental costs incurred in connection with the Separation from the Former Parent, including audit, legal, and other fees paid to third-party advisors as well as direct and incremental costs associated with the separation of shared corporate functions which are not part of the Company's ongoing operations.
- Tax indemnification adjustment - tax benefit and indemnification payable adjustments reported in Miscellaneous income (expense), net and income tax expense related to an indemnification agreement with the former owners of Tempel Steel Company ("Tempel") as a result of a first quarter of fiscal 2025 favorable tax ruling in one of the jurisdictions in which Tempel operates. The indemnification agreement, which was entered into with the former Tempel owners at the time the Company acquired Tempel, provides protection to the Company from rulings by tax authorities through the acquisition date.
- Pension settlement gain - pension lift-out transaction to transfer a portion of the total projected benefit obligation of the Tempel pension plan to a third-party insurance company, which resulted in a pre-tax non-cash gain reported in Miscellaneous income (expense), net, is excluded as it is not part of the Company's ongoing operations.
- Gain on land sale - sale of unused land on the campus of the Tempel subsidiary in China, which resulted in a pre-tax gain in Miscellaneous income (expense), net, is excluded as it is not part of the Company's ongoing operations.

Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by net sales.
Free Cash Flow is defined as operating cash flows less capital expenditures.

For additional information with respect to Worthington Steel, please refer to our most recent Form 10-K.

(In millions)	Fiscal Year Ended May 31, 2022	Fiscal Year Ended May 31, 2023	Fiscal Year Ended May 31, 2024	TTM November 30, 2024
Net Sales	$ 4,069	$ 3,608	$ 3,431	$ 3,290
Net earnings attributable to controlling interest	$ 180	$ 87	$ 155	$ 143
Interest expense, net	3	3	6	10
Income tax expense	54	29	46	39
Depreciation and amortization	60	70	65	64
EBITDA	$ 297	$ 189	$ 272	$ 256
Impairment of long-lived assets [1]	2	2	1	-
Restructuring and other (income) expense, net [1]	(9)	(2)	-	-
Separation costs	-	17	20	1
Tax indemnification adjustment	-	-	(3)	2
Pension settlement gain	-	-	-	(3)
Gain on land sale	-	-	-	(1)
Adjusted EBITDA	$ 290	$ 206	$ 290	$ 255
Adjusted EBITDA margin	7.1%	5.7%	8.4%	7.8%

[1] Excludes the impact of the noncontrolling interests.

	TTM November 30, 2024
Operating cash flow	$ 203
Capital expenditures	124
Free cash flow	$ 79