METALLUS

# Investor Presentation

**February 27, 2024**



# Forward-Looking Statements & Non-GAAP Financial Measures

**Forward-looking statements**

This presentation includes "forward-looking" statements within the meaning of the federal securities laws. You can generally identify the company's forward-looking statements by words such as "will," "anticipate," "aspire," "believe," "could," "estimate," "expect," "forecast," "outlook," "intend," "may," "plan," "possible," "potential," "predict," "project," "seek," "target," "should," "would," "strategy," or "strategic direction" or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. The company cautions readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of the company due to a variety of factors, such as: (1) the effects of fluctuations in customer demand on sales, product mix and prices in the industries in which the company operates, including the ability of the company to respond to rapid changes in customer demand including but not limited to changes in customer operating schedules due to supply chain constraints or unplanned work stoppages, the ability of customers to obtain financing to purchase the company's products or equipment that contains its products, the effects of customer bankruptcies or liquidations, the impact of changes in industrial business cycles, and whether conditions of fair trade exist in U.S. markets; (2) changes in operating costs, including the effect of changes in the company's manufacturing processes, changes in costs associated with varying levels of operations and manufacturing capacity, availability of raw materials and energy, the company's ability to mitigate the impact of fluctuations in raw materials and energy costs and the effectiveness of its surcharge mechanism, changes in the expected costs associated with product warranty claims, changes resulting from inventory management, cost reduction initiatives and different levels of customer demands, the effects of unplanned work stoppages, availability of skilled labor and changes in the cost of labor and benefits; (3) the success of the company's operating plans, announced programs, initiatives and capital investments, the consistency to meet demand levels following unplanned downtime, and the company's ability to maintain appropriate relations with the union that represents its associates in certain locations in order to avoid disruptions of business; (4) whether the company is able to successfully implement actions designed to improve profitability on anticipated terms and timetables and whether the company is able to fully realize the expected benefits of such actions; (5) the company's pension obligations and investment performance; (6) with respect to the company's ability to achieve its sustainability goals, including its 2030 environmental goals, the ability to meet such goals within the expected timeframe, changes in laws, regulations, prevailing standards or public policy, the alignment of the scientific community on measurement and reporting approaches, the complexity of commodity supply chains and the evolution of and adoption of new technology, including traceability practices, tools and processes; (7) availability of property insurance coverage at commercially reasonable rates or insufficient insurance coverage to cover claims or damages; (8) the availability of financing and interest rates, which affect the company's cost of funds and/or ability to raise capital; (9) the effects of the conditional conversion feature of the convertible notes due December 1, 2025, which, if triggered, entitles holders to convert the notes at any time during specified periods at their option and therefore could result in potential dilution if the holder elects to convert and the company elects to satisfy a portion or all of the conversion obligation by delivering common shares instead of cash; (10) the impacts from any repurchases of our common shares, including the timing and amount of any repurchases; (11) competitive factors, including changes in market penetration, increasing price competition by existing or new foreign and domestic competitors, the introduction of new products by existing and new competitors, and new technology that may impact the way the company's products are sold or distributed; (12) deterioration in global economic conditions, or in economic conditions in any of the geographic regions in which the company conducts business, including additional adverse effects from global economic slowdown, terrorism or hostilities, including political risks associated with the potential instability of governments and legal systems in countries in which the company or its customers conduct business, and changes in currency valuations; (13) the impact of global conflicts on the economy, sourcing of raw materials, and commodity prices; (14) climate-related risks, including environmental and severe weather caused by climate changes, and legislative and regulatory initiatives addressing global climate change or other environmental concerns; (15) unanticipated litigation, claims or assessments, including claims or problems related to intellectual property, product liability or warranty, employment matters, regulatory compliance and environmental issues and taxes, among other matters; (16) cyber-related risks, including information technology system failures, interruptions and security breaches; and (17) the potential impact of pandemics, epidemics, widespread illness or other health issues. Further, this presentation represents our current policy and intent and is not intended to create legal rights or obligations. Certain standards of measurement and performance contained in this presentation are developing and based on assumptions, and no assurance can be given that any plan, objective, initiative, projection, goal, mission, commitment, expectation or prospect set forth in this presentation can or will be achieved. Inclusion of information in this presentation is not an indication that the subject or information is material to our business or operating results.

Additional risks relating to the company's business, the industries in which the company operates, or the company's common shares may be described from time to time in the company's filings with the SEC. All of these risk factors are difficult to predict, are subject to material uncertainties that may affect actual results and may be beyond the company's control. Readers are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results and that the above list should not be considered to be a complete list. Except as required by the federal securities laws, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

**Non-GAAP financial measures**

Metallus reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP”) and corresponding metrics as non-GAAP financial measures. This presentation includes references to the following non-GAAP financial measures: adjusted earnings (loss) per share, adjusted net income (loss), EBIT, adjusted EBIT, EBITDA, adjusted EBITDA, free cash flow, base sales, and other adjusted items. These are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting these non-GAAP financial measures is useful to investors as these measures are representative of the company's performance and provide improved comparability of results.

See the Appendix for definitions of the non-GAAP financial measures referred to above and corresponding reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measures. Non-GAAP financial measures should be viewed as additions to, and not as alternatives for, Metallus' results prepared in accordance with GAAP. In addition, the non-GAAP measures Metallus uses may differ from non-GAAP measures used by other companies, and other companies may not define the non-GAAP measures Metallus uses in the same way.

# Metallus Today




- Founded in 1917 and established as a standalone public company in 2014
- Renamed Metallus Inc. (NYSE: MTUS) in February 2024 (formerly known as TimkenSteel Corporation)
- Provider of high-quality specialty metals, manufactured components and supply chain solutions
- Produces 100% of steel primarily from recycled scrap metal in electric arc furnace (“EAF”)
- Annual melt capacity of ~1.2M tons with ~0.9M tons ship capacity
- Reported net sales of $1.4B in 2023
- Wide size range of special bar quality (“SBQ”) steel products
- Largest domestic producer of seamless mechanical tube (“SMT”) products
- End market sectors served include industrial, automotive, aerospace & defense and energy with targeted growth in defense, electric vehicle and renewable applications
- Established 2030 environmental goals building on long-standing reputation as a sustainable steel supplier
- Approximately 1,840 employees with headquarters and steelmaking operations in Canton, Ohio, manufactured components locations in Eaton, Ohio and Columbus, North Carolina, and a distribution center in Mexico

# Metallus Investment Highlights

- **Experienced leadership team** successfully executing on business transformation to drive profitable growth
- Long-standing commitment to **operating safely and responsibly** to protect our employees, our communities and the environment
- Leveraging long-term, trusted partnerships with **industry leading customers** to drive growth
- Serving **diverse and demanding end market sectors** with a broad portfolio of **differentiated and specialized products and solutions**
- Use of **EAF technology** enables our greenhouse gas ("GHG") emissions to be consistently less than the industry average(1)



*(1) Global industry average GHG emissions data source: https://www.worldsteel.org/steel-by-topic/sustainability/sustainability-indicators.html. Global industry average includes all types of steel furnaces. Electric arc furnaces (EAFs) are widely acknowledged to be cleaner than blast furnaces and Metallus produces steel only using EAFs.*

# Experienced Leadership Team Executing Sustainable Growth Strategy



### MICHAEL WILLIAMS
**President and Chief Executive Officer**

- Manufacturing Optimization
- Sales & Marketing
- Business Development
- Acquisitions & Divestitures
- Business Transformation
- Strategic Planning
- Sustainability
- Information Technology



### KRISTOPHER WESTBROOKS
**EVP and Chief Financial Officer**

- Finance & Accounting
- Capital Markets
- Strategic Planning
- Business Transformation
- Acquisitions & Divestitures
- Information Technology



### KEVIN RAKETICH
**EVP and Chief Commercial Officer**

- Sales & Marketing
- Product Management
- Business Development
- Strategic Planning
- Manufacturing & Quality
- Acquisitions & Divestitures



### KRISTINE SYRVALIN
**EVP, General Counsel and Chief Human Resources Officer**

- SEC & Corporate Finance
- Corporate Governance
- Ethics & Compliance
- Sustainability
- Human Resources
- Compensation & Benefits
- Labor & Employment
- Acquisitions & Divestitures

### ANDREW BISSOT
**VP, Engineering, Manufacturing Excellence and Reliability**

- Operations Management
- Asset Management
- Procurement
- Strategic Asset Planning
- Capital Investments
- Manufacturing Excellence

### JAMES HERFORTH
**VP, Supply Chain**

- Supply Chain Planning
- Procurement
- Inventory Management
- Transportation & Logistics
- Operations Management
- Forecasting & Demand Planning
- Warehouse Management
- Manufacturing Optimization

### TIMOTHY LYNCH
**VP, Corporate Development**

- Acquisitions & Divestitures
- Manufacturing Optimization
- Sales & Marketing
- Business Development
- Business Transformation
- Strategic Planning

### CAROLEE VANICEK
**VP, Manufacturing**

- Operations Management
- Workplace Safety
- Quality Assurance & Improvement
- Product Management

# Significant Transformation Underway

## 2014-19

**Capital investment and volatility**

- **Invested over $350M** to support and grow higher-value product manufacturing capabilities
- Experienced significant **financial and operational volatility** as end market sectors contracted and expanded

## 2020-21

**Transformation begins through cost and cash discipline**

### Actions

- **New leadership team**
- **Indefinitely idled, closed and sold** underutilized and unprofitable assets
- **Restructured organization**, reducing headcount by 38%
- Improved **working capital management** process
- Enhanced **Commercial and Manufacturing** discipline
- Expanded **SW Ohio facility** to support growth

### Successful Outcomes

- Achieved **over $100M of cost reduction**
- Generated **$341M of free cash flow**(1)
- **Repaid all outstanding borrowings** on credit facility
- Finalized 4-year **USW labor agreement** (expires September 2025)

## 2022+

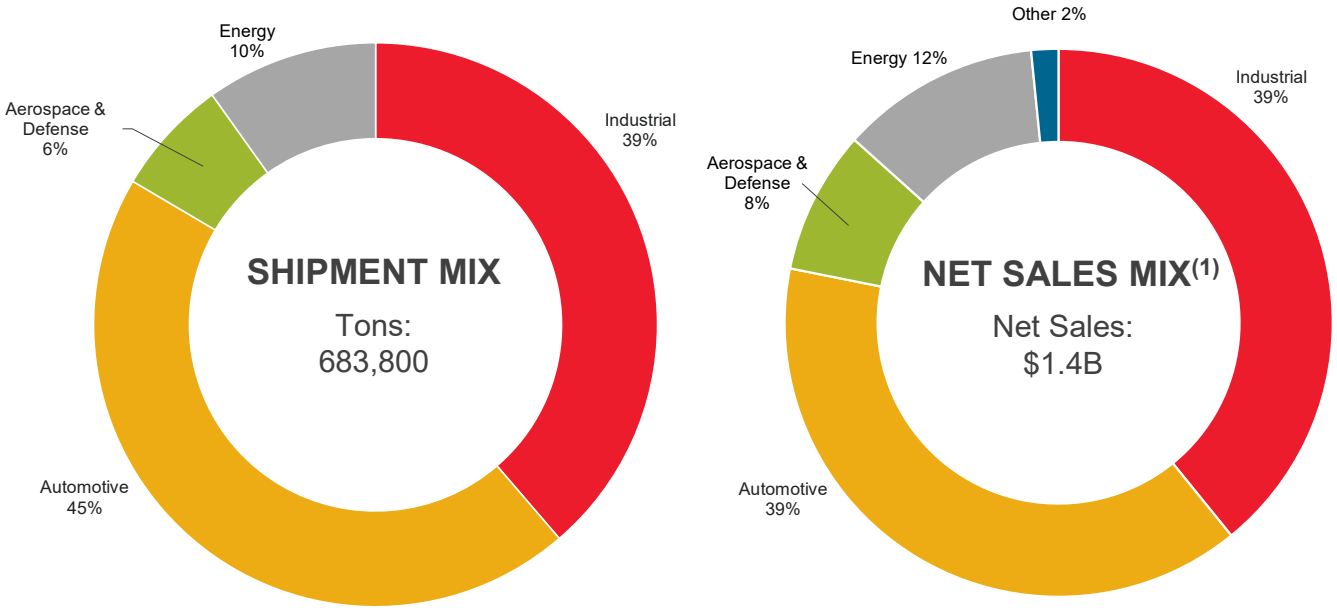
**Strategic direction and financial strength**

- **Deliver strategic imperatives** for sustainable through-cycle profitability with $80M of targeted run-rate profitability improvement
- Drive profitable **growth** with **balanced capital allocation**
- Achieve 2030 **environmental goals**

*(1) Free Cash Flow is defined as net cash provided (used) by operating activities less capital expenditures; see Appendix for a reconciliation of non-GAAP measures*

# Serving Diverse and Demanding End Market Sectors with Broad Product Portfolio

## 2023 END MARKET SECTOR MIX




*~25% of total shipments were sold via distribution channel*

## PRODUCT MIX

| SHIPMENTS(2) (in tons) | | NET SALES(3) (in $'s) |
|---|---|---|
| 78% | Engineered Bars (SBQ) | 67% |
| 11% | Seamless Mechanical Tubing (SMT) | 12% |
| 11% | Manufactured Components | 19% |

(1) Net sales mix includes "other" sales attributable to the company's scrap sales
(2) Shipment tons, by product type, as a percentage of 2023 shipments
(3) Net sales dollars, by product type, as a percentage of 2023 net sales; excludes 2% of "other" sales attributable to the company's scrap sales

# Financial Summary and Highlights

## Q4 2023 SUMMARY

- **Net sales** of $328.1M with **net income** of $1.3M and **adjusted EBITDA**(1) of $35.7M
- **Operating cash flow** of $74.1M, representing 19th consecutive quarter of positive operating cash flow
- Deployed $15.4M of cash for **capital expenditures** and $4.1M to **repurchase common shares**
- **Cash and cash equivalents** of $280.6M at end of 2023

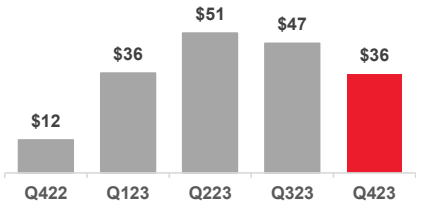
## FULL YEAR 2023 SUMMARY

- **Net sales** of $1.4B with **net income** of $69.4M and **adjusted EBITDA**(1) of $169.0M
- **Operating cash flow** of $125.3M
- Deployed $51.6M of cash for **capital expenditures** and $32.6M to **repurchase common shares**

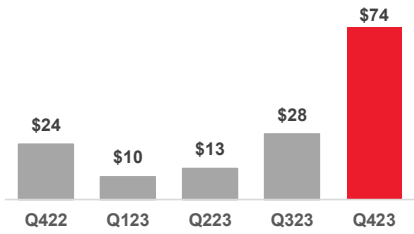
## OUTLOOK

- **Shipments** in first quarter of 2024 are expected to be slightly lower than the fourth quarter of 2023 with continued strength in aerospace & defense demand
- **Base prices** in 2024 are expected to be similar to average base price per ton for the full-year 2023, mix dependent, for ~65% of the order book with annual pricing
- **Adjusted EBITDA** in the first quarter of 2024 is expected to be slightly lower than the fourth quarter 2023
- **Capital expenditures** are expected to be approximately $60M in 2024

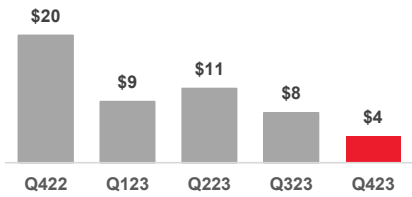
**ADJUSTED EBITDA ($M)(1)**



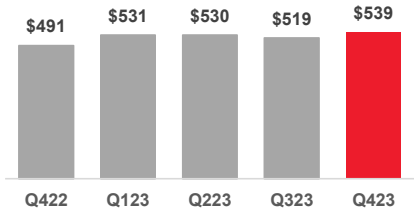

**OPERATING CASH FLOW ($M)**




**SHARE REPURCHASES ($M)**




**TOTAL LIQUIDITY ($M)(2)**




*(1) Adjusted EBITDA is defined as net income (loss) before interest (income) expense, net, income taxes, depreciation and amortization, presented on a non-GAAP basis excluding certain items; see Appendix for a reconciliation of non-GAAP measures*
*(2) Total Liquidity is defined as available borrowing capacity under credit facility plus cash and cash equivalents; see Appendix for supporting calculations*

# Long-Term, Trusted Partnerships with Industry Leading Customers








## OVERVIEW

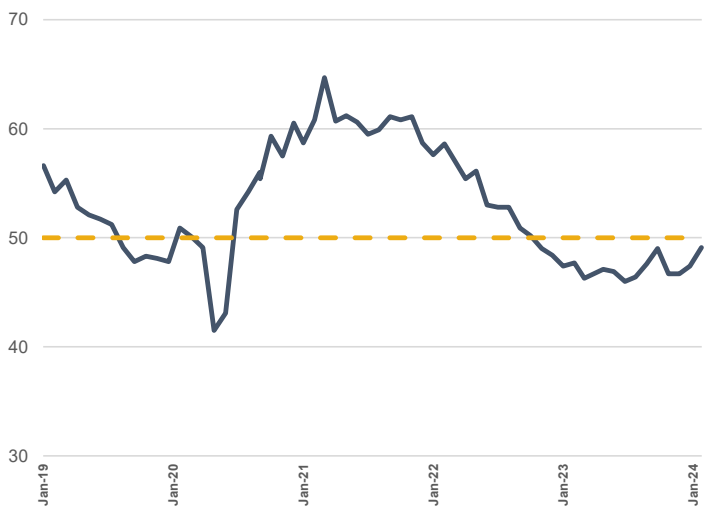
- Our specialized products and services are used in a wide range of demanding applications around the world
- Support approximately 350 diverse customers in automotive, oil and gas, industrial equipment, mining, construction, rail, aerospace & defense, heavy truck, agriculture and power generation
- Majority of customer relationships span more than 20 years
- Customer application examples include bearings, crankshafts, electric vehicle ring gears and pinion shafts, artillery shells, and energy drilling tools

## OPPORTUNITES

- Infrastructure spending, reshoring and supply chain de-risking
- Expansion of the U.S. industrial supply base for major Department of Defense programs
- Hybrid and electric vehicle (“EV”) demand combined with extended internal combustion engine (“ICE”) demand

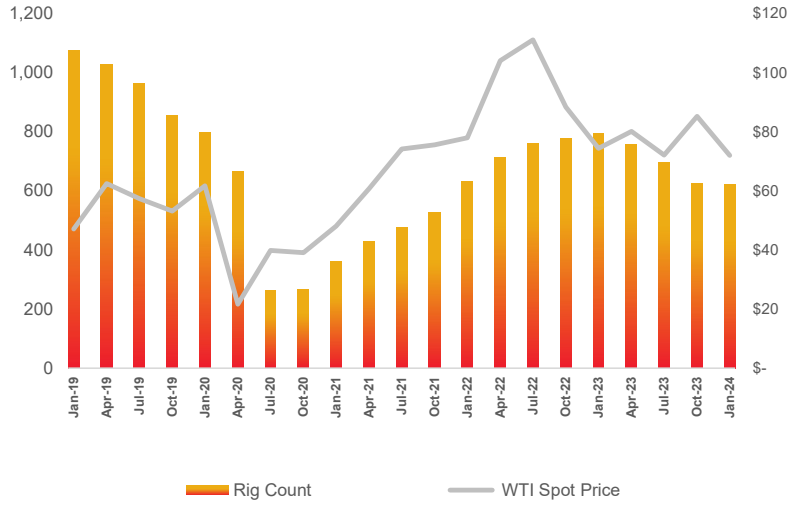
# Industrial and Energy Market Indicators

## PURCHASING MANAGERS INDEX (PMI)




*Source: Institute for Supply Management (ISM)*

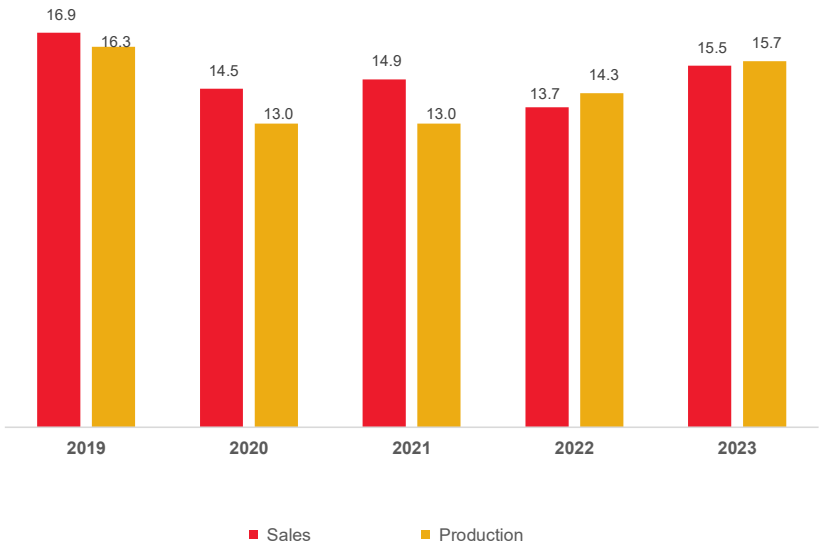
## U.S AVG. RIG COUNT & WEST TEXAS INTERMEDIATE (WTI) SPOT PRICE




*Source: Baker Hughes and U.S. Energy Information Administration (EIA)*

# Automotive Market Indicators

## N.A. LIGHT VEHICLE SAAR (M UNITS)



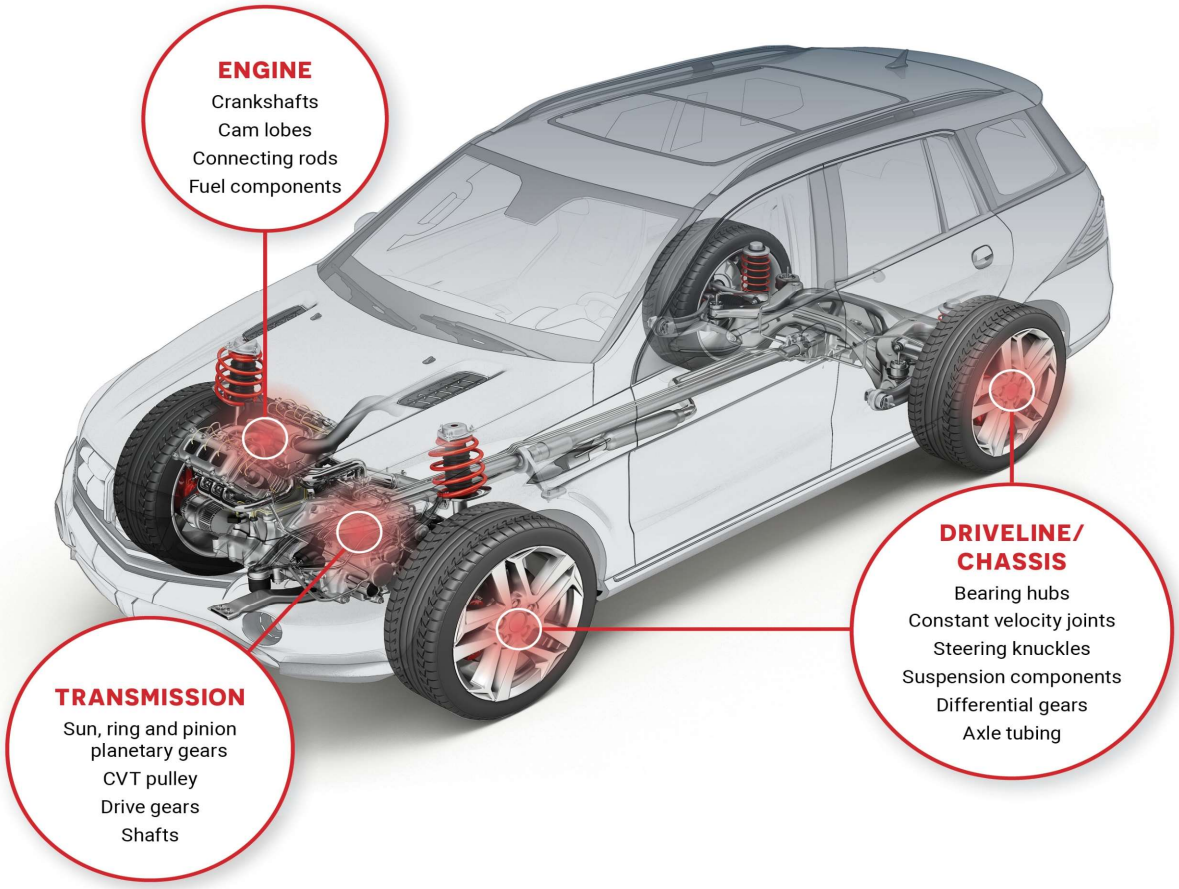

## N.A LIGHT VEHICLE INVENTORY (DAYS)



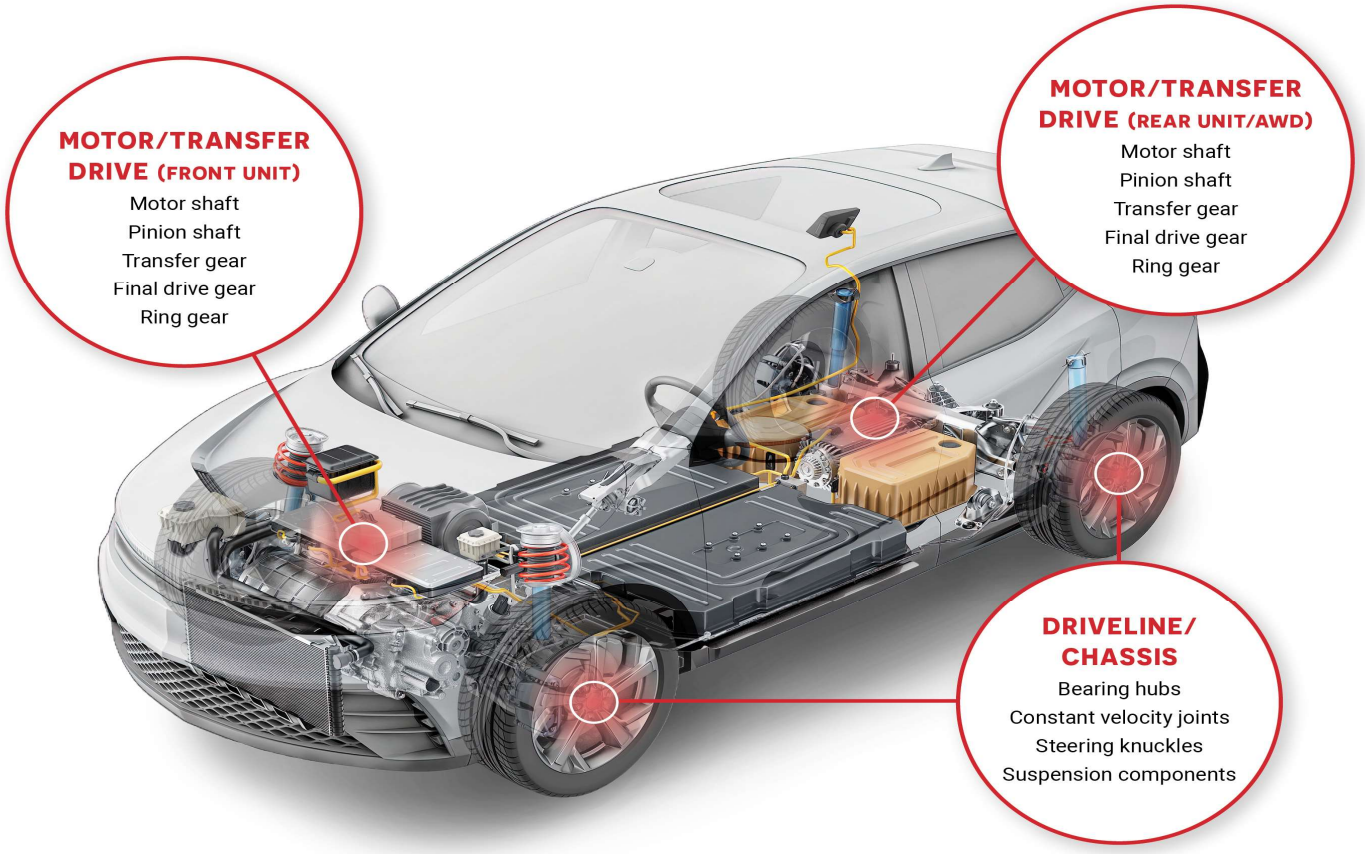

**AUTOMOTIVE DEMAND HAS REMAINED RESILIENT AND IS FORECASTED TO INCREASE IN 2024**

*Source: Wards' Intelligence and IHS Markit (S&P Global)*

# Metallus Applications in Internal Combustion Engine ("ICE") and Hybrid Vehicles



# Metallus Applications in Electric Vehicles



# Electric Vehicle (EV) and Hybrid Transformation

## EV Motor Rotor Shaft Process

2.5” Diameter SBQ

Forged Component

13” EV Motor Rotor Shaft



- Long-term manufactured component agreements secured for growing EV and hybrid portfolio
- EV portfolio consists of ~20 awarded component parts
- Actively quoting and exploring additional EV and hybrid manufactured component opportunities



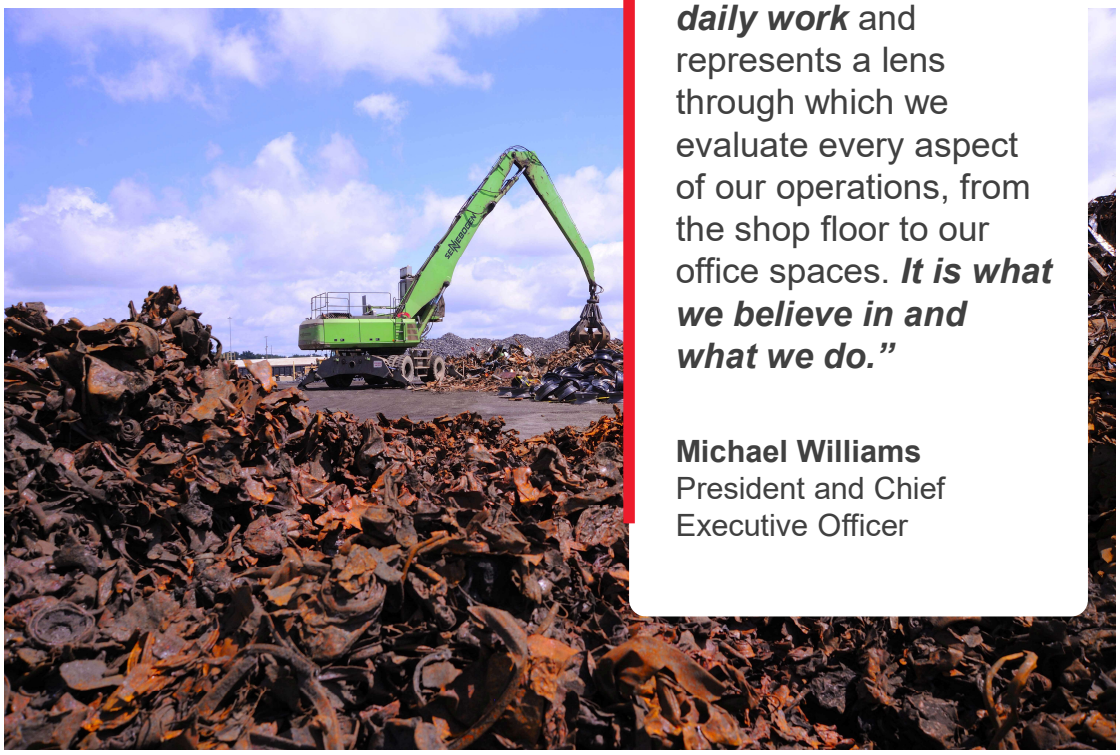
8” and 9” EV rings

**WELL-POSITIONED FOR EV / HYBRID TRANSITION WITH LONG-STANDING CUSTOMER RELATIONSHIPS AND HIGH-STRENGTH PRODUCTS**

# Our Ongoing Commitment to Sustainability

**"Advancing our commitment to sustainability" is a strategic imperative for the company, as demonstrated by…**

- **Increased transparency with Global Reporting Initiative (GRI) reporting**
- **Targeted capital allocation for continuous improvement**
- **Embedded focus on sustainability across the company**
- **Enhanced safety training and commitment to improving safety culture**
- **Evaluated environmental impact, including Scope 3 emissions**



***"Sustainability is embedded into our daily work*** and represents a lens through which we evaluate every aspect of our operations, from the shop floor to our office spaces. ***It is what we believe in and what we do."***

**Michael Williams**
President and Chief Executive Officer

# Sustainability Pillars and Focus Areas

## ENVIRONMENTAL STEWARDSHIP

- Climate action
- Waste and recycling
- Water conservation
- Product stewardship



## SOCIAL COMMITMENT

- Health and safety
- Employee engagement
- Diversity, equity and inclusion
- Community engagement



## GOVERNANCE AND ETHICS

- Corporate governance
- Business ethics and compliance
- Supply chain management
- Cybersecurity and data privacy



*Note: Based on the findings of our 2021 sustainability materiality assessment.*

# Environmental Stewardship Highlights

## OUR 2030 ENVIRONMENTAL GOALS
*(compared with a 2018 baseline)*

**40%** absolute reduction in combined Scope 1 and Scope 2 GHG emissions

**30%** absolute reduction in total energy consumption

**35%** absolute reduction in fresh water withdrawn

**10%** reduction in waste-to-landfill intensity

## PERFORMANCE AGAINST OUR GOALS (2018-2022)

**Goal:** 40% absolute reduction in combined Scope 1 and Scope 2 greenhouse gas emissions by 2030 from 2018 baseline

*Status: Met & Monitoring*

| Year | Year Scopes 1 and 2 GHG Emissions (tons/yr $CO_2eq$) | % Change YoY | % Change from Baseline (2018) |
|---|---|---|---|
| 2018 | 1,246,633 | N/A | N/A |
| 2019 | 869,015 | -30% | -30% |
| 2020 | 609,056 | -30% | -51% |
| 2021 | 750,260 | +23% | -40% |
| 2022 | 700,078 | -7% | -44% |

**Goal:** 35% absolute reduction in fresh water withdrawn by 2030 from 2018 baseline

*Status: Met & Monitoring*

| Year | Fresh Water Withdrawn (million gal) | % Change YoY | % Change from Baseline (2018) |
|---|---|---|---|
| 2018 | 1,750 | N/A | N/A |
| 2019 | 1,570 | -30% | -30% |
| 2020 | 1,460 | -30% | -51% |
| 2021 | 1,208 | +23% | -40% |
| 2022 | 935 | -23% | -46% |

**Goal:** 30% absolute reduction in total energy consumption (direct and indirect) by 2030 from 2018 baseline

*Status: Met & Monitoring*

| Year | Energy Consumption (GJ) | % Change YoY | % Change from Baseline (2018) |
|---|---|---|---|
| 2018 | 10,545,937 | N/A | N/A |
| 2019 | 7,564,176 | -28% | -28% |
| 2020 | 5,563,317 | -26% | -47% |
| 2021 | 6,985,043 | +26% | -34% |
| 2022 | 6,320,335 | -9.5% | -40% |

**Goal:** 10% reduction in Waste-to-Landfill (WTL) intensity by 2030 from 2018 baseline

*Status: Met & Monitoring*

| Year | Waste-to-Landfill Intensity (lb/ton steel) | % Change YoY | % Change from Baseline (2018) |
|---|---|---|---|
| 2018 | 8.35 | N/A | N/A |
| 2019 | 7.92 | -5% | -5% |
| 2020 | 7.19 | -9% | -14% |
| 2021 | 5.97 | -17% | -29% |
| 2022 | 6.89 | +15% | -17% |

# Social Commitment Highlights

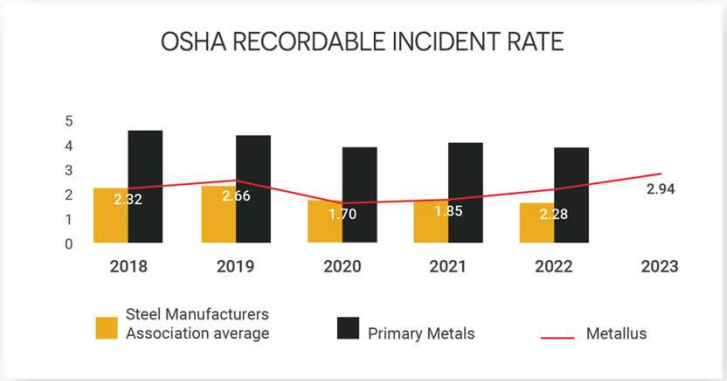
## ALIGNMENT OF ENVIRONMENTAL COMMITMENTS WITH OUR CORE VALUES

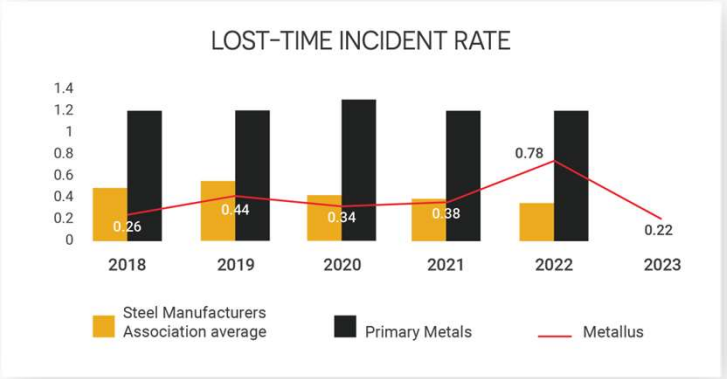
- Safety First
- Customer-Driven
- Best-in-Class Quality
- Innovative and Collaborative
- Ethical and Responsible

## PROMOTING DIVERSITY, EQUITY AND INCLUSION (DE&I) AT ALL LEVELS OF OUR ORGANIZATION

- 45% of our Board members identify as diverse in terms of gender, race or ethnicity
- 47% of our leaders, defined as senior managers and above, identify as diverse
- Long-standing member of the Ohio Diversity Council
- Internal Belonging and Inclusion Advisory council driving initiatives
- Approximately 13% of our workforce has served in the U.S. military, and we have been recognized by third parties as a veteran-friendly employer

## SAFETY PERFORMANCE





# Growth Strategy and Long-Term Outlook

# Successfully Executing on Our Sustainable Growth Strategy




- Targeting **$80M of run-rate profitability improvement** through commercial excellence, manufacturing and reliability excellence, and administrative cost reduction
- Maintain **working capital discipline** and further strengthen balance sheet

- Continue to grow diverse industrial portfolio to achieve **optimal end market mix**
- Employ long-term **balanced capital allocation philosophy**
- Progress to deliver on **2030 environmental goals**

# Strategic Imperatives Driving Innovation and Growth

Invest in reducing greenhouse gas emissions and intensity, and achieve published 2030 environmental goals

Continuously improve safety processes to maintain industry leading performance

Reduce time to service

Improve business process efficiency and effectiveness with the use of digital technologies

Separate, but coordinated, strategies for SBQ, SMT and Manufactured Components

Optimize mix and profitability through on-going portfolio review process




Invest in talent and leadership development at all levels throughout the organization

Align compensation, performance management and organization system consistent with vision and mission

Prioritize efforts to highest value activities

Improve cost competitiveness across all aspects of the organization and operations

# Long-Term Operational and Financial Targets

| | HISTORICAL AVERAGE[1] | THROUGH-CYCLE LONG-TERM TARGETS[2] | 2023 | 2022 |
|---|---|---|---|---|
| Melt utilization rate | 61% | Mid 80%'s | 70% | 63% |
| Adjusted EBITDA margin[3] | 8% | > 12% | 12.4% | 12.9% |
| Return on capital employed[4] | 11% | 15% to 17% | 18.5% | 19.1% |
| Capital expenditures | $28M | $30M to $40M | $51.6M | $27.1M |
| Net leverage[5] | 1.2x | < 1.0x | (1.6)x | (1.4)x |



*(1) Historical average calculated from 2017 through 2021; see Appendix for reconciliation of non-GAAP measures and supporting calculations.*
*(2) Through-cycle long-term (five-year) targets first published in Q1 2022*
*(3) Adjusted EBITDA Margin is adjusted EBITDA as a percentage of net sales; see Appendix for a reconciliation of non-GAAP measures*
*(4) Return on Capital Employed is defined as Adjusted EBITDA divided by average total assets minus average current liabilities; see Appendix for supporting calculations*
*(5) Net Leverage is defined as total debt minus cash, divided by Adjusted EBITDA; see Appendix for supporting calculations*

# Significant Profit Drivers to Deliver Long-Term Targets

**$30M**

## COMMERCIAL EXCELLENCE

- Portfolio optimization to improve product mix and margin
- Targeted growth applications and markets

**$30M**

## MANUFACTURING & RELIABILITY EXCELLENCE

- Manufacturing productivity and efficiency projects such as:
  - Automated grinding and finishing investment
  - Scrap yard relocation

**$20M**

## ADMINISTRATIVE PROCESS SIMPLIFICATION

- Information technology transformation in process
- Leverage shared services to drive efficiency and cost reduction

## MAINTAIN A STRONG BALANCE SHEET

- Total liquidity(1) of $539.4M as of December 31, 2023
- Pension annuitization actions ongoing
- Convertible note repurchases completed to reduce outstanding debt and potential future equity dilution

**$80M**

**Overall objective is to deliver sustainable through-cycle profitability, aided by $80M of targeted profitability improvement opportunities, while maintaining a strong balance sheet and operating cash flow.**

**To date through the end of 2023, the company has achieved ~75% of its total profitability improvement target.**

*(1) Total Liquidity is defined as available borrowings capacity under credit facility plus cash and cash equivalents; see Appendix for supporting calculations*

# Balanced Approach to Capital Allocation

## INVEST IN PROFITABLE GROWTH

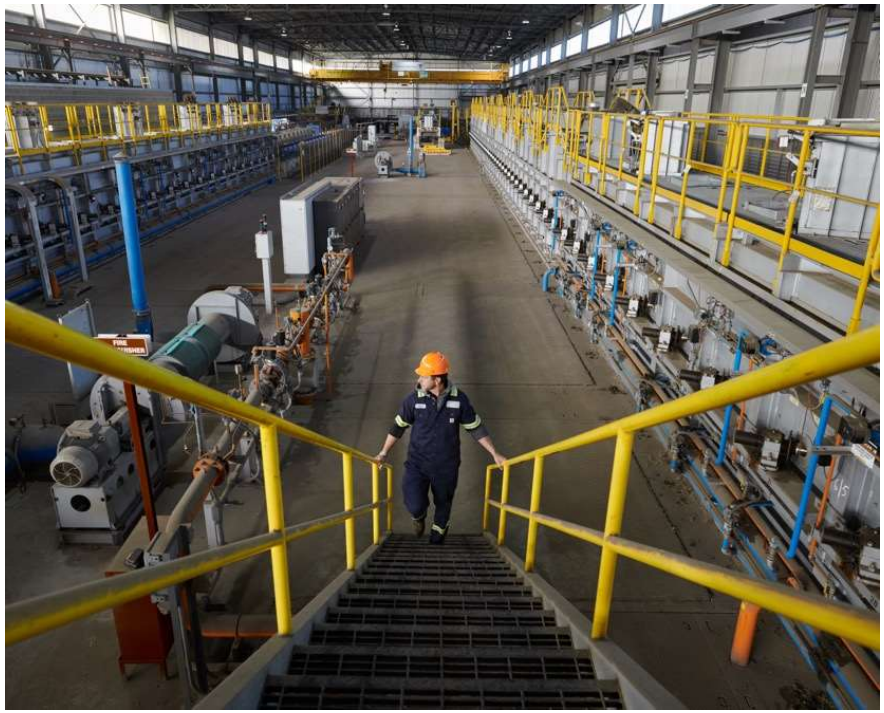
- Focused organic investments with returns in excess of cost of capital
- Invested $51.6M in 2023 and forecasting $60M of CapEx in 2024

## MAINTAIN A STRONG BALANCE SHEET

- Sound capital structure supported by $539.4M of total liquidity(1) as of December 31, 2023, no outstanding borrowings on asset-based revolving credit facility (“ABL”), and an ABL maturity date of September 2027
- Continue to maintain working capital discipline

## RETURN CAPITAL TO SHAREHOLDERS

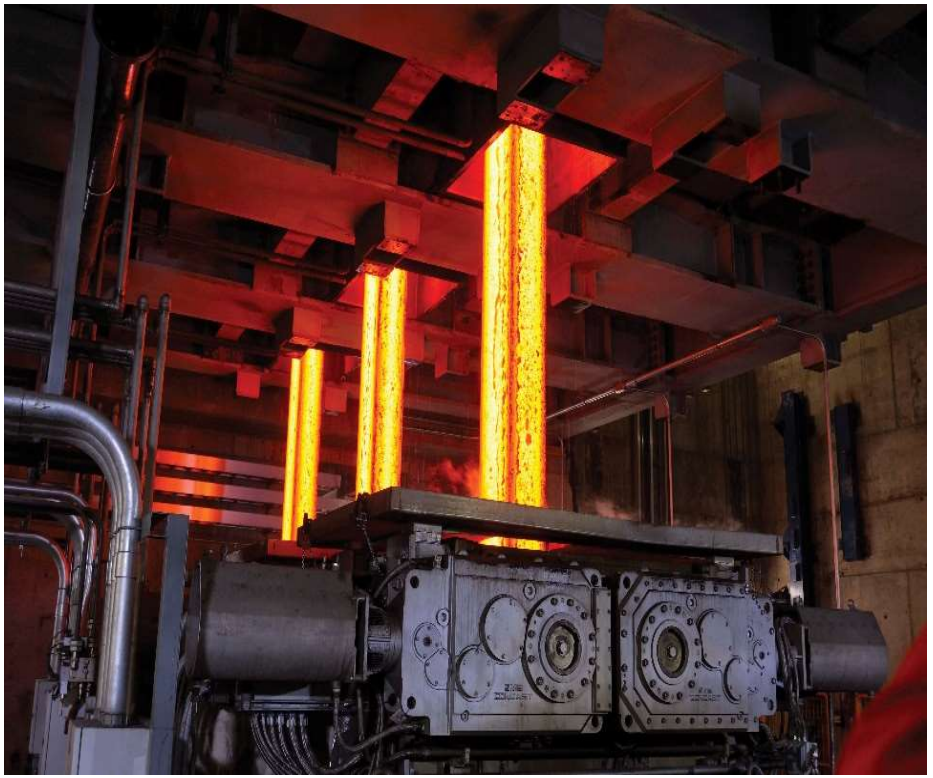
- Since early 2022, repurchased 4.7 million common shares at a total cost of $84.6 million ($17.85 per share on average); $40.4M remaining on the share repurchase program as of December 31, 2023
- Repurchased $32.7M convertible notes in 2022 and 2023
- Common share and convertible note repurchase activity above reduced diluted shares outstanding by 16.5%



*(1) Total Liquidity is defined as available borrowings capacity under credit facility plus cash and cash equivalents; see Appendix for supporting calculations*

# Metallus Investment Highlights

- **Experienced leadership team** successfully executing on business transformation to drive profitable growth
- Long-standing commitment to **operating safely and responsibly** to protect our employees, our communities and the environment
- Leveraging long-term, trusted partnerships with **industry leading customers** to drive growth
- Serving **diverse and demanding end market sectors** with a broad portfolio of **differentiated and specialized products and solutions**
- Use of **EAF technology** enables our greenhouse gas ("GHG") emissions to be consistently less than the industry average(1)



*(1) Global industry average GHG emissions data source: https://www.worldsteel.org/steel-by-topic/sustainability/sustainability-indicators.html. Global industry average includes all types of steel furnaces. Electric arc furnaces (EAFs) are widely acknowledged to be cleaner than blast furnaces and Metallus produces steel only using EAFs.*



# Appendix

# Metallus Uses EAF Technology For Its Steelmaking

**EAF process**

- Uses recycled steel scrap as primary raw material
- Uses electricity as main source of energy to melt scrap
- Produces substantially fewer emissions and consumes less energy than traditional blast furnace technology
- EAF allows for all types of steel to be created

**Blast furnace process**

- Uses iron ore as primary raw material and coal as the main source of energy
- Melts iron ore and coke to produce pig iron and then feeds into a converter to remove impurities
- Requires a significant investment in facility development and takes up a large footprint
- Emits ~2x amount of carbon dioxide to the environment compared with EAF process

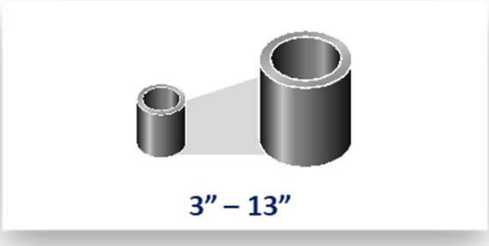


# Overview of Broad Product Offering

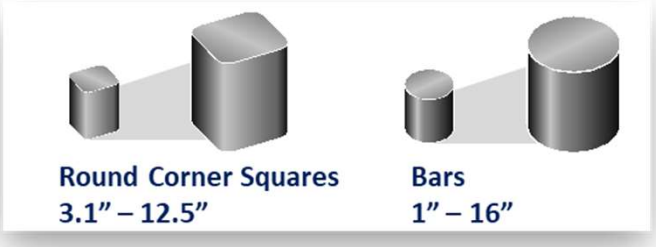
## BROAD COMMERCIAL POSITION

- Diversified customer mix
- 37-ton average order size
- Additional product offering forms including ingots, cast blooms, billets and manufactured components

## SEAMLESS MECHANICAL TUBES




## ENGINEERED BARS




## MANUFACTURED COMPONENTS OVERVIEW

| | |
|---|---|
| **Automotive** | ▪ Planetary gear preforms; blanks for shafts and hubs<br>▪ Awarded contracts for electric and hybrid vehicles<br>▪ Served through SW Ohio owned facility and supplier network |
| **Aerospace & Defense** | ▪ Military blanks and aerospace components<br>▪ Manufactured through North Carolina owned facility and supplier network |
| **Industrial** | ▪ Bearing and heavy equipment<br>▪ Manufactured through North Carolina owned facility and supplier network |
| **Energy** | ▪ Tubular products for drilling applications<br>▪ Manufactured through supplier network |





# Incentive Compensation Structure

| Award | Objective | Metrics | Employees | Time Period |
|---|---|---|---|---|
| **Annual Incentive** | • Execution of annual business priorities<br>• Variable cash compensation based on performance | • Adjusted EBITDA<br>• Adjusted Operating Cash Flow<br>• Safety | • All salaried | • 1 year |
| **Performance-Based Restricted Stock Units** | • Long-term shareholder value creation<br>• Alignment with strategic business priorities<br>• Reward for accomplishment of mid-term financial performance | • Relative total shareholder return vs. steel peer group | • Directors and above including Officers and CEO | • 3 years |
| **Time-Based Restricted Stock Units** | • Retention of top talent<br>• Build ownership<br>• Alignment with shareholders | • Share price | • Senior Managers and above including Officers and CEO | • 3 years |
| **Special Transformation Incentive Grant (December 2023)** | • Retention of key leadership<br>• Incentive to continue to implement the company's ongoing, multi-year business transformation and growth strategies | • Absolute stock price appreciation | • Certain key leaders and each Officer | • ~3 years |

**Compensation Philosophy**

- ☑ Recognizes people are our strongest asset
- ☑ Rewards results linked to short- and long-term performance (pay-for-performance)
- ☑ Positions pay affordably and competitively in the marketplace
- ☑ Drives a focus on increasing shareholder value

# Pension and OPEB Plans Overview

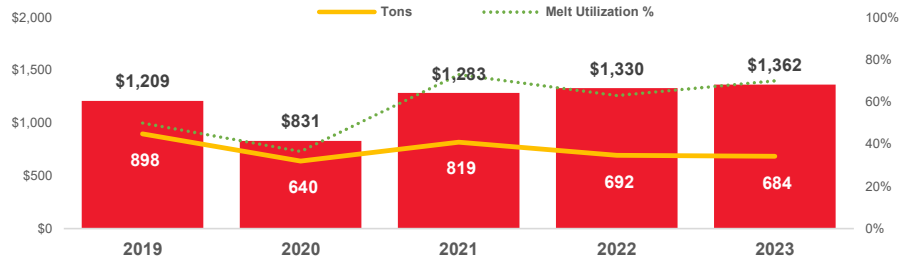
| | Plan status | Assets* | Liabilities* | % Funded | Number of participants** | Recent actions / current projects |
|---|---|---|---|---|---|---|
| U.S. bargaining plan | Closed, accruing | $335 | $491 | 68% | 2,261 | • Closed to new entrants effective 1/1/2022<br>• Lump sum option added effective 1/1/2022<br>• Completed $256M annuitization in July 2022<br>• Increased return seeking asset allocation in Q2 2023 |
| U.S. salaried plan | Closed, frozen | 130 | 124 | 105% | 1,301 | • Board approved plan termination effective 3/31/2022<br>• Annuitization in process with targeted completion in mid-2024 |
| U.S. Supplemental Executive Retirement Plan | Closed, frozen | 0 | 17 | 0% | 26 | • Accruals frozen effective 12/31/2020<br>• Liabilities funded with cash as required |
| UK pension scheme | Closed, no actives | 61 | 57 | 107% | 585 | • Required contributions of £1.5M per year planned in 2024-27<br>• Scheme wind-up targeted to begin in 2028 |
| **Total pension plans** | | **526** | **689** | **76%** | **4,173** | |
| U.S. other postemployment benefit plans (OPEB) | Closed, accruing | 54 | 85 | 64% | 4,136 | • Salaried Medicare-eligible retirees moved to third-party medical benefit exchange effective 1/1/2017<br>• Bargaining Medicare-eligible retirees who retired prior to 1/1/2018 moved to exchange effective 8/1/2019 |

**PROACTIVE PENSION MANAGEMENT HAS SIGNIFICANTLY DE-RISKED THE BALANCE SHEET AND WILL CONTINUE OVER NEXT SEVERAL YEARS**

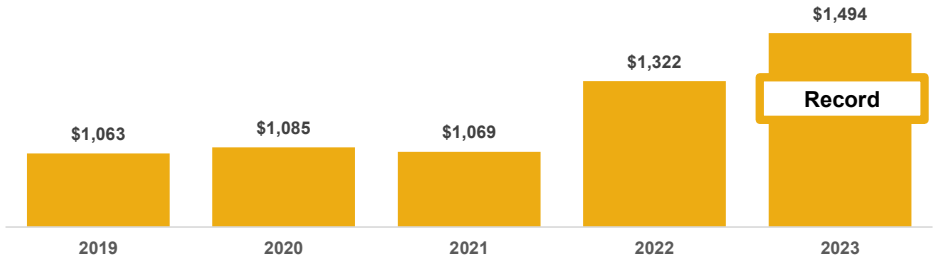
** Actual as of 12/31/2023 in $M*
*** Participant counts as of 10/1/2023*

# Historical Financial Performance

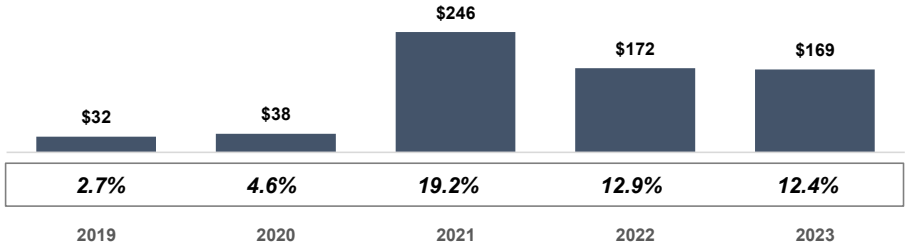
## NET SALES ($M) / SHIPPED TONS (K) / MELT UTILIZATION




## AVERAGE BASE SELLING PRICE ($/TON)(3)




## ADJUSTED EBITDA ($M)(1) AND MARGIN %(4)



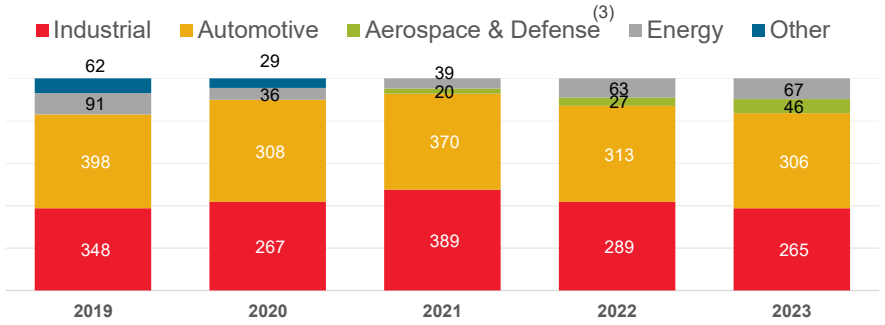

## FREE CASH FLOW ($M)(2)



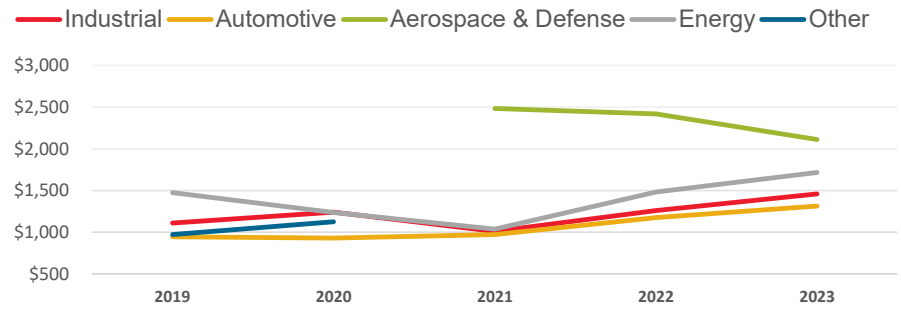

*(1) Adjusted EBITDA is defined as net income (loss) before interest (income) expense, net, income taxes, depreciation and amortization, presented on a non-GAAP basis excluding certain items; see Appendix for a reconciliation of non-GAAP measures*
*(2) Free Cash Flow is defined as net cash provided (used) by operating activities less capital expenditures; see Appendix for a reconciliation of non-GAAP measures*
*(3) Base Selling Price is defined as Net sales excluding surcharges; see the reconciliation of base sales to net sales in the Appendix*
*(4) Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net sales, see Appendix for a reconciliation of non-GAAP measures*

# Select Performance History by End Market Sector

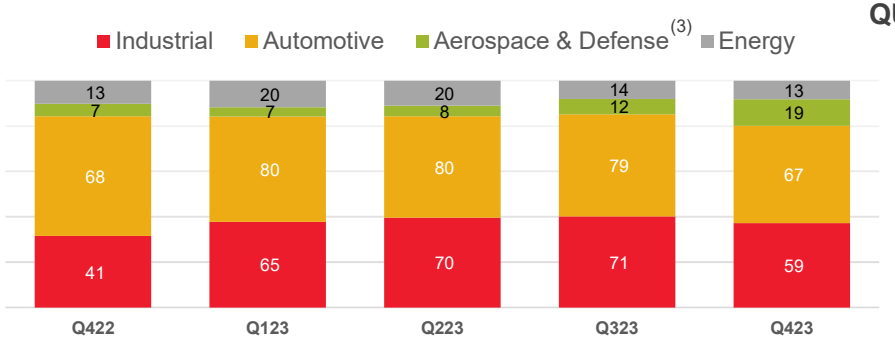
## SHIPMENTS BY END MARKET SECTOR (K TONS)

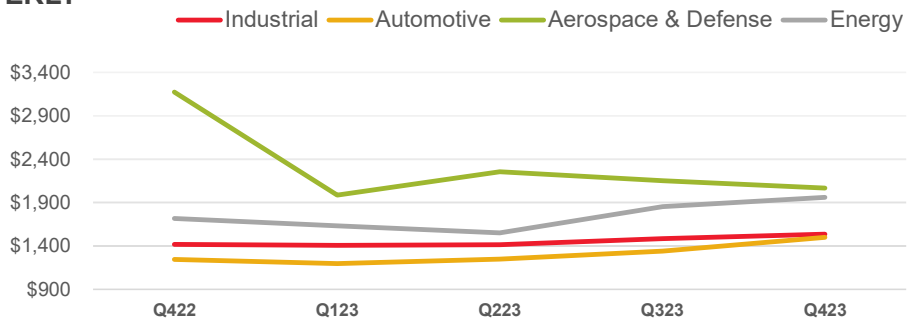



## AVERAGE BASE SALES BY END MARKET SECTOR ($ / TON)(1)(2)




## QUARTERLY




*(1) Base Sales is defined as Net sales excluding surcharges; see the reconciliation of base sales to net sales in the Appendix*
*(2) OCTG Billet business began in 2016 – represented in "Other"*
*(3) In the fourth quarter of 2023, the company split the Aerospace & Defense end-market out from the Industrial end-market. Historical data provided back to 2021.*

# Annual Reconciliation of Base Sales(1) to GAAP Net Sales

**The tables below present net sales by end-market sector, adjusted to exclude surcharges, which represents a financial measure that has not been determined in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We believe presenting net sales by end-market sector, both on a gross basis and on a per ton basis, adjusted to exclude raw material and natural gas surcharges, provides additional insight into key drivers of net sales such as base price and product mix. Due to the fact that the surcharge mechanism can introduce volatility to our net sales, net sales adjusted to exclude surcharges provides management and investors clarity of our core pricing and results. Presenting net sales by end-market sector, adjusted to exclude surcharges including on a per ton basis, allows management and investors to better analyze key market indicators and trends and allows for enhanced comparison between our end-market sectors.**

**When surcharges are included in a customer agreement and are applicable (i.e., reach the threshold amount), based on the terms outlined in the respective agreement, surcharges are then included as separate line items on a customer's invoice. These additional surcharge line items adjust base prices to match cost fluctuations due to market conditions. Each month, the company will post on the surcharges page of its external website, as well as our customer portal, the scrap, alloy, and natural gas surcharges that will be applied (as a separate line item) to invoices dated in the following month (based upon shipment volumes in the following month). All surcharges invoiced are included in GAAP net sales. For a full discussion regarding the base sales reconciliation shown below refer to the most recently filed 10-Q/10-K.**

## INDUSTRIAL

| $m | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Net Sales | $ 486.3 | $ 391.7 | $ 601.0 | $ 549.0 | $ 533.3 |
| Less: Surcharges | 99.9 | 61.1 | 208.0 | 185.4 | 147.2 |
| Base sales(1) | $ 386.4 | $ 330.6 | $ 393.0 | $ 363.6 | $ 386.1 |
| Ship tons (k) | 348.2 | 267.0 | 388.8 | 289.1 | 264.6 |
| Avg. base sales per ton | $ 1,110 | $ 1,238 | $ 1,012 | $ 1,258 | $ 1,459 |
| Avg. net sales per ton | $ 1,397 | $ 1,467 | $ 1,546 | $ 1,899 | $ 2,015 |

## AUTOMOTIVE

| $m | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Net Sales | $ 479.3 | $ 346.0 | $ 527.9 | $ 539.1 | $ 531.9 |
| Less: Surcharges | 104.1 | 59.3 | 167.7 | 171.6 | 129.4 |
| Base sales(1) | $ 375.2 | $ 286.7 | $ 360.2 | $ 367.5 | $ 402.5 |
| Ship tons (k) | 397.6 | 308.1 | 370.4 | 313.2 | 306.4 |
| Avg. base sales per ton | $ 944 | $ 931 | $ 972 | $ 1,173 | $ 1,314 |
| Avg. net sales per ton | $ 1,205 | $ 1,123 | $ 1,425 | $ 1,721 | $ 1,736 |

## AEROSPACE & DEFENSE(2)

| $m | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Net Sales | | | $ 60.2 | $ 79.7 | $ 115.0 |
| Less: Surcharges | | | 10.3 | 15.2 | 18.8 |
| Base sales(1) | | | $ 49.9 | $ 64.5 | $ 96.2 |
| Ship tons (k) | | | 20.1 | 26.7 | 45.6 |
| Avg. base sales per ton | | | $ 2,483 | $ 2,416 | $ 2,110 |
| Avg. net sales per ton | | | $ 2,995 | $ 2,985 | $ 2,522 |

## ENERGY

| $m | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Net Sales | $ 166.4 | $ 53.2 | $ 62.9 | $ 136.6 | $ 160.4 |
| Less: Surcharges | 32.8 | 8.4 | 22.1 | 43.1 | 44.9 |
| Base sales(1) | $ 133.6 | $ 44.8 | $ 40.8 | $ 93.5 | $ 115.5 |
| Ship tons (k) | 90.6 | 36.3 | 39.3 | 63.1 | 67.2 |
| Avg. base sales per ton | $ 1,475 | $ 1,234 | $ 1,038 | $ 1,482 | $ 1,718 |
| Avg. net sales per ton | $ 1,837 | $ 1,466 | $ 1,601 | $ 2,165 | $ 2,387 |

*(1) Base Sales is defined as net sales adjusted to exclude raw material surcharges*

*(2) In the fourth quarter of 2023, the company split the Aerospace & Defense end-market out from the Industrial end-market. Historical data provided back to 2021.*

*Net sales dollars excludes "other" sales primarily attributable to the company's scrap sales and OCTG Billet business (in 2019 & 2020) - $76.8m in 2019, $39.8m in 2020, $30.9m in 2021, $25.5m in 2022, and $21.8m in 2023*

*Figures in the table may not recalculate exactly as presented in the earnings release due to rounding*

# Annual Reconciliation of Base Sales(1) to GAAP Net Sales

**The table below presents net sales, adjusted to exclude surcharges, which represents a financial measure that has not been determined in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We believe presenting net sales, both on a gross basis and on a per ton basis, adjusted to exclude raw material and natural gas surcharges, provides additional insight into key drivers of net sales such as base price and product mix. Due to the fact that the surcharge mechanism can introduce volatility to our net sales, net sales adjusted to exclude surcharges provides management and investors clarity of our core pricing and results. Presenting net sales, adjusted to exclude surcharges including on a per ton basis, allows management and investors to better analyze key market indicators and trends.**

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| ANNUAL – CONSOLIDATED TOTAL | | | | | |
|---|---|---|---|---|---|
| $m | 2019 | 2020 | 2021 | 2022 | 2023 |
| Net Sales | $ 1,208.8 | $ 830.7 | $ 1,282.9 | $ 1,329.9 | $ 1,362.4 |
| Less: Surcharges | 253.5 | 136.0 | 408.1 | 415.3 | 340.3 |
| Base sales(1) | $ 955.3 | $ 694.7 | $ 874.8 | $ 914.6 | $ 1,022.1 |
| Ship tons (k) | 898.3 | 640.4 | 818.6 | 692.1 | 683.8 |
| Avg. base sales per ton | $ 1,063 | $ 1,085 | $ 1,069 | $ 1,322 | $ 1,494 |
| Avg. net sales per ton | $ 1,346 | $ 1,297 | $ 1,567 | $ 1,922 | $ 1,992 |

(1) *Base Sales is defined as net sales adjusted to exclude raw material surcharges*
*Figures in the table may not recalculate exactly as presented in the earnings release due to rounding*

# Quarterly Reconciliation of Base Sales(1) to GAAP Net Sales

**The tables below present net sales by end-market sector, adjusted to exclude surcharges, which represents a financial measure that has not been determined in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We believe presenting net sales by end-market sector, both on a gross basis and on a per ton basis, adjusted to exclude raw material and natural gas surcharges, provides additional insight into key drivers of net sales such as base price and product mix. Due to the fact that the surcharge mechanism can introduce volatility to our net sales, net sales adjusted to exclude surcharges provides management and investors clarity of our core pricing and results. Presenting net sales by end-market sector, adjusted to exclude surcharges including on a per ton basis, allows management and investors to better analyze key market indicators and trends and allows for enhanced comparison between our end-market sectors.**

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## INDUSTRIAL

| | Q4 | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|---|
| $m | 2022 | 2023 | 2023 | 2023 | 2023 |
| Net Sales | $ 74.6 | $ 126.3 | $ 146.0 | $ 143.0 | $ 118.0 |
| Less: Surcharges | 17.2 | 34.5 | 46.7 | 38.3 | 27.7 |
| Base sales(1) | $ 57.4 | $ 91.8 | $ 99.3 | $ 104.7 | $ 90.3 |
| Ship tons (k) | 40.5 | 65.2 | 70.2 | 70.5 | 58.7 |
| Avg. base sales per ton | $ 1,417 | $ 1,408 | $ 1,415 | $ 1,485 | $ 1,537 |
| Avg. net sales per ton | $ 1,842 | $ 1,937 | $ 2,080 | $ 2,028 | $ 2,009 |

## AUTOMOTIVE

| | Q4 | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|---|
| $m | 2022 | 2023 | 2023 | 2023 | 2023 |
| Net Sales | $ 112.1 | $ 127.8 | $ 136.9 | $ 140.1 | $ 127.1 |
| Less: Surcharges | 27.8 | 31.7 | 37.6 | 34.1 | 26.0 |
| Base sales(1) | $ 84.3 | $ 96.1 | $ 99.3 | $ 106.0 | $ 101.1 |
| Ship tons (k) | 67.7 | 80.4 | 79.5 | 79.1 | 67.4 |
| Avg. base sales per ton | $ 1,245 | $ 1,196 | $ 1,250 | $ 1,340 | $ 1,499 |
| Avg. net sales per ton | $ 1,656 | $ 1,590 | $ 1,722 | $ 1,771 | $ 1,886 |

## AEROSPACE & DEFENSE(2)

| | Q4 | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|---|
| $m | 2022 | 2023 | 2023 | 2023 | 2023 |
| Net Sales | $ 24.9 | $ 17.4 | $ 22.8 | $ 30.7 | $ 44.1 |
| Less: Surcharges | 2.7 | 3.5 | 4.3 | 5.1 | 5.9 |
| Base sales(1) | $ 22.2 | $ 13.9 | $ 18.5 | $ 25.6 | $ 38.2 |
| Ship tons (k) | 7.0 | 7.0 | 8.2 | 11.9 | 18.5 |
| Avg. base sales per ton | $ 3,171 | $ 1,986 | $ 2,256 | $ 2,152 | $ 2,065 |
| Avg. net sales per ton | $ 3,557 | $ 2,486 | $ 2,780 | $ 2,580 | $ 2,384 |

## ENERGY

| | Q4 | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|---|
| $m | 2022 | 2023 | 2023 | 2023 | 2023 |
| Net Sales | $ 29.3 | $ 46.2 | $ 45.9 | $ 35.6 | $ 32.7 |
| Less: Surcharges | 6.8 | 13.1 | 15.5 | 9.1 | 7.2 |
| Base sales(1) | $ 22.5 | $ 33.1 | $ 30.4 | $ 26.5 | $ 25.5 |
| Ship tons (k) | 13.1 | 20.3 | 19.6 | 14.3 | 13.0 |
| Avg. base sales per ton | $ 1,718 | $ 1,631 | $ 1,550 | $ 1,854 | $ 1,961 |
| Avg. net sales per ton | $ 2,237 | $ 2,276 | $ 2,342 | $ 2,490 | $ 2,515 |

*(1) Base Sales is defined as net sales adjusted to exclude raw material surcharges*

*(2) In the fourth quarter of 2023, the company split the Aerospace & Defense end-market out from the Industrial end-market.*

*Net sales dollars excludes "other" sales primarily attributable to the company's scrap sales - $4.5m in Q4 2022, $5.8m in Q1 2023, $5.0m in Q2 2023, $4.8m in Q3 2023, and $6.2m in Q4 2023*

*Figures in the table may not recalculate exactly as presented in the earnings release due to rounding*

# Quarterly Reconciliation of Base Sales(1) to GAAP Net Sales

**The table below presents net sales, adjusted to exclude surcharges, which represents a financial measure that has not been determined in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We believe presenting net sales, both on a gross basis and on a per ton basis, adjusted to exclude raw material and natural gas surcharges, provides additional insight into key drivers of net sales such as base price and product mix. Due to the fact that the surcharge mechanism can introduce volatility to our net sales, net sales adjusted to exclude surcharges provides management and investors clarity of our core pricing and results. Presenting net sales, adjusted to exclude surcharges including on a per ton basis, allows management and investors to better analyze key market indicators and trends.**

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| QUARTERLY – CONSOLIDATED TOTAL | | | | | |
|---|---|---|---|---|---|
| | Q4 | Q1 | Q2 | Q3 | Q4 |
| $m | 2022 | 2023 | 2023 | 2023 | 2023 |
| Net Sales | $ 245.4 | $ 323.5 | $ 356.6 | $ 354.2 | $ 328.1 |
| Less: Surcharges | 54.5 | 82.8 | 104.1 | 86.6 | 66.8 |
| Base sales(1) | $ 190.9 | $ 240.7 | $ 252.5 | $ 267.6 | $ 261.3 |
| Ship tons (k) | 128.3 | 172.9 | 177.5 | 175.8 | 157.6 |
| Avg. base sales per ton | $ 1,488 | $ 1,392 | $ 1,423 | $ 1,522 | $ 1,658 |
| Avg. net sales per ton | $ 1,913 | $ 1,871 | $ 2,009 | $ 2,015 | $ 2,082 |

(1) *Base Sales is defined as net sales adjusted to exclude raw material surcharges*
*Figures in the table may not recalculate exactly as presented in the earnings release due to rounding*

# Reconciliation of Earnings (Loss) Before Interest and Taxes (EBIT)[2], Adjusted EBIT[4], Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[3] and Adjusted EBITDA[5] to GAAP Net Income (Loss)

**This reconciliation is provided as additional relevant information about the company's performance. EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA is useful to investors as these measures are representative of the company's performance. Management also believes that it is appropriate to compare GAAP net income (loss) to EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA.**

| $M | ANNUAL – CONSOLIDATED TOTAL | | | | |
|---|---|---|---|---|---|
| **(Unaudited)** | **2019** | **2020** | **2021** | **2022** | **2023** |
| **Net income (loss)** | **$ (110.0)** | **$ (61.9)** | **$ 171.0** | **$ 65.1** | **$ 69.4** |
| Net Income Margin[1] | **(9.1%)** | **(7.5%)** | **13.3%** | **4.9%** | **5.1%** |
| Provision (benefit) for income taxes | **(16.1)** | **1.2** | **5.7** | **32.0** | **27.0** |
| Interest (income) expense, net | **15.7** | **12.2** | **5.9** | **0.6** | **(7.1)** |
| **Earnings (loss) Before Interest and Taxes (EBIT)[2]** | **$ (110.4)** | **$ (48.5)** | **$ 182.6** | **$ 97.7** | **$ 89.3** |
| EBIT margin[2] | **(9.1%)** | **(5.8%)** | **14.2%** | **7.3%** | **6.6%** |
| Depreciation and amortization | **73.5** | **70.0** | **63.1** | **58.3** | **56.9** |
| **Earnings (loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[3]** | **$ (36.9)** | **$ 21.5** | **$ 245.7** | **$ 156.0** | **$ 146.2** |
| EBITDA margin[3] | **(3.1%)** | **2.6%** | **19.2%** | **11.7%** | **10.7%** |
| Executive severance and transition costs | **5.6** | | **0.5** | | |
| Impairment charges and loss on sale or disposal of assets | **8.9** | | | | |
| Loss on sale of scrap processing facility | | **0.1** | | | |
| (Gain) loss on sale of TMS assets | | **(3.6)** | **(0.1)** | | |
| Restructuring charges | **8.9** | **3.2** | **6.7** | **0.8** | |
| Accelerated depreciation and amortization (EBIT only) | **2.8** | **3.4** | **1.5** | | **0.7** |
| (Gain) loss from remeasurement of benefit plans, net | **40.6** | **14.7** | **(20.1)** | **(35.4)** | **40.6** |
| Write-down of supplies inventory | | | **2.1** | | |
| Loss on extinguishment of debt | | **0.9** | | **43.1** | **11.4** |
| Employee retention credit | | **(2.3)** | | | |
| Facility phase down: Inventory write-down | **4.8** | | | | |
| Faircrest plant asset disposal, net of recovery | | **(0.1)** | | | |
| Insurance recoveries[9] | | | | | **(31.3)** |
| Business transformation costs[6] | **0.5** | **1.0** | **2.0** | **1.6** | **0.7** |
| IT transformation costs[7] | | | | **4.2** | **4.3** |
| Sales and use tax refund | | | **(2.5)** | | **(1.4)** |
| TMS inventory write-down | | **3.1** | | | |
| Harrison melt impairment charges | | | **7.9** | | |
| TMS impairment charges | | | **0.3** | | |
| Loss on sale of consolidation subsidiary | | | **1.1** | | |
| Customer program early termination | | | **1.4** | | |
| Rebranding costs[8] | | | | | **1.0** |
| (Gain) loss on sale or disposal of assets, net | | | **0.9** | **1.9** | **(2.5)** |
| Gain on sale of non-core property | | **(0.5)** | | | |
| **Adjusted EBIT[4]** | **$ (38.3)** | **$ (28.6)** | **$ 184.3** | **$ 113.9** | **$ 112.8** |
| Adjusted EBIT margin[4] | **(3.2%)** | **(3.4%)** | **14.4%** | **8.6%** | **8.3%** |
| **Adjusted EBITDA[5]** | **$ 32.4** | **$ 38.0** | **$ 245.9** | **$ 172.2** | **$ 169.0** |
| Adjusted EBITDA margin[5] | **2.7%** | **4.6%** | **19.2%** | **12.9%** | **12.4%** |

*(1) Net Income Margin is defined as net income (loss) as a percentage of net sales*
*(2) EBIT is defined as net income (loss) before interest (income) expense, net and income taxes. EBIT Margin is EBIT as a percentage of net sales*
*(3) EBITDA is defined as net income (loss) before interest (income) expense, net, income taxes, depreciation and amortization. EBITDA Margin is EBITDA as a percentage of net sales*
*(4) Adjusted EBIT is defined as EBIT excluding, as applicable, adjustments listed in the table above. Adjusted EBIT Margin is Adjusted EBIT as a percentage of net sales*
*(5) Adjusted EBITDA is defined as EBITDA excluding, as applicable, adjustments listed in the table above. Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net sales*
*(6) Business transformation costs consist primarily of professional service fees associated with strategic initiatives and organizational changes*
*(7) IT transformation costs are primarily related to professional service fees not eligible for capitalization that are associated specifically with an information technology application simplification and modernization project*
*(8) Rebranding costs consist primarily of professional service fees associated with the company's name change to Metallus Inc, announced during the first quarter of 2024*
*(9) During the second half of 2022, the Faircrest melt shop experienced unplanned operational downtime. Metallus recognized an insurance recovery of $31.3 million related to the unplanned downtime in 2023, of which $11.3 million was received during 2023 and $20.0 million was received in the first quarter of 2024.*

# Reconciliation of Earnings (Loss) Before Interest and Taxes (EBIT)[2], Adjusted EBIT[4], Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[3] and Adjusted EBITDA[5] to GAAP Net Income (Loss)

**This reconciliation is provided as additional relevant information about the company's performance. EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA is useful to investors as these measures are representative of the company's performance. Management also believes that it is appropriate to compare GAAP net income (loss) to EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA.**

| $M | QUARTERLY – CONSOLIDATED TOTAL | | | | |
|---|---|---|---|---|---|
| (Unaudited) | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
| **Net income (loss)** | $ (33.2) | $ 14.4 | $ 28.9 | $ 24.8 | $ 1.3 |
| Net Income Margin[1] | (13.5%) | 4.5% | 8.1% | 7.0% | 0.4% |
| Provision (benefit) for income taxes | 28.9 | 3.8 | 11.0 | 9.8 | 2.4 |
| Interest (income) expense, net | (1.0) | (1.5) | (1.7) | (1.8) | (2.1) |
| **Earnings (loss) Before Interest and Taxes (EBIT)[2]** | $ (5.3) | $ 16.7 | $ 38.2 | $ 32.8 | $ 1.6 |
| EBIT margin[2] | (2.2%) | 5.2% | 10.7% | 9.3% | 0.5% |
| Depreciation and amortization | 14.6 | 14.5 | 14.3 | 14.0 | 14.1 |
| **Earnings (loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[3]** | $ 9.3 | $ 31.2 | $ 52.5 | $ 46.8 | $ 15.7 |
| EBITDA margin[3] | 3.8% | 9.6% | 14.7% | 13.2% | 4.8% |
| Accelerated depreciation and amortization (EBIT only) | | 0.3 | 0.3 | 0.1 | |
| (Gain) loss from remeasurement of benefit plans, net | 1.8 | 2.2 | 0.5 | (1.0) | 38.8 |
| Loss on extinguishment of debt | | 11.4 | | | |
| Insurance recoveries [9] | | (9.8) | (1.5) | | (20.0) |
| Business transformation costs[6] | 0.1 | 0.1 | 0.3 | 0.3 | 0.6 |
| IT transformation costs[7] | 1.3 | 0.8 | 1.3 | 1.0 | 1.2 |
| Sales and use tax refund | | | | | (1.4) |
| Rebranding costs [8] | | | | | 0.5 |
| (Gain) loss on sale or disposal of assets, net | (0.6) | 0.1 | (2.6) | (0.3) | 0.3 |
| **Adjusted EBIT[4]** | $ (2.7) | $ 21.8 | $ 36.5 | $ 32.9 | $ 21.6 |
| Adjusted EBIT margin[4] | (1.1%) | 6.7% | 10.2% | 9.3% | 6.6% |
| **Adjusted EBITDA[5]** | $ 11.9 | $ 36.0 | $ 50.5 | $ 46.8 | $ 35.7 |
| Adjusted EBITDA margin[5] | 4.8% | 11.1% | 14.2% | 13.2% | 10.9% |

*(1) Net Income Margin is defined as net income (loss) as a percentage of net sales*
*(2) EBIT is defined as net income (loss) before interest (income) expense, net and income taxes. EBIT Margin is EBIT as a percentage of net sales*
*(3) EBITDA is defined as net income (loss) before interest (income) expense, net, income taxes, depreciation and amortization. EBITDA Margin is EBITDA as a percentage of net sales*
*(4) Adjusted EBIT is defined as EBIT excluding, as applicable, adjustments listed in the table above. Adjusted EBIT Margin is Adjusted EBIT as a percentage of net sales*
*(5) Adjusted EBITDA is defined as EBITDA excluding, as applicable, adjustments listed in the table above. Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net sales*
*(6) Business transformation costs consist primarily of professional service fees associated with strategic initiatives and organizational changes*
*(7) IT transformation costs are primarily related to professional service fees not eligible for capitalization that are associated specifically with an information technology application simplification and modernization project*
*(8) ) Rebranding costs consist primarily of professional service fees associated with the company's name change to Metallus Inc, announced during the first quarter of 2024*
*(9) During the second half of 2022, the Faircrest melt shop experienced unplanned operational downtime. Metallus recognized an insurance recovery of $31.3 million related to the unplanned downtime in 2023, of which $11.3 million was received during 2023 and $20.0 million was received in the first quarter of 2024.*

# Reconciliation of Free Cash Flow[1] to GAAP Net Cash Provided (Used) by Operating Activities

**This reconciliation is provided as additional relevant information about the company's financial position. Free cash flow is an important financial measure used in the management of the business. Management believes that free cash flow is useful to investors because it is a meaningful indicator of cash generated from operating activities available for the execution of its business strategy.**

| $M | QUARTERLY – CONSOLIDATED TOTAL | | | | |
|---|---|---|---|---|---|
| (Unaudited) | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
| **Net Cash Provided (Used) by Operating Activities** | $ 23.7 | $ 9.8 | $ 13.3 | $ 28.1 | $ 74.1 |
| Less: Capital expenditures | (11.4) | (10.6) | (8.1) | (17.5) | (15.4) |
| **Free Cash Flow[1]** | $ 12.3 | $ (0.8) | $ 5.2 | $ 10.6 | $ 58.7 |

| $M | ANNUAL – CONSOLIDATED TOTAL | | | | |
|---|---|---|---|---|---|
| (Unaudited) | 2019 | 2020 | 2021 | 2022 | 2023 |
| **Net Cash Provided (Used) by Operating Activities** | $ 70.3 | $ 173.5 | $ 196.9 | $ 134.5 | $ 125.3 |
| Less: Capital expenditures | (38.0) | (16.9) | (12.2) | (27.1) | (51.6) |
| **Free Cash Flow[1]** | $ 32.3 | $ 156.6 | $ 184.7 | $ 107.4 | $ 73.7 |

*(1) Free Cash Flow is defined as net cash provided (used) by operating activities less capital expenditures*

# Calculation of Total Liquidity[1]

**This calculation is provided as additional relevant information about the company's financial position.**

| $M | QUARTERLY – CONSOLIDATED TOTAL | | | | |
|---|---|---|---|---|---|
| | Q4 | Q1 | Q2 | Q3 | Q4 |
| **(Unaudited)** | 2022 | 2023 | 2023 | 2023 | 2023 |
| Cash and cash equivalents | $ 257.2 | $ 227.4 | $ 221.9 | $ 225.4 | $ 280.6 |
| **Credit Agreement:** | | | | | |
| Maximum availability | $ 400.0 | $ 400.0 | $ 400.0 | $ 400.0 | $ 400.0 |
| Suppressed availability[2] | (161.2) | (91.4) | (86.7) | (100.9) | (135.8) |
| Availability | 238.8 | 308.6 | 313.3 | 299.1 | 264.2 |
| Credit facility amount borrowed | - | - | - | - | - |
| Letter of credit obligations | (5.3) | (5.3) | (5.3) | (5.4) | (5.4) |
| Availability not borrowed | $ 233.5 | $ 303.3 | $ 308.0 | $ 293.7 | $ 258.8 |
| **Total Liquidity[1]** | $ 490.7 | $ 530.7 | $ 529.9 | $ 519.1 | $ 539.4 |

*(1) Total Liquidity is defined as available borrowing capacity plus cash and cash equivalents*
*(2) As of each respective period above, Metallus had less than $400 million in collateral assets to borrow against*

# Calculation of Average Capital Expenditures and Average Melt Utilization

**This calculation is provided as additional relevant information about the company's financial position.**

| $M | ANNUAL – CONSOLIDATED TOTAL | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 | Historical Average[1] | 2022 | 2023 |
| Capital Expenditures | $ 33.0 | $ 40.0 | $ 38.0 | $ 16.9 | $ 12.2 | $ 28.0 | $ 27.1 | $ 51.6 |

| | ANNUAL – CONSOLIDATED TOTAL | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 | Historical Average[1] | 2022 | 2023 |
| Melt Utilization[2] | 73% | 74% | 50% | 37% | 73% | 61% | 63% | 70% |

*(1) Historical average calculated from 2017 through 2021*
*(2) Melt Utilization is actual melt divided by total melt capacity, see historical information published on our website for additional details*

# Calculation of Average Net Leverage[1]

**This calculation is provided as additional relevant information about the company's financial position.**

| $M | ANNUAL – CONSOLIDATED TOTAL | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 | Historical Average[2] | 2022 | 2023 |
| Total Debt[4] | $ 165.3 | $ 189.1 | $ 168.6 | $ 78.2 | $ 44.9 | $ 129.2 | $ 20.4 | $ 13.2 |
| Less: Cash and Cash Equivalents | 24.5 | 21.6 | 27.1 | 102.8 | 259.6 | 87.1 | 257.2 | 280.6 |
| Net Debt | $ 140.8 | $ 167.5 | $ 141.5 | $ (24.6) | $ (214.7) | $ 42.1 | $ (236.8) | $ (267.4) |
| Adjusted EBITDA[3] | $ 82.4 | $ 128.0 | $ 32.4 | $ 38.0 | $ 245.9 | $ 105.3 | $ 172.2 | $ 169.0 |
| Net Leverage[1] | 1.7x | 1.3x | 4.4x | (0.6x) | (0.9x) | 1.2x | (1.4x) | (1.6x) |

*(1) Net Leverage is defined as total debt minus cash, divided by Adjusted EBITDA*
*(2) Historical average calculated from 2017 through 2021*
*(3) Adjusted EBITDA is defined as net income (loss) before interest (income) expense, net, income taxes, depreciation and amortization, presented on a non-GAAP basis excluding certain items; see Appendix for a reconciliation of non-GAAP measures*
*(4) Total Debt is defined as the accumulated balances of current convertible notes, net, non-current convertible notes, net, and the outstanding debt balance on the credit agreement*

# Calculation of Average Return on Capital Employed(1)

**This calculation is provided as additional relevant information about the company's financial position.**

## 2017 ($M)

| | 2016 | 2017 |
|---|---|---|
| Total Assets | $ 1,113.4 | $ 1,212.6 |
| Less: Total Current Liabilities | 130.7 | 206.8 |
| Capital Employed | $ 982.7 | $ 1,005.8 |
| Average Capital Employed | | $ 994.3 |
| Adjusted EBITDA(3) | | $ 82.4 |
| Return on Capital Employed(1) | | 8.3% |

## 2018 ($M)

| | 2017 | 2018 |
|---|---|---|
| Total Assets | $ 1,212.6 | $ 1,275.3 |
| Less: Total Current Liabilities | 206.8 | 220.8 |
| Capital Employed | $ 1,005.8 | $ 1,054.5 |
| Average Capital Employed | | $ 1,030.2 |
| Adjusted EBITDA(3) | | $ 128.0 |
| Return on Capital Employed(1) | | 12.4% |

## 2019 ($M)

| | 2018 | 2019 |
|---|---|---|
| Total Assets | $ 1,275.3 | $ 1,085.2 |
| Less: Total Current Liabilities | 220.8 | 112.3 |
| Capital Employed | $ 1,054.5 | $ 972.9 |
| Average Capital Employed | | $ 1,013.7 |
| Adjusted EBITDA(3) | | $ 32.4 |
| Return on Capital Employed(1) | | 3.2% |

## 2020 ($M)

| | 2019 | 2020 |
|---|---|---|
| Total Assets | $ 1,085.2 | $ 994.0 |
| Less: Total Current Liabilities | 112.3 | 181.0 |
| Capital Employed | $ 972.9 | $ 813.0 |
| Average Capital Employed | | $ 893.0 |
| Adjusted EBITDA(3) | | $ 38.0 |
| Return on Capital Employed(1) | | 4.3% |

## 2021 ($M)

| | 2020 | 2021 |
|---|---|---|
| Total Assets | $ 994.0 | $ 1,158.9 |
| Less: Total Current Liabilities | 181.0 | 250.8 |
| Capital Employed | $ 813.0 | $ 908.1 |
| Average Capital Employed | | $ 860.6 |
| Adjusted EBITDA(3) | | $ 245.9 |
| Return on Capital Employed(1) | | 28.6% |

## HISTORICAL AVERAGE(2)

| | |
|---|---|
| 2017 Return on Capital Employed(1) | 8.3% |
| 2018 Return on Capital Employed(1) | 12.4% |
| 2019 Return on Capital Employed(1) | 3.2% |
| 2020 Return on Capital Employed(1) | 4.3% |
| 2021 Return on Capital Employed(1) | 28.6% |
| Historical Average(2) Return on Capital Employed(1) | 11.3% |

## 2022 ($M)

| | 2021 | 2022 |
|---|---|---|
| Total Assets | $ 1,158.9 | $ 1,082.0 |
| Less: Total Current Liabilities | 250.8 | 186.7 |
| Capital Employed | $ 908.1 | $ 895.3 |
| Average Capital Employed | | $ 901.7 |
| Adjusted EBITDA(3) | | $ 172.2 |
| Return on Capital Employed(1) | | 19.1% |

## 2023 ($M)

| | 2022 | 2023 |
|---|---|---|
| Total Assets | $ 1,082.0 | $ 1,175.3 |
| Less: Total Current Liabilities | 186.7 | 248.4 |
| Capital Employed | $ 895.3 | $ 926.9 |
| Average Capital Employed | | $ 911.1 |
| Adjusted EBITDA(3) | | $ 169.0 |
| Return on Capital Employed(1) | | 18.5% |

*(1) Return on Capital Employed is defined as Adjusted EBITDA divided by average total assets minus average current liabilities*
*(2) Historical average calculated from 2017 through 2021*
*(3) Adjusted EBITDA is defined as net income (loss) before interest (income) expense, net, income taxes, depreciation and amortization, presented on a non-GAAP basis excluding certain items; see Appendix for a reconciliation of non-GAAP measures*