HARSCO

# Q4 2021

**Quarterly Results and Outlook**

Conference Call

February 24, 2022

# ADMINISTRATIVE ITEMS

**Conference Call and Access to Information**
More information on Harsco's quarterly earnings, including the Company's earnings press release issued today and this presentation, is available on the Investor Relations portion of Harsco's website. Company management will discuss the Company's financial performance during a conference call today at 9:00 a.m. (ET). Both the presentation and access to the call are available at http://investors.harsco.com. A replay can also be accessed on the site for up to two weeks after the call.

**Forward-Looking Statements**
The Company's presentation contains forward-looking statements based on management's current expectations, estimates and projections. The nature of the Company's business and the many countries in which it operates subject it to changing economic, competitive, regulatory and technological conditions, risks and uncertainties. In accordance with the "safe harbor" provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, the Company provides the following cautionary remarks regarding important factors that, among others, could cause future results to differ materially from the results contemplated by forward-looking statements, including the expectations and assumptions expressed or implied herein. Forward-looking statements contained herein could include, among other things, statements about management's confidence in and strategies for performance; expectations for new and existing products, technologies and opportunities; and expectations regarding growth, sales, cash flows, and earnings. Forward-looking statements can be identified by the use of such terms as "may," "could," "expect," "anticipate," "intend," "believe," "likely," "estimate," "outlook," "plan" or other comparable terms.

Factors that could cause actual results to differ, perhaps materially, from those implied by forward-looking statements include, but are not limited to: (1) changes in the worldwide business environment in which the Company operates, including changes in general economic conditions or changes due to COVID-19 and governmental and market reactions to COVID-19; (2) changes in currency exchange rates, interest rates, commodity and fuel costs and capital costs; (3) changes in the performance of equity and bond markets that could affect, among other things, the valuation of the assets in the Company's pension plans and the accounting for pension assets, liabilities and expenses; (4) changes in governmental laws and regulations, including environmental, occupational health and safety, tax and import tariff standards and amounts; (5) market and competitive changes, including pricing pressures, market demand and acceptance for new products, services and technologies; (6) the Company's inability or failure to protect its intellectual property rights from infringement in one or more of the many countries in which the Company operates; (7) failure to effectively prevent, detect or recover from breaches in the Company's cybersecurity infrastructure; (8) unforeseen business disruptions in one or more of the many countries in which the Company operates due to political instability, civil disobedience, armed hostilities, public health issues or other calamities; (9) disruptions associated with labor disputes and increased operating costs associated with union organization; (10) the seasonal nature of the Company's business; (11) the Company's ability to successfully enter into new contracts and complete new acquisitions or strategic ventures in the time-frame contemplated, or at all; (12) the Company's ability to negotiate, complete, and integrate strategic transactions; (13) failure to conduct and complete a satisfactory process for the divestiture of the Rail division, as announced on November 2, 2021; (14) potential severe volatility in the capital or commodity markets; (15) failure to retain key management and employees; (16) the outcome of any disputes with customers, contractors and subcontractors; (17) the financial condition of the Company's customers, including the ability of customers (especially those that may be highly leveraged, have inadequate liquidity or whose business is significantly impacted by COVID-19) to maintain their credit availability; (18) implementation of environmental remediation matters; (19) risk and uncertainty associated with intangible assets and (20) other risk factors listed from time to time in the Company's SEC reports. A further discussion of these, along with other potential risk factors, can be found in Part II, Item 1A, "Risk Factors," of the Company's Quarterly Report on Form 10-Q for the period ending September 30, 2021, and Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended December 31, 2020. The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty to update forward-looking statements except as may be required by law.

**Non-GAAP Measures**
Throughout this presentation, the Company refers to certain non-GAAP measures, including without limitation, adjusted EBITDA (Earnings Before Interest Taxes Depreciation and Amortization) from continuing operations, adjusted EBITDA margin, adjusted diluted earnings per share from continuing operations, free cash flow and free cash flow before growth capital. For a reconciliation of non-GAAP measures to GAAP results and the Company's rationale for its usage of non-GAAP measures, see the Appendix in this presentation.

# CEO PERSPECTIVE

- Q4 in-line with guidance; lower spending offset volume-mix impacts and persistent cost inflation
- 2021 successful year for Harsco; Continuing Operations met expectations set at the beginning of year; Announced intent to sell Rail
- Significant progress made on ESG initiatives
- Clean Earth & Environmental anticipated to see earnings growth in 2022
- Strengthening cash flow and reducing leverage remain key financial priorities; expecting to complete Rail sale in 2022



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# 2021 ESG HIGHLIGHTS

## E

**38**

New environmental solutions launched in 2021

**93%**

of material processed by Clean Earth recycled or repurposed in 2021

Named to the 2022 **Carbon Clean 200** list, recognizing Harsco's recycling and carbon emissions reduction services

## S

**0.97**

Total Recordable Incident Rate (TRIR), achieving our 2021 goal of < 1.0

Launched Harsco's global **Diversity, Equity, Engagement & Inclusion Council**

Named to Newsweek's ***America's Most Loved Workplaces* 2022** list

## G

New **Director** with waste management expertise added to board

Linked Executive pay to **ESG performance**

Completed implementation of our **Compliance Ambassador Program**

# Q4 2021 FINANCIAL SUMMARY

## KEY PERFORMANCE INDICATORS

- Revenues grew 7%: HE +9%; CE +5%
- Q4 2021 Adjusted EBITDA at midpoint of guidance ($55-62M) and comparable to prior year quarter
- Compared with guidance, lower spending offset volume-mix and inflation impacts
- Adjusted EPS of $0.22, above prior-year and guidance due to tax rate
- Free cash flow performance impacted by timing of working capital items

| $ in millions except EPS; Continuing Operations | Q4 2021 | Q4 2020 | Change |
|---|---|---|---|
| **Revenues, as reported** | 462 | 431 | 7% |
| **Operating Income - GAAP** | 16 | 9 | 75% |
| **Adjusted EBITDA[1]** | 58 | 59 | (1)% |
| *% of Sales[1]* | *12.6%* | *13.6%* | *100bps* |
| **GAAP Diluted Earnings (Loss) Per Share** | 0.13 | (0.09) | nmf |
| **Adjusted Diluted Earnings Per Share[1]** | 0.22 | 0.09 | 144% |
| **Free Cash Flow[2]** | (8) | 2 | nmf |

nmf= not meaningful.
(1) Excludes unusual items. Adjusted diluted earnings per share also excludes acquisition amortization. See tables at end of presentation for GAAP to non-GAAP reconciliations.
(2) See tables at end of presentation for GAAP to non-GAAP reconciliations. Free Cash Flow excludes Rail.



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# Q4 2021 ENVIRONMENTAL

## SUMMARY RESULTS

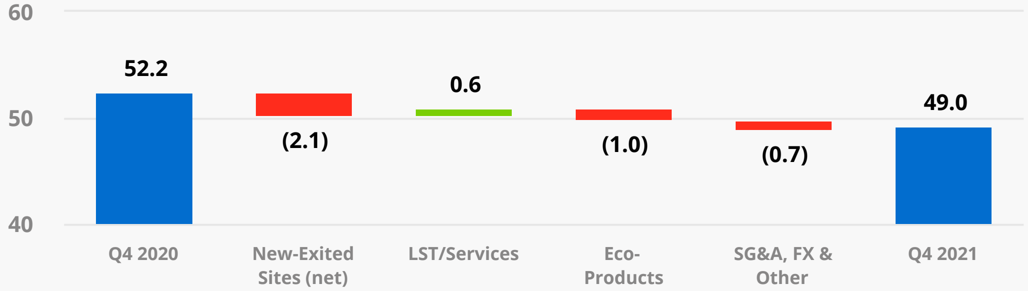
$ in millions

| | Q4 2021 | Q4 2020 | % |
|---|---|---|---|
| **Revenues, as reported** | 268 | 246 | 9% |
| **Operating Income – GAAP** | 20 | 23 | (13)% |
| **Adjusted EBITDA[1]** | 49 | 52 | (6)% |
| **Adjusted EBITDA Margin[1]** | 18.3% | 21.2% | |
| **Free Cash Flow (Full Year)** | 55 | 69 | (21)% |

(1) Excludes unusual items; see tables at end of presentation for GAAP to non-GAAP reconciliations.

## ADJUSTED EBITDA BRIDGE[1]

$ in millions




- Revenues increase compared with prior-year quarter as a result of higher demand for services and commodities pricing
- Adjusted EBITDA change YoY attributable to the above, offset as expected by less favorable volume mix, contract exits, inflation and FX translation
- 2021 Free cash flow totaled $55 million; YoY change reflects higher net capital investments (including deferred spending from 2020)

# Q4 2021 CLEAN EARTH

## SUMMARY RESULTS

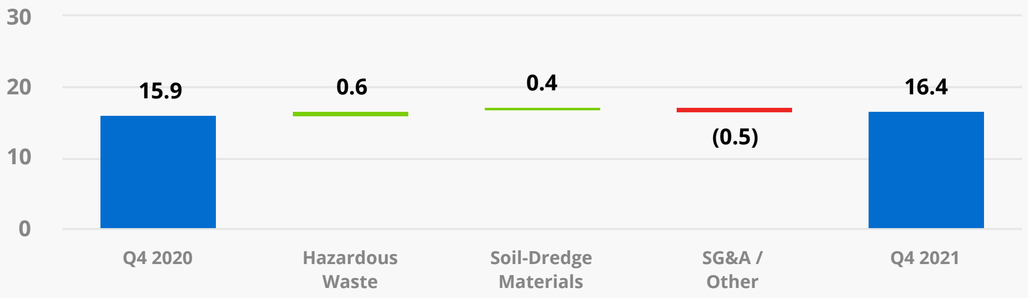
$ in millions

| | Q4 2021 | Q4 2020 | % |
|---|---|---|---|
| Revenues, as reported | 194 | 185 | 5% |
| Operating Income – GAAP | 5 | 3 | 64% |
| Adjusted EBITDA[1] | 16.4 | 15.9 | 3% |
| Adjusted EBITDA Margin[1] | 8.4% | 8.6% | |
| Free Cash Flow (Full Year) | 54 | 55 | (3)% |

Note: 2020 Free Cash Flow (YTD) results include ESOL contributions since acquisition on April 6, 2020.
(1) Excludes unusual items; see tables at end of presentation for GAAP to non-GAAP reconciliations.

## ADJUSTED EBITDA BRIDGE[1]

$ in millions




- Revenues increase compared with prior-year quarter attributable to increased demand within Soil-Dredge Materials and Hazardous Materials volume growth from industrial and healthcare customers
- Adjusted EBITDA increase YoY driven by the above factors offset by operating costs inflation and lower productivity due to staffing levels
- Free cash flow of $54 million in 2021: translates to 77% of Adjusted EBITDA



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# 2021 FINANCIAL SUMMARY

## KEY PERFORMANCE INDICATORS

- Revenues increase reflects improved demand and impact of ESOL acquisition (Q2 2020)
- Adjusted EBITDA margins stable YoY, as growth and improvements offset inflation and supply-chain pressures
- Continuing Operations performance consistent with original 2021 guidance
- Adjusted diluted EPS increased to $0.69 from $0.28 in 2020.
- Free Cash Flow change reflects higher net capital spending (including 2020 deferred capex)
- Year-end net leverage totaled 4.6x

| $ in millions except EPS; Continuing Operations | 2021 | 2020 | Change |
|---|---|---|---|
| **Revenues, as reported** | 1,848 | 1,534 | 20% |
| **Operating Income - GAAP** | 88 | (3) | nmf |
| **Adjusted EBITDA[1]** | 252 | 208 | 21% |
| *% of Sales[1]* | *13.6%* | *13.5%* | |
| **GAAP Diluted Earnings (Loss) Per Share** | 0.28 | (0.63) | nmf |
| **Adjusted Diluted Earnings Per Share[1]** | 0.69 | 0.28 | 146% |
| **Free Cash Flow[2]** | (2) | 31 | nmf |

nmf = not meaningful.
(1) Excludes unusual items. Adjusted diluted earnings per share also excludes acquisition amortization. See tables at end of presentation for GAAP to non-GAAP reconciliations.
(2) See tables at end of presentation for GAAP to non-GAAP reconciliations. Free Cash Flow excludes Rail.

# RAIL - DISCONTINUED OPERATIONS

- Business is no longer aligned with Harsco's strategic direction
- Divestiture process on track; expect to complete a transaction in 2022
- 2021 GAAP Operating Loss of $19 million; Adjusted EBITDA totaled $21 million
- Q4 included 2 unusual items:
  - $2 million for cost-out program, with ~$8 million annualized savings; and
  - $33 million charge for estimated future costs to complete fixed-price contracts with three European customers due to inflation, supply-chain challenges and Covid-related disruptions
- Rail 2022 Adjusted EBITDA expected to improve meaningfully, supported by improved demand (partially infrastructure bill driven) and cost-out program

# 2022 SEGMENT OUTLOOK

| Excluding unusual items | | | 2022 VERSUS 2021 |
|---|---|---|---|
| HARSCO ENVIRONMENTAL | REVENUES | ▲ | Low single-digit YoY growth, excluding FX translation impacts |
| | ADJUSTED EBITDA[1] | ▲ | Margins stable YoY |
| | DRIVERS | + | Services and ecoproduct™ demand growth, new contracts / sites |
| | | - | Exited contracts / sites, FX translation |
| CleanEarth | REVENUES | ▲ | Low to mid single-digits YoY growth |
| | ADJUSTED EBITDA[1] | ▲ | Margins up 100 - 200 basis points YoY |
| | DRIVERS | + | Organic growth in hazardous materials, cost-out program, price initiatives |
| | | - | Inflation (labor-transportation), labor-market tightness |
| CORPORATE COSTS | | | $40 to $42 million for the full-year |

(1) Excludes unusual items.

# 2022 OUTLOOK - CONSOLIDATED[3]

| | 2022 Outlook | 2021 Actuals |
|---|---|---|
| GAAP OPERATING INCOME | $85 - 105M | $88M |
| ADJUSTED EBITDA[1] | $255 - 275M | $252M |
| GAAP DILUTED EARNINGS PER SHARE | $0.15- $0.32 | $0.28 |
| ADJUSTED DILUTED EARNINGS PER SHARE[1] | $0.50- $0.66 | $0.69 |
| FREE CASH FLOW[2] | $30M - 50M | $(2)M |

(1) Excludes unusual items. Adjusted diluted earnings per share exclude acquisition amortization expense. See tables at end of presentation for GAAP to non-GAAP reconciliations
(2) See tables at end of presentation for GAAP to non-GAAP reconciliations.
(3) Figures exclude Rail which is reported as Discontinued Operations



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# Q1 2022 OUTLOOK[2]

- Adjusted EBITDA[1] is expected to be between **$47M-$52M**

- Adjusted diluted earnings per share[1] is expected to be between **$0.06-$0.07**

- Corporate costs of approximately **$10 million**

## YEAR-OVER-YEAR CONSIDERATIONS INCLUDE:

**HARSCO ENVIRONMENTAL**

**Less favorable volume mix, contract exits, and FX translation**

**CleanEarth™**

**Lower volumes from retail and industrial markets (partially due to incineration bottleneck and labor-market tightness), less favorable soil-dredge mix, and inflation impacts**

(1) Adjusted operating income and adjusted diluted earnings per share are non-GAAP numbers. Adjusted diluted earnings per share exclude acquisition amortization. See tables at end of presentation for GAAP to non-GAAP reconciliations.
(2) Figures exclude Rail which is reported as Discontinued Operations

# Q&A

# Appendix

# NON-GAAP MEASURES

Measurements of financial performance not calculated in accordance with GAAP should be considered as supplements to, and not substitutes for, performance measurements calculated or derived in accordance with GAAP. Any such measures are not necessarily comparable to other similarly-titled measurements employed by other companies.

**Adjusted diluted earnings per share:** Adjusted diluted earnings per share is a non-GAAP financial measure and consists of diluted earnings (loss) per share from continuing operations adjusted for unusual items and acquisition-related intangible asset amortization expense. It is important to note that such intangible assets contribute to revenue generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized. The Company's management believes Adjusted diluted earnings per share from continuing operations is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of unusual items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. Exclusion of acquisition-related intangible asset amortization expense, the amount of which can vary by the timing, size and nature of the Company's acquisitions, facilitates more consistent internal comparisons of operating results over time between the Company's newly acquired and long-held businesses, and comparisons with both acquisitive and non-acquisitive peer companies.

**Consolidated Adjusted EBITDA:** Consolidated Adjusted EBITDA is a non-GAAP financial measure and consists of income from continuing operations adjusted to add back income tax expense; equity income of unconsolidated entities, net; net interest expense; defined benefit pension income (expense); unused debt commitment fees, amendment fees and loss on extinguishment of debt; and depreciation and amortization (excluding amortization of deferred financing costs); and excludes unusual items. Segment Adjusted EBITDA consists of operating income from continuing operations adjusted to exclude unusual items and add back depreciation and amortization (excluding amortization of deferred financing costs). The sum of the Segments' Adjusted EBITDA and Corporate Adjusted EBITDA equals Consolidated Adjusted EBITDA. The Company's management believes Adjusted EBITDA is meaningful to investors because management reviews Adjusted EBITDA in assessing and evaluating performance.

**Free cash flow:** Free cash flow is a non-GAAP financial measure and consists of net cash provided (used) by operating activities less capital expenditures and expenditures for intangible assets; and plus capital expenditures for strategic ventures, total proceeds from sales of assets and transaction-related expenditures. Growth capital expenditures are added back to arrive at Free cash flow before growth capital expenditures. The Company's management believes that Free cash flow and Free cash flow before growth capital expenditures are meaningful to investors because management reviews Free cash flow and Free cash flow before growth capital expenditures for planning and performance evaluation purposes. It is important to note that Free cash flow and Free cash flow before growth capital expenditures do not represent the total residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements and settlements of foreign currency forward exchange contracts, are not deducted from this measure. Free cash flow excludes the former Harsco Rail Segment since the segment is reported as discontinued operations. This presentation provides a basis for comparison of ongoing operations and prospects.

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**
**RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS TO DILUTED EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS AS REPORTED** (Unaudited)

| | Three Months Ended December 31 | | Twelve Months Ended December 31 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Diluted earnings (loss) per share from continuing operations as reported | $ 0.13 | $ (0.09) | $ 0.28 | $ (0.63) |
| Corporate unused debt commitment fees, amendment fees and loss on extinguishment of debt (a) | — | — | 0.07 | 0.02 |
| Corporate strategic costs (b) | 0.02 | — | 0.06 | — |
| Harsco Environmental Segment severance costs (c) | — | 0.03 | (0.01) | 0.09 |
| Corporate acquisition and integration costs (d) | — | 0.09 | — | 0.61 |
| Corporate contingent consideration adjustments (e) | — | — | — | 0.03 |
| Corporate acquisition related tax benefit (f) | — | — | — | (0.03) |
| Harsco Clean Earth Segment integration costs (g) | — | 0.02 | — | 0.02 |
| Harsco Clean Earth Segment severance costs (h) | — | — | — | — |
| Taxes on above unusual items (i) | — | (0.04) | (0.02) | (0.16) |
| **Adjusted diluted earnings per share from continuing operations, including acquisition amortization expense** | 0.14 (k) | 0.01 | 0.37 (k) | (0.03) (k) |
| Acquisition amortization expense, net of tax (j) | 0.08 | 0.08 | 0.32 | 0.31 |
| **Adjusted diluted earnings per share from continuing operations** | $ 0.22 | $ 0.09 | $ 0.69 | $ 0.28 |




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# RECONCILIATION OF NON-GAAP MEASURES

(a) Costs at Corporate associated with amending the Company's existing Senior Secured Credit Facilities to establish a New Term Loan the proceeds of which were used to repay in full the outstanding Term Loan A and Term Loan B, to extend the maturity date of the Revolving Credit Facility and to increase certain levels set forth in the total net leverage ratio covenant (Full year 2021 $5.5 million pre-tax) and costs associated with amending the Company's existing Senior secured Credit Facilities, to increase the net debt to consolidated adjusted EBITDA covenant ratio Full year 2020 $1.9 million pre-tax).

(b) Certain strategic costs incurred at Corporate associated with supporting and executing the Company's long-term strategies including the divestiture of the Harsco Rail Segment (Q4 2021 $1.3 million pre-tax; Full year 2021 $4.5 million pre-tax).

(c) Adjustment to Harsco Environmental Segment severance costs (Full year 2021 $0.9 million pre-tax) and Harsco Environmental Segment severance costs (Q4 2020 $2.2 million pre-tax and Full year 2020 $7.4 million).

(d) Acquisition and integration costs at Corporate (Q4 2020 $6.9 million pre-tax; Full year 2020 $48.5 million pre-tax).

(e) Adjustment to contingent consideration related to the acquisition of Clean Earth recorded on Corporation (Q4 2020 $(0.1) million pre-tax and Full year 2020 $2.3 million pre-tax). The Company adjusts operating income and Diluted earnings per share from continuing operations to exclude the impact of the change in fair value to the acquisition-related contingent consideration liability for acquisitions because it believes that the adjustment for this item more closely correlates the reported financial measures with the ordinary and ongoing course of the Company's operations.

(f) Acquisition related tax benefit recorded on Corporate assumed as part of the Clean Earth Acquisition (Q4 2020 $(0.1) million and Full year 2020 $2.7 million).

(g) Costs incurred in the Harsco Clean Earth Segment related to the integration of ESOL (Q4 2020 $1.7 million pre-tax; Full year 2020 $1.9 million pre-tax).

(h) Harsco Clean Earth Segment severance costs (Q4 and Full year 2021 $0.4 million pre-tax)

(i) Unusual items are tax-effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded, except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.

(j) Acquisition amortization expense was $8.0 million pre-tax and $32.3 million pre-tax for Q4 and Full year 2021, respectively; and $8.4 million pre-tax and $30.7 million pre-tax for Q4 and Full year 2020, respectively.

(k) Does not total due to rounding.

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**
**RECONCILIATION OF PROJECTED ADJUSTED DILUTED EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS TO DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (a)**
(Unaudited)

| | Projected Three Months Ending March 31 | | Projected Twelve Months Ending December 31 | | |
|---|---|---|---|---|---|
| | 2022 | | 2022 | | |
| | Low | High | Low | High | |
| Diluted earnings per share from continuing operations | $ (0.03) | $ (0.02) | $ 0.15 | $ 0.32 | |
| Corporate strategic costs | — | — | 0.03 | 0.03 | |
| Harsco Clean Earth Segment severance costs | 0.01 | 0.01 | 0.01 | 0.01 | |
| Taxes on above unusual items | — | — | (0.01) | (0.01) | |
| **Adjusted diluted earnings per share from continuing operations, including acquisition amortization expense** | (0.02) | (0.01) | 0.18 | 0.35 | |
| Estimated acquisition amortization expense, net of tax | 0.08 | 0.08 | 0.32 | 0.32 | |
| Adjusted diluted earnings per share from continuing operations | $ 0.06 | $ 0.07 | $ 0.50 | $ 0.66 | (b) |

(a) Excludes Harsco Rail Segment.
(b) Does not total due to rounding.

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**
**RECONCILIATION OF ADJUSTED EBITDA BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT** (Unaudited)

| (In thousands) | Harsco Environmental | Harsco Clean Earth | Corporate | Consolidated Totals |
|---|---|---|---|---|
| **Three Months Ended December 31, 2021:** | | | | |
| Operating income (loss) as reported | $ 19,614 | $ 5,183 | $ (8,725) | $ 16,072 |
| Corporate strategic costs | — | — | 1,280 | 1,280 |
| Harsco Clean Earth Segment severance costs | — | 390 | — | 390 |
| Operating income (loss) excluding unusual items | 19,614 | 5,573 | (7,445) | 17,742 |
| Depreciation | 27,384 | 4,854 | 434 | 32,672 |
| Amortization | 1,972 | 6,001 | — | 7,973 |
| Adjusted EBITDA | $ 48,970 | $ 16,428 | $ (7,011) | $ 58,387 |
| Revenues as reported | $ 267,649 | $ 194,424 | | $ 462,073 |
| Adjusted EBITDA margin (%) | 18.3 % | 8.4 % | | 12.6 % |

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**
**RECONCILIATION OF ADJUSTED EBITDA BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT** (Unaudited)

| (In thousands) | Harsco Environmental | Harsco Clean Earth | Corporate | Consolidated Totals |
|---|---|---|---|---|
| **Three Months Ended December 31, 2020:** | | | | |
| Operating income (loss) as reported | $ 22,606 | $ 3,151 | $ (16,587) | $ 9,170 |
| Corporate acquisition and integration costs | — | — | 6,909 | 6,909 |
| Corporate contingent consideration adjustments | — | — | (136) | (136) |
| Harsco Environmental Segment severance costs | 2,239 | — | — | 2,239 |
| Harsco Clean Earth Segment integration costs | — | 1,745 | — | 1,745 |
| Operating income (loss) excluding unusual items | 24,845 | 4,896 | (9,814) | 19,927 |
| Depreciation | 25,345 | 4,681 | 491 | 30,517 |
| Amortization | 1,998 | 6,351 | — | 8,349 |
| Adjusted EBITDA | $ 52,188 | $ 15,928 | $ (9,323) | $ 58,793 |
| Revenues as reported | $ 246,388 | $ 185,099 | | $ 431,487 |
| Adjusted EBITDA margin (%) | 21.2 % | 8.6 % | | 13.6 % |

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**
**RECONCILIATION OF ADJUSTED EBITDA BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT** (Unaudited)

| (In thousands) | Harsco Environmental | Harsco Clean Earth (a) | Corporate | Consolidated Totals |
|---|---|---|---|---|
| **Twelve Months Ended December 31, 2021:** | | | | |
| Operating income (loss) as reported | $ 103,402 | $ 25,639 | $ (40,665) | $ 88,376 |
| Corporate strategic costs | — | — | 4,450 | 4,450 |
| Harsco Clean Earth Segment severance costs | — | 390 | — | 390 |
| Harsco Environmental Segment severance costs | (900) | — | — | (900) |
| Operating income (loss) excluding unusual items | 102,502 | 26,029 | (36,215) | 92,316 |
| Depreciation | 105,830 | 19,672 | 1,900 | 127,402 |
| Amortization | 8,052 | 24,180 | — | 32,232 |
| Adjusted EBITDA | 216,384 | 69,881 | (34,315) | 251,950 |
| Revenues as reported | $ 1,068,083 | $ 780,316 | | $ 1,848,399 |
| Adjusted EBITDA margin (%) | 20.3 % | 9.0 % | | 13.6 % |

(a) The Company's acquisition of ESOL closed on April 6, 2020.

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**
**RECONCILIATION OF ADJUSTED EBITDA BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT** (Unaudited)

| (In thousands) | Harsco Environmental | Harsco Clean Earth (a) | Corporate | Consolidated Totals |
|---|---|---|---|---|
| **Twelve Months Ended December 31, 2020:** | | | | |
| Operating income (loss) as reported | $ 59,006 | $ 16,096 | $ (78,408) | $ (3,306) |
| Corporate acquisition and integration costs | — | — | 48,493 | 48,493 |
| Harsco Environmental Segment severance costs | 7,399 | — | — | 7,399 |
| Corporate contingent consideration adjustments | — | — | 2,301 | 2,301 |
| Harsco Clean Earth Segment integration costs | — | 1,859 | — | 1,859 |
| Operating income (loss) excluding unusual items | 66,405 | 17,955 | (27,614) | 56,746 |
| Depreciation | 100,971 | 17,450 | 2,022 | 120,443 |
| Amortization | 7,825 | 22,814 | — | 30,639 |
| Adjusted EBITDA | 175,201 | 58,219 | (25,592) | 207,828 |
| Revenues as reported | $ 914,445 | $ 619,588 | | $ 1,534,033 |
| Adjusted EBITDA margin (%) | 19.2 % | 9.4 % | | 13.5 % |

(a) The Company's acquisition of ESOL closed on April 6, 2020.

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**
**RECONCILIATION OF HARSCO RAIL BUSINESS ADJUSTED EBITDA TO HARSCO RAIL BUSINESS OPERATING INCOME** (Unaudited)

| | Harsco Rail |
|---|---|
| | Twelve Months Ending December 31 |
| | 2021 |
| **(In millions)** | |
| Operating loss from discontinued operations | $ (19) |
| Severance and related charge | 2 |
| Contract losses | 33 |
| Operating loss from discontinued operations, excluding unusual items | 16 |
| Depreciation and amortization | 5 |
| Adjusted EBITDA | $ 21 |

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**
**RECONCILIATION OF CONSOLIDATED ADJUSTED EBITDA TO CONSOLIDATED INCOME (LOSS) FROM CONTINUING OPERATIONS AS REPORTED**
(Unaudited)

| | Three Months Ended December 31 | |
|---|---|---|
| **(In thousands)** | **2021** | **2020** |
| Consolidated income (loss) from continuing operations | $ 10,713 | $ (6,495) |
| **Add back (deduct):** | | |
| Equity in (income) loss of unconsolidated entities, net | (186) | (10) |
| Income tax (benefit) expense | (5,625) | 2,257 |
| Defined benefit pension income | (3,862) | (1,961) |
| Interest expense | 15,595 | 15,936 |
| Interest income | (563) | (557) |
| Depreciation | 32,672 | 30,517 |
| Amortization | 7,973 | 8,349 |
| **Unusual items:** | | |
| Corporate strategic costs | 1,280 | — |
| Harsco Clean Earth Segment severance costs | 390 | — |
| Harsco Environmental Segment severance costs | — | 2,239 |
| Corporate acquisition and integration costs | — | 6,909 |
| Corporate contingent consideration adjustments | — | (136) |
| Clean Earth Segment integration costs | — | 1,745 |
| **Consolidated Adjusted EBITDA** | $ 58,387 | $ 58,793 |

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**
**RECONCILIATION OF CONSOLIDATED ADJUSTED EBITDA TO CONSOLIDATED INCOME (LOSS) FROM CONTINUING OPERATIONS AS REPORTED** (Unaudited)

| | Twelve Months Ended December 31 | |
|---|---|---|
| **(In thousands)** | **2021** | **2020** |
| Consolidated income (loss) from continuing operations | $ 28,115 | $ (45,361) |
| **Add back (deduct):** | | |
| Equity in (income) loss of unconsolidated entities, net | 302 | (186) |
| Income tax expense (benefit) | 9,089 | (8,673) |
| Defined benefit pension income | (15,640) | (7,073) |
| Unused debt commitment and amendment fees | 5,506 | 1,920 |
| Interest expense | 63,235 | 58,196 |
| Interest income | (2,231) | (2,129) |
| Depreciation | 127,402 | 120,443 |
| Amortization | 32,232 | 30,639 |
| **Unusual items:** | | |
| Corporate strategic costs | 4,450 | — |
| Harsco Environmental Segment severance costs | (900) | — |
| Harsco Clean Earth Segment severance costs | 390 | — |
| Corporate acquisition and integration costs | — | 48,493 |
| Harsco Environmental Segment severance costs | — | 7,399 |
| Corporate contingent consideration adjustments | — | 2,301 |
| Harsco Clean Earth Segment integration costs | — | 1,859 |
| **Consolidated Adjusted EBITDA** | $ 251,950 | $ 207,828 |

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**

**RECONCILIATION OF PROJECTED CONSOLIDATED ADJUSTED EBITDA TO PROJECTED CONSOLIDATED INCOME FROM CONTINUING OPERATIONS (a)**

(Unaudited)

| | Projected Three Months Ending March 31 2022 | | Projected Twelve Months Ending December 31 2022 | |
|---|---|---|---|---|
| **(In millions)** | **Low** | **High** | **Low** | **High** |
| **Consolidated income from continuing operations** | $ — | $ (1) | $ 20 | $ 33 |
| **Add back (deduct):** | | | | |
| Income tax (income) expense | (9) | (2) | 13 | 21 |
| Net interest | 16 | 15 | 63 | 61 |
| Defined benefit pension income | (3) | (3) | (10) | (10) |
| Depreciation and amortization | 42 | 42 | 166 | 166 |
| Unusual items: | | | | |
| Corporate strategic costs | — | — | 3 | 3 |
| Harsco Clean Earth Segment severance costs | 1 | 1 | 1 | 1 |
| **Consolidated Adjusted EBITDA** | $ 47 | $ 52 | $ 255 (b) | $ 275 |

(a) Excludes Harsco Rail Segment

(b) Does not total due to rounding.

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**
**RECONCILIATION OF FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES** (Unaudited)

| | Three Months Ended December 31 | | Twelve Months Ended December 31 | |
|---|---|---|---|---|
| **(In thousands)** | **2021** | **2020** | **2021** | **2020** |
| Net cash provided by operating activities | $ 25,447 | $ 11,542 | $ 72,197 | $ 53,818 |
| Less capital expenditures | (48,819) | (41,128) | (158,326) | (120,224) |
| Less expenditures for intangible assets | (71) | (148) | (358) | (317) |
| Plus capital expenditures for strategic ventures (a) | 677 | 1,683 | 3,660 | 3,650 |
| Plus total proceeds from sales of assets (b) | 1,212 | 1,731 | 16,724 | 6,204 |
| Plus transaction-related expenditures (c) | 150 | 16,129 | 18,938 | 42,801 |
| Plus taxes paid on sale of business | — | 2,031 | — | 16,216 |
| Harsco Rail free cash flow deficit | $ 13,774 | $ 10,395 | $ 45,611 | $ 29,286 |
| Free cash flow | $ (7,630) | $ 2,235 | $ (1,554) | $ 31,434 |

(a) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's condensed consolidated financial statements.
(b) Asset sales are a normal part of the business model, primarily for the Harsco Environmental Segment.
(c) Expenditures directly related to the Company's acquisition and divestiture transactions and costs at Corporate associated with amending the Company's existing Senior Secured Credit Facilities.

# RECONCILIATION OF NON-GAAP MEASURES

**HARSCO CORPORATION**
**RECONCILIATION OF PROJECTED FREE CASH FLOW TO PROJECTED NET CASH PROVIDED BY OPERATING ACTIVITIES** (Unaudited) (a)

| | Projected Twelve Months Ending December 31 | |
|---|---|---|
| | 2022 | |
| **(In millions)** | **Low** | **High** |
| Net cash provided by operating activities | $ 155 | $ 180 |
| Less net capital expenditures | (125) | (130) |
| Free cash flow from continuing operations | 30 | 50 |
| Add growth capital expenditures | 40 | 40 |
| Free cash flow before growth capital expenditures from continuing operations | $ 70 | $ 90 |

(a) Excludes former Harsco Rail Segment

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