

HARSCO CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In thousands, except per share amounts)	Three Months Ended	
	March 31	
	2022	2021
Revenues from continuing operations:		
Service revenues	\$ 418,435	\$ 414,339
Product revenues	34,362	32,926
Total revenues	452,797	447,265
Costs and expenses from continuing operations:		
Cost of services sold	346,357	329,853
Cost of products sold	30,662	27,514
Selling, general and administrative expenses	69,153	71,614
Research and development expenses	56	157
Other (income) expenses, net	(1,179)	(991)
Total costs and expenses	445,049	428,147
Operating income from continuing operations	7,748	19,118
Interest income	644	547
Interest expense	(15,092)	(16,256)
Unused debt commitment fees, amendment fees and loss on extinguishment of debt	(532)	(5,258)
Defined benefit pension income	2,410	3,934
Income (loss) from continuing operations before income taxes and equity income	(4,822)	2,085
Income tax benefit (expense) from continuing operations	(1,221)	(2,101)
Equity income (loss) of unconsolidated entities, net	(131)	(119)
Income (loss) from continuing operations	(6,174)	(135)
Discontinued operations:		
Income (loss) from discontinued businesses	(39,097)	3,364
Income tax benefit (expense) from discontinued businesses	6,591	(1,664)
Income (loss) from discontinued operations, net of tax	(32,506)	1,700
Net income (loss)	(38,680)	1,565
Less: Net income attributable to noncontrolling interests	(1,159)	(1,430)
Net income (loss) attributable to Harsco Corporation	\$ (39,839)	\$ 135
Amounts attributable to Harsco Corporation common stockholders:		
Income (loss) from continuing operations, net of tax	\$ (7,333)	\$ (1,565)
Income (loss) from discontinued operations, net of tax	(32,506)	1,700
Net income (loss) attributable to Harsco Corporation common stockholders	\$ (39,839)	\$ 135
Weighted-average shares of common stock outstanding	79,363	79,088
Basic earnings (loss) per common share attributable to Harsco Corporation common stockholders:		
Continuing operations	\$ (0.09)	\$ (0.02)
Discontinued operations	(0.41)	0.02
Basic earnings (loss) per share attributable to Harsco Corporation common stockholders	\$ (0.50)	\$ 0.00
Diluted weighted-average shares of common stock outstanding	79,363	79,088
Diluted earnings (loss) per common share attributable to Harsco Corporation common stockholders:		
Continuing operations	\$ (0.09)	\$ (0.02)
Discontinued operations	(0.41)	0.02
Diluted earnings (loss) per share attributable to Harsco Corporation common stockholders	\$ (0.50)	\$ 0.00

HARSCO CORPORATION
CONSOLIDATED BALANCE SHEETS (Unaudited)

(In thousands)	March 31 2022	December 31 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 85,216	\$ 82,908
Restricted cash	4,337	4,220
Trade accounts receivable, net	385,871	377,881
Other receivables	26,128	33,059
Inventories	76,854	70,493
Prepaid expenses	32,393	31,065
Current portion of assets held-for-sale	268,590	265,413
Other current assets	13,096	9,934
Total current assets	892,485	874,973
Property, plant and equipment, net	654,765	653,913
Right-of-use assets, net	96,007	101,576
Goodwill	878,935	883,109
Intangible assets, net	393,733	402,801
Deferred income tax assets	18,207	17,883
Assets held-for-sale	66,518	71,234
Other assets	50,809	48,419
Total assets	\$ 3,051,459	\$ 3,053,908
LIABILITIES		
Current liabilities:		
Short-term borrowings	\$ 7,292	\$ 7,748
Current maturities of long-term debt	17,379	10,226
Accounts payable	189,896	186,126
Accrued compensation	41,780	48,165
Income taxes payable	4,085	6,378
Current portion of operating lease liabilities	25,055	25,590
Current portion of liabilities of assets held-for-sale	168,412	161,999
Other current liabilities	139,661	155,159
Total current liabilities	593,560	601,391
Long-term debt	1,422,384	1,359,446
Retirement plan liabilities	73,710	93,693
Operating lease liabilities	69,563	74,571
Liabilities of assets held-for-sale	8,326	8,492
Environmental liabilities	27,565	28,435
Deferred tax liabilities	26,832	33,826
Other liabilities	48,424	48,284
Total liabilities	2,270,364	2,248,138
HARSCO CORPORATION STOCKHOLDERS' EQUITY		
Common stock	145,261	144,883
Additional paid-in capital	218,779	215,528
Accumulated other comprehensive loss	(547,649)	(560,139)
Retained earnings	1,754,671	1,794,510
Treasury stock	(848,254)	(846,622)
Total Harsco Corporation stockholders' equity	722,808	748,160
Noncontrolling interests	58,287	57,610
Total equity	781,095	805,770
Total liabilities and equity	\$ 3,051,459	\$ 3,053,908

HARSCO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)	Three Months Ended March 31	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ (38,680)	\$ 1,565
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	33,604	32,748
Amortization	8,586	8,967
Deferred income tax (benefit) expense	(4,275)	(3,421)
Equity in (income) loss of unconsolidated entities, net	131	119
Dividends from unconsolidated entities	178	—
Loss on early extinguishment of debt	—	2,668
Other, net	259	1,128
Changes in assets and liabilities, net of acquisitions and dispositions of businesses:		
Accounts receivable	(15,364)	(16,446)
Income tax refunds receivable, reimbursable to seller	7,687	—
Inventories	(4,610)	407
Contract assets	4,843	(19,070)
Right-of-use assets	7,076	6,768
Accounts payable	1,655	(8,592)
Accrued interest payable	(7,393)	(7,320)
Accrued compensation	(5,692)	(1,541)
Advances on contracts	(7,808)	(9,698)
Operating lease liabilities	(7,063)	(6,750)
Retirement plan liabilities, net	(14,519)	(19,267)
Other assets and liabilities	7,070	14,562
Net cash provided by operating activities	(34,315)	(23,173)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(32,958)	(27,382)
Proceeds from sales of assets	5,976	3,862
Expenditures for intangible assets	(54)	(68)
Net proceeds (payments) from settlement of foreign currency forward exchange contracts	1,061	(1,427)
Payments for settlements of interest rate swaps	(1,062)	—
Other investing activities, net	124	46
Net cash used by investing activities	(26,913)	(24,969)
Cash flows from financing activities:		
Short-term borrowings, net	2,051	575
Current maturities and long-term debt:		
Additions	72,005	434,873
Reductions	(2,566)	(374,530)
Stock-based compensation - Employee taxes paid	(1,377)	(2,485)
Payment of contingent consideration	(6,915)	—
Deferred financing costs	—	(6,525)
Other financing activities, net	—	(400)
Net cash provided (used) by financing activities	63,198	51,508
Effect of exchange rate changes on cash and cash equivalents, including restricted cash	455	(710)
Net increase (decrease) in cash and cash equivalents, including restricted cash	2,425	2,656
Cash and cash equivalents, including restricted cash, at beginning of period	87,128	79,669
Cash and cash equivalents, including restricted cash, at end of period	\$ 89,553	\$ 82,325

HARSCO CORPORATION
REVIEW OF OPERATIONS BY SEGMENT (Unaudited)

(In thousands)	Three Months Ended March 31, 2022		Three Months Ended March 31, 2021	
	Revenues	Operating Income (Loss)	Revenues	Operating Income (Loss)
Harsco Environmental	\$ 262,051	\$ 18,267	\$ 257,986	\$ 25,935
Harsco Clean Earth	190,746	(1,297)	189,279	3,178
Corporate		(9,222)	—	(9,995)
Consolidated Totals	<u>\$ 452,797</u>	<u>\$ 7,748</u>	<u>\$ 447,265</u>	<u>\$ 19,118</u>

HARSCO CORPORATION

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

	Three Months Ended	
	March 31	
	2022	2021
Diluted earnings (loss) per share from continuing operations as reported	\$ (0.09)	\$ (0.02)
Corporate unused debt commitment fees, amendment fees and loss on extinguishment of debt (a)	0.01	0.07
Corporate strategic costs (b)	(0.01)	—
Harsco Clean Earth Segment severance costs (c)	—	—
Taxes on above unusual items (d)	—	(0.01)
Adjusted diluted earnings per share, including acquisition amortization expense	(0.09)	0.03 (f)
Acquisition amortization expense, net of tax (e)	0.08	0.08
Adjusted diluted earnings per share	\$ (0.01)	\$ 0.11

- (a) Costs at Corporate related amending the Company's existing Senior Secured Credit Facilities to increase certain levels set forth in the total net leverage ratio covenant (Q1 2022 \$0.5 million pre-tax) and costs 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 (Q1 2021 \$5.3 million pre-tax).
- (b) Certain strategic costs incurred at Corporate associated with supporting and executing the Company's long-term strategies including relocation of the Company's headquarters (Q1 2022 \$(0.4) million pre-tax).
- (c) Severance and related costs incurred in the Harsco Clean Earth Segment (Q1 2022 \$0.3 million pre-tax).
- (d) 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.
- (e) Acquisition amortization expense was \$7.9 million pre-tax and \$8.1 million pre-tax for Q1 2022 and Q1 2021, respectively, and after-tax was \$6.2 million and \$6.5 million for Q1 2022 and Q1 2021, respectively.
- (f) Does not total due to rounding.

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

(Unaudited)

	Projected Three Months Ending June 30		Projected Twelve Months Ending December 31	
	2022		2022	
	Low	High	Low	High
Diluted earnings per share from continuing operations	\$ (0.01)	\$ 0.03	\$ 0.02	\$ 0.10
Corporate strategic costs	—	—	0.01	0.01
Harsco Clean Earth Segment severance costs	—	—	0.01	0.01
Taxes on above unusual items	—	—	(0.01)	(0.01)
Adjusted diluted earnings per share, including acquisition amortization expense	(0.01)	0.03	0.03	0.11
Estimated acquisition amortization expense, net of tax	0.08	0.08	0.32	0.32
Adjusted diluted earnings per share	\$ 0.07	\$ 0.11	\$ 0.35	\$ 0.44

(a) Excludes Harsco Rail Segment.

(b) Does not total due to rounding.

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 March 31, 2022:				
Operating income (loss) as reported	\$ 18,267	\$ (1,297)	\$ (9,222)	\$ 7,748
Corporate strategic costs	—	—	(448)	(448)
Harsco Clean Earth Segment severance costs	—	300	—	300
Operating income (loss) excluding unusual items	<u>18,267</u>	<u>(997)</u>	<u>(9,670)</u>	<u>7,600</u>
Depreciation	28,072	5,101	431	33,604
Amortization	1,828	6,075	—	7,903
Adjusted EBITDA	<u>48,167</u>	<u>10,179</u>	<u>(9,239)</u>	<u>49,107</u>
Revenues as reported	<u>\$ 262,051</u>	<u>\$ 190,746</u>		<u>\$ 452,797</u>
Adjusted EBITDA margin (%)	<u>18.4 %</u>	<u>5.3 %</u>		<u>10.8 %</u>
Three Months Ended March 31, 2021:				
Operating income (loss) as reported	\$ 25,935	\$ 3,178	\$ (9,995)	\$ 19,118
Depreciation	25,717	5,337	483	31,537
Amortization	2,048	6,083	—	8,131
Adjusted EBITDA	<u>53,700</u>	<u>14,598</u>	<u>(9,512)</u>	<u>58,786</u>
Revenues as reported	<u>\$ 257,986</u>	<u>\$ 189,279</u>		<u>\$ 447,265</u>
Adjusted EBITDA margin (%)	20.8 %	7.7 %		13.1 %

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

(In thousands)	Three Months Ended	
	March 31	
	2022	2021
Consolidated income (loss) from continuing operations	\$ (6,174)	\$ (135)
Add back (deduct):		
Equity in (income) loss of unconsolidated entities, net	131	119
Income tax (benefit) expense	1,221	2,101
Defined benefit pension income	(2,410)	(3,934)
Unused debt commitment, amendment fees and loss on extinguishment of debt	532	5,258
Interest expense	15,092	16,256
Interest income	(644)	(547)
Depreciation	33,604	31,537
Amortization	7,903	8,131
Unusual items:		
Corporate strategic costs	(448)	—
Harsco Clean Earth Segment severance costs	300	—
Adjusted EBITDA	\$ 49,107	\$ 58,786

HARSCO CORPORATION
RECONCILIATION OF PROJECTED CONSOLIDATED ADJUSTED EBITDA TO PROJECTED CONSOLIDATED
INCOME FROM CONTINUING OPERATIONS (a)
(Unaudited)

(In millions)	Projected Three Months Ending June 30		Projected Twelve Months Ending December 31	
	2022		2022	
	Low	High	Low	High
Consolidated income from continuing operations	\$ 1	\$ 5	\$ 9	\$ 17
Add back (deduct):				
Income tax (income) expense	1	3	13	22
Net interest	17	16	70	68
Defined benefit pension income	(3)	(3)	(10)	(10)
Depreciation and amortization	42	42	167	167
Unusual items:				
Corporate strategic costs	—	—	1	1
Harsco Clean Earth Segment severance costs	—	—	1	1
Consolidated Adjusted EBITDA	<u>\$ 59</u> (b)	<u>\$ 64</u> (b)	<u>\$ 250</u> (b)	<u>\$ 265</u>

(a) Excludes Harsco Rail Segment

(b) Does not total due to rounding.

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

(In thousands)	Three Months Ended	
	March 31	
	2022	2021
Net cash used by operating activities	\$ (34,315)	\$ (23,173)
Less capital expenditures	(32,958)	(27,382)
Less expenditures for intangible assets	(54)	(68)
Plus capital expenditures for strategic ventures (a)	328	872
Plus total proceeds from sales of assets (b)	5,976	3,862
Plus transaction-related expenditures (c)	878	14,084
Harsco Rail free cash flow deficit	31,321	15,684
Free cash flow	\$ (28,824)	\$ (16,121)

- (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.

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

(In millions)	Projected Twelve Months Ending December 31	
	2022	
	Low	High
Net cash provided by operating activities	\$ 150	\$ 170
Less net capital expenditures	(125)	(130)
Free cash flow	25	40

(a) Excludes former Harsco Rail Segment