

**UNITED STATES SECURITIES AND EXCHANGE COMMISS**

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**Item 2.02. Results of Operations and Financial Condition.**

On July 22, 2022, Cleveland-Cliffs Inc. (the "Company") issued a news release announcing the second-quarter financial results for the quarter ended June 30, 2022. A copy of the news release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information contained in this Current Report on Form 8-K, including the exhibit attached hereto, is being furnished and shall not be deemed to be filed ft de

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	(In Millions)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Adjusted EBITDA <sup>1</sup>				
Steelmaking	\$ 1,108	\$ 1,360	\$ 2,531	\$ 1,862
Other Businesses	20	8	49	19
Eliminations (A)	2	(8)	1	(8)
Total Adjusted EBITDA <sup>1</sup>	<u>\$ 1,130</u>	<u>\$ 1,360</u>	<u>\$ 2,581</u>	<u>\$ 1,873</u>

(A) Starting in 2022, the Company has allocated Corporate SG&A to its operating segments. Prior periods have been adjusted to reflect this change. The Eliminations line now only includes sales between segments.

Lourenco Goncalves, Cliffs' Chairman, President, and CEO said: "Our second quarter results demonstrate the continued execution of our strategy. With free cash flow that more than doubled compared to the first quarter, we were able to achieve our largest quarterly debt reduction since our transformation began a couple years ago, while delivering substantial capital returns via share repurchases. As we move into the second half of the year, we expect this healthy level of free cash flow to continue, as a result of declining capex needs, the accelerating release of working capital, and the heavy use of fixed price sales contracts. In addition, we expect to see further significant increases in the average selling prices for these fixed contracts resetting on October 1<sup>st</sup>."

Mr. Goncalves continued: "Our industry leading exposure to the automotive sector separates us from all other steel companies in the United States. The health of the steel market over the past year and a half has been largely driven by the construction sector, with automotive lagging far behind -- mainly due to supply chain issues unrelated to steel. Nevertheless, with automotive demand outpacing production for more than two years now, the consumer backlog for cars, SUVs and trucks has become enormous. As supply chain problems continue to be resolved by our automotive clients, pent-up demand for electric vehicles continues to increase, and light vehicle manufacturing catches up with demand, Cleveland-Cliffs will be the primary beneficiary among all steel companies in the United States. This important distinction of our business relative to other steel producers should become clear as we progress through the remainder of this year and into next year."

**Steelmaking**

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## **Outlook**

Based on the current 2022 futures curve, which implies an average hot-rolled coil steel index price of \$850 per

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**CLEVELAND-CLIFFS INC. AND SUBSIDIARIES**  
**STATEMENTS OF UNAUDITED CONDENSED CONSOLIDATED OPERATIONS**

	(In Millions, Except Per Share Amounts)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	\$ 6,337	\$ 5,045	\$ 12,292	\$ 9,094
Operating costs:				
Cost of goods sold	(5,356)	(3,848)	(10,062)	(7,609)
Selling, general and administrative expenses	(107)	(105)	(229)	(213)
Miscellaneous – net	(34)	(25)	(67)	(28)
Total operating costs	(5,497)	(3,978)	(10,358)	(7,850)
<b>Operating income</b>	<b>840</b>	<b>1,067</b>	<b>1,934</b>	<b>1,244</b>
Other income (expense):				
Interest expense, net	(64)	(85)	(141)	(177)
Loss on extinguishment of debt	(66)	(22)	(80)	(80)
Net periodic benefit credits other than service cost component	50	46	99	93
Other non-operating income (expense)	(3)	4	(5)	4
Total other expense	(83)	(57)	(127)	(168)

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**CLEVELAND-CLIFFS INC. AND SUBSIDIARIES**  
**STATEMENTS OF UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS**

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