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Cleveland-Cliffs Reports Full-Year and Fourth-Quarter 2022 Results

Full-Year Financial Highlights

- Revenues of \$23.0 billion, a new all-time record
- Net income of \$1.4 billion
- Adjusted EBITDA¹ of \$3.2 billion
- Operating cash flow of \$2.4 billion
- Combined debt and net pension/OPEB liabilities reduced by over \$3 billion

CLEVELAND—February 13, 2023—Cleveland-Cliffs Inc. (NYSE: CLF) today reported full-year and fourth-quarter results for the period ended December 31, 2022.

Full-Year Consolidated Results

Full-year 2022 consolidated revenues were \$23.0 billion, compared to the prior year's consolidated revenues of \$20.4 billion.

For the full year 2022, the Company generated net income of \$1.4 billion, or \$2.55 per diluted share attributable to Cliffs shareholders. This compares to 2021 net income of \$3.0 billion, or \$5.36 per diluted share attributable to Cliffs shareholders. For the full year 2022, Adjusted EBITDA¹ was \$3.2 billion, compared to \$5.3 billion in 2021. The reduction was primarily driven by higher operating costs and lower sales volumes in 2022 compared to 2021, partially offset by higher fixed contract pricing.

In 2022, the Company recorded cash flows from operations of \$2.4 billion and had capital expenditures of \$943 million, equating to free cash flow of \$1.5 billion².

During 2022, pension and OPEB liabilities, net of assets, were reduced to \$813 million, from \$2.9 billion, a reduction of \$2.1 billion for the year. This reduction was driven by lower healthcare premiums, as the impact of higher interest rates was mostly offset by lower market returns in 2022. Over the past 2 years, the Company's net pension and OPEB liabilities have been reduced by a total of \$3.4 billion, from \$4.2 billion at the end of 2020 to \$813 million at the end of 2022.

In addition, the Company reduced its outstanding debt by \$1.1 billion during 2022, using the majority of its free cash flow for this purpose.

Fourth-Quarter Consolidated Results

Fourth-quarter 2022 consolidated revenues were \$5.0 billion, compared to prior-year fourth-quarter consolidated revenues of \$5.3 billion.

For the fourth quarter of 2022, the Company recorded a net loss of \$204 million, corresponding to a loss of \$0.41 per diluted share attributable to Cliffs shareholders. This included the following charges totaling \$57 million, or \$0.11 per diluted share:

- charges of \$49 million, or \$0.09 per diluted share, related to state tax provision reconciliations; and
- net charges of \$8 million, or \$0.02 per diluted share, for loss on disposals of assets, partially offset by gains on extinguishment of debt.

In the prior-year fourth quarter, the Company recorded net income of \$899 million, or \$1.69 per diluted share attributable to Cliffs shareholders.

In the fourth quarter of 2022, the Company recorded cash flows from operations of \$489 million and had capital expenditures of \$227 million, equating to free cash flow of \$262 million.

Fourth-quarter 2022 Adjusted EBITDA was \$123 million, compared to \$1.5 billion in the fourth quarter of 2021.

	Three Months Ended			
	2022	2021	2020	2019

surpassed by 2021. We also signed long-term labor agreements with more than half of our workforce, and completed our major maintenance initiatives, setting us up for continued success going forward.”

Mr. Goncalves continued: “In the fourth quarter of 2022 we generated healthy free cash flow of \$262 million. We also achieved our targeted unit cost reduction of \$80 per net ton, which helped us to partially offset the impact of lagged index pricing. Entering 2023, as our fixed price contracts reset higher, our unit costs continue to decline, and sales volumes improve, we believe our quarterly Adjusted EBITDA should progressively improve, confirming our belief that the fourth quarter of 2022 was the inflection point for our profitability.”

Mr. Goncalves added: “The most important achievement of this newly configured Cleveland-Cliffs has been the successful renewals of our fixed price contracts for 2023, particularly for those [particular]”



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Forward-Looking Statements

This release contains certain forward-looking statements. These forward-looking statements are based on our current expectations and are subject to various risks and uncertainties. Our actual results may differ materially from those described in forward-looking statements. Factors that could cause actual results to differ include, but are not limited to, the following:

- changes in demand for our products, including changes in demand from our major customers, including automotive manufacturers; changes in the automotive market, including changes in consumer preferences and higher consumer interest rates, which could result in lower demand for our products; an oversupply of our products; conflicts or other disputes with our customers, including changes in their requirements; performing their contractual obligations; workforce challenges; our ability to source certain raw materials; changes in trade policies, as well as changes in trade agreements, tariffs, treaties or other trade agreements; our ability to obtain necessary permits, approvals, modifications or other authorizations; changes in regulatory requirements, including potential financial assurance requirements; hazardous substances resulting from our operations; our financial flexibility and cash flow necessary to fund our operations; our ability to reduce our costs of production; our ability to improve our operating performance; our ability to attract and retain qualified personnel; our ability to obtain adequate liquidity, our level of indebtedness and the availability of capital; our ability to complete planned capital expenditures, acquisitions, and other general corporate purposes or other business or return to our business; our ability to reduce our environmental and climate change risks; our ability to manage our credit risk; and our ability to manage our foreign exchange risk.

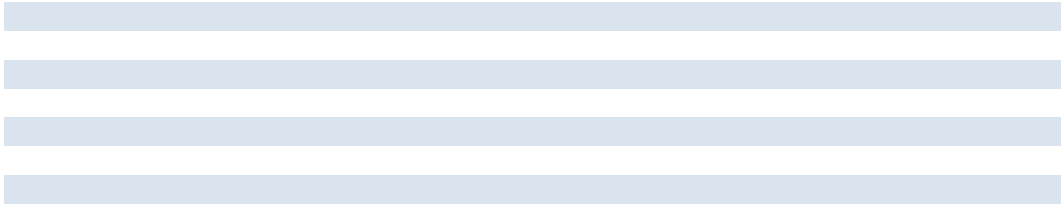
Our ability to manage our credit risk and our ability to manage our foreign exchange risk are also subject to various risks and uncertainties. Our actual results may differ materially from those described in forward-looking statements. Factors that could cause actual results to differ include, but are not limited to, the following:

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securities laws. All statements other than those about our industry or our businesses, are forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements. Actual results may differ from those described in forward-looking statements. Factors that could cause actual results to differ include, but are not limited to, the following:

- changes in demand for our products, including changes in demand from our major customers, including automotive manufacturers; changes in the automotive market, including changes in consumer preferences and higher consumer interest rates, which could result in lower demand for our products; an oversupply of our products; conflicts or other disputes with our customers, including changes in their requirements; performing their contractual obligations; workforce challenges; our ability to source certain raw materials; changes in trade policies, as well as changes in trade agreements, tariffs, treaties or other trade agreements; our ability to obtain necessary permits, approvals, modifications or other authorizations; changes in regulatory requirements, including potential financial assurance requirements; hazardous substances resulting from our operations; our financial flexibility and cash flow necessary to fund our operations; our ability to reduce our costs of production; our ability to improve our operating performance; our ability to attract and retain qualified personnel; our ability to obtain adequate liquidity, our level of indebtedness and the availability of capital; our ability to complete planned capital expenditures, acquisitions, and other general corporate purposes or other business or return to our business; our ability to reduce our environmental and climate change risks; our ability to manage our credit risk; and our ability to manage our foreign exchange risk.

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



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CLEVELAND-CLIFFS INC. AND SUBSIDIARIES
STATEMENTS OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL POSITION

The table consists of 12 horizontal bars, each representing a row of redacted data. The bars are light blue and are arranged in a vertical column. The redaction covers the entire content of the table, leaving only the header information visible.

