UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2021**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________

**Commission File Number: 1-09447**

# KAISER ALUMINUM CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware**<br>(State of incorporation) | **94-3030279**<br>(I.R.S. Employer Identification No.) |
| **27422 Portola Parkway, Suite 200**<br>**Foothill Ranch, California**<br>(Address of principal executive offices) | **92610-2831**<br>(Zip Code) |

**(949) 614-1740**
(Registrant’s telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading symbol | Name of each exchange on which registered |
|---|---|---|
| Common stock, par value $0.01 per share | KALU | Nasdaq Global Select Market |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 18, 2021, there were 15,862,672 shares of common stock of the registrant outstanding.

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## KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

## PART I – FINANCIAL INFORMATION

**Item 1.** ***Financial Statements***

## CONSOLIDATED BALANCE SHEETS (UNAUDITED)

| | As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|
| | (In millions of dollars, except share and per share amounts) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 295.7 | $ 780.3 |
| Receivables: | | |
| Trade receivables, net | 361.6 | 112.8 |
| Other | 44.5 | 11.6 |
| Contract assets | 40.2 | 36.1 |
| Inventories | 413.6 | 152.0 |
| Prepaid expenses and other current assets | 67.7 | 28.6 |
| Total current assets | 1,223.3 | 1,121.4 |
| Property, plant and equipment, net | 948.7 | 627.2 |
| Operating lease assets | 45.2 | 26.5 |
| Intangible assets, net | 70.5 | 26.7 |
| Goodwill | 39.3 | 18.8 |
| Other assets | 110.2 | 44.1 |
| Total | $ 2,437.2 | $ 1,864.7 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 340.7 | $ 86.1 |
| Accrued salaries, wages and related expenses | 48.9 | 30.8 |
| Other accrued liabilities | 55.2 | 41.4 |
| Total current liabilities | 444.8 | 158.3 |
| Long-term portion of operating lease liabilities | 40.2 | 25.6 |
| Pension and other postretirement benefits | 89.2 | 1.3 |
| Net liabilities of Salaried VEBA | 16.6 | 17.8 |
| Deferred tax liabilities | 15.0 | 13.9 |
| Long-term liabilities | 74.5 | 77.3 |
| Long-term debt | 1,035.9 | 838.1 |
| Total liabilities | 1,716.2 | 1,132.3 |
| Commitments and contingencies – Note 8 | | |
| Stockholders' equity: | | |
| Preferred stock, 5,000,000 shares authorized at both September 30, 2021 and December 31, 2020; no shares were issued and outstanding at September 30, 2021 and December 31, 2020 | — | — |
| Common stock, par value $0.01, 90,000,000 shares authorized at both September 30, 2021 and December 31, 2020; 22,697,958 shares issued and 15,862,672 shares outstanding at September 30, 2021; 22,647,455 shares issued and 15,812,169 shares outstanding at December 31, 2020 | 0.2 | 0.2 |
| Additional paid in capital | 1,076.6 | 1,068.6 |
| Retained earnings | 103.0 | 158.2 |
| Treasury stock, at cost, 6,835,286 shares at both September 30, 2021 and December 31, 2020 | (475.9) | (475.9) |
| Accumulated other comprehensive income (loss) | 17.1 | (18.7) |
| Total stockholders' equity | 721.0 | 732.4 |
| Total | $ 2,437.2 | $ 1,864.7 |

The accompanying notes to interim consolidated financial statements are an integral part of these statements.

## KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

## STATEMENTS OF CONSOLIDATED (LOSS) INCOME (UNAUDITED)

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | (In millions of dollars, except share and per share amounts) | | | |
| Net sales | $ 750.6 | $ 255.7 | $ 1,815.6 | $ 900.7 |
| Costs and expenses: | | | | |
| Cost of products sold, excluding depreciation and amortization and other items | 677.8 | 208.4 | 1,613.6 | 719.5 |
| Depreciation and amortization | 24.9 | 12.9 | 64.2 | 39.1 |
| Selling, general, administrative, research and development | 28.1 | 21.3 | 90.8 | 67.9 |
| Restructuring costs (benefit) | — | 0.5 | (0.8) | 12.4 |
| Other operating charges (income), net | — | 0.3 | — | (0.8) |
| Total costs and expenses | 730.8 | 243.4 | 1,767.8 | 838.1 |
| Operating income | 19.8 | 12.3 | 47.8 | 62.6 |
| Other expense: | | | | |
| Interest expense | (12.5) | (12.1) | (37.2) | (28.7) |
| Other expense, net – Note 11 | (1.2) | (0.5) | (38.2) | (0.8) |
| Income (loss) before income taxes | 6.1 | (0.3) | (27.6) | 33.1 |
| Income tax (provision) benefit | (8.4) | 0.7 | 7.4 | (10.2) |
| Net (loss) income | $ (2.3) | $ 0.4 | $ (20.2) | $ 22.9 |
| Net (loss) income per common share: | | | | |
| Basic | $ (0.14) | $ 0.02 | $ (1.28) | $ 1.45 |
| Diluted | $ (0.14) | $ 0.02 | $ (1.28) | $ 1.44 |
| Weighted-average number of common shares outstanding (in thousands): | | | | |
| Basic | 15,852 | 15,794 | 15,831 | 15,804 |
| Diluted | 15,852 | 15,865 | 15,831 | 15,904 |

The accompanying notes to interim consolidated financial statements are an integral part of these statements.

## KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

## STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (UNAUDITED)

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | (In millions of dollars) | | (In millions of dollars) | |
| Net (loss) income | $ (2.3) | $ 0.4 | $ (20.2) | $ 22.9 |
| Other comprehensive income (loss), net of tax – Note 9: | | | | |
| Defined benefit pension plan and Salaried VEBA | 0.8 | 0.8 | 2.2 | 2.8 |
| Available for sale securities | — | — | — | (0.5) |
| Cash flow hedges | 10.0 | 7.3 | 33.7 | 2.2 |
| Foreign currency translation | — | 0.1 | (0.1) | 0.1 |
| Other comprehensive income, net of tax | 10.8 | 8.2 | 35.8 | 4.6 |
| Comprehensive income | $ 8.5 | $ 8.6 | $ 15.6 | $ 27.5 |

The accompanying notes to interim consolidated financial statements are an integral part of these statements.

## KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
## STATEMENTS OF CONSOLIDATED STOCKHOLDERS’ EQUITY (UNAUDITED)

### Nine Months Ended September 30, 2021

| | Common Shares Outstanding[1,2] | Common Stock | Additional Paid in Capital | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Income (Loss) | Total |
|---|---|---|---|---|---|---|---|
| | (In millions of dollars, except share and per share amounts) | | | | | | |
| BALANCE, December 31, 2020 | 15,812,169 | $ 0.2 | $ 1,068.6 | $ 158.2 | $ (475.9) | $ (18.7) | $ 732.4 |
| Net income | — | — | — | 4.5 | — | — | 4.5 |
| Other comprehensive income, net of tax | — | — | — | — | — | 9.1 | 9.1 |
| Common shares issued (including impacts from Long-Term Incentive programs) | 56,394 | — | — | — | — | — | — |
| Cancellation of shares to cover employees' tax withholdings upon vesting of non-vested shares | (20,625) | — | (2.4) | — | — | — | (2.4) |
| Cash dividends declared[3] | — | — | — | (11.7) | — | — | (11.7) |
| Amortization of unearned equity compensation | — | — | 3.1 | — | — | — | 3.1 |
| BALANCE, March 31, 2021 | 15,847,938 | $ 0.2 | $ 1,069.3 | $ 151.0 | $ (475.9) | $ (9.6) | $ 735.0 |
| Net loss | — | — | — | (22.4) | — | — | (22.4) |
| Other comprehensive income, net of tax | — | — | — | — | — | 15.9 | 15.9 |
| Common shares issued (including impacts from Long-Term Incentive programs) | 12,291 | — | 0.3 | — | — | — | 0.3 |
| Cancellation of shares to cover employees' tax withholdings upon vesting of non-vested shares | (409) | — | — | — | — | — | — |
| Cash dividends declared[3] | — | — | — | (11.7) | — | — | (11.7) |
| Amortization of unearned equity compensation | — | — | 3.6 | — | — | — | 3.6 |
| BALANCE, June 30, 2021 | 15,859,820 | $ 0.2 | $ 1,073.2 | $ 116.9 | $ (475.9) | $ 6.3 | $ 720.7 |
| Net loss | — | — | — | (2.3) | — | — | (2.3) |
| Other comprehensive income, net of tax | — | — | — | — | — | 10.8 | 10.8 |
| Common shares issued (including impacts from Long-Term Incentive programs) | 3,431 | — | — | — | — | — | — |
| Cancellation of shares to cover employees' tax withholdings upon vesting of non-vested shares | (579) | — | (0.1) | — | — | — | (0.1) |
| Cash dividends declared[3] | — | — | — | (11.6) | — | — | (11.6) |
| Amortization of unearned equity compensation | — | — | 3.5 | — | — | — | 3.5 |
| BALANCE, September 30, 2021 | 15,862,672 | $ 0.2 | $ 1,076.6 | $ 103.0 | $ (475.9) | $ 17.1 | $ 721.0 |

[1] At September 30, 2021, 710,580 shares were available for awards under the Kaiser Aluminum Corporation 2021 Equity and Incentive Compensation Plan (“2021 Plan”).

[2] There were no repurchases of common stock during the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021. At September 30, 2021, $93.1 million remained available to repurchase our common shares pursuant to the stock repurchase program.

[3] Dividends declared per common share was $0.72 for the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021.

The accompanying notes to interim consolidated financial statements are an integral part of these statements.

## KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

## STATEMENTS OF CONSOLIDATED STOCKHOLDERS’ EQUITY CONTINUED (UNAUDITED)

### Nine Months Ended September 30, 2020

| | Common Shares Outstanding | Common Stock | Additional Paid in Capital | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Income (Loss) | Total |
|---|---|---|---|---|---|---|---|
| | (In millions of dollars, except share and per share amounts) | | | | | | |
| BALANCE, December 31, 2019 | 15,868,304 | $ 0.2 | $ 1,062.9 | $ 172.8 | $ (463.4) | $ (38.6) | $ 733.9 |
| Net income | — | — | — | 29.1 | — | — | 29.1 |
| Other comprehensive loss, net of tax | — | — | — | — | — | (15.5) | (15.5) |
| Common shares issued (including impacts from Long-Term Incentive programs) | 119,598 | — | — | — | — | — | — |
| Cancellation of shares to cover employees' tax withholdings upon vesting of non-vested shares | (45,545) | — | (4.3) | — | — | — | (4.3) |
| Repurchase of common stock[1] | (152,763) | — | — | — | (12.5) | — | (12.5) |
| Cash dividends declared[2] | — | — | — | (11.3) | — | — | (11.3) |
| Amortization of unearned equity compensation | — | — | 1.7 | — | — | — | 1.7 |
| BALANCE, March 31, 2020 | 15,789,594 | $ 0.2 | $ 1,060.3 | $ 190.6 | $ (475.9) | $ (54.1) | $ 721.1 |
| Net loss | — | — | — | (6.6) | — | — | (6.6) |
| Other comprehensive income, net of tax | — | — | — | — | — | 11.9 | 11.9 |
| Common shares issued (including impacts from Long-Term Incentive programs) | 22,575 | — | 0.4 | — | — | — | 0.4 |
| Cash dividends declared[2] | — | — | — | (10.6) | — | — | (10.6) |
| Amortization of unearned equity compensation | — | — | 2.6 | — | — | — | 2.6 |
| BALANCE, June 30, 2020 | 15,812,169 | $ 0.2 | $ 1,063.3 | $ 173.4 | $ (475.9) | $ (42.2) | $ 718.8 |
| Net income | — | — | — | 0.4 | — | — | 0.4 |
| Other comprehensive income, net of tax | — | — | — | — | — | 8.2 | 8.2 |
| Cash dividends declared[2] | — | — | — | (10.8) | — | — | (10.8) |
| Amortization of unearned equity compensation | — | — | 2.7 | — | — | — | 2.7 |
| BALANCE, September 30, 2020 | 15,812,169 | $ 0.2 | $ 1,066.0 | $ 163.0 | $ (475.9) | $ (34.0) | $ 719.3 |

[1] Weighted-average repurchase price (dollars per share) for the quarter ended March 31, 2020 was $81.94. There was no repurchase of common stock for the quarters ended June 30, 2020 and September 30, 2020.

[2] Dividends declared per common share was $0.67 for each of the quarters ended March 31, 2020, June 30, 2020 and September 30, 2020.

The accompanying notes to interim consolidated financial statements are an integral part of these statements.

## KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
## STATEMENTS OF CONSOLIDATED CASH FLOWS (UNAUDITED)

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (In millions of dollars) | |
| Cash flows from operating activities[1]: | | |
| Net (loss) income | $ (20.2) | $ 22.9 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Depreciation of property, plant and equipment | 58.0 | 37.0 |
| Amortization of definite-lived intangible assets | 6.2 | 2.1 |
| Amortization of debt premium and debt issuance costs | 1.6 | 1.4 |
| Deferred income taxes | (9.9) | 14.8 |
| Non-cash equity compensation | 10.5 | 7.4 |
| Loss (gain) on disposition of short-term investments | — | (0.7) |
| Non-cash asset impairment charge | — | 0.5 |
| Loss on extinguishment of debt | 35.9 | — |
| Loss on disposition of property, plant and equipment | 0.1 | 0.1 |
| Changes in operating assets and liabilities, net of effects of acquisition: | | |
| Trade and other receivables | (110.7) | 43.4 |
| Contract assets | (4.1) | 19.8 |
| Inventories | (52.5) | 20.1 |
| Prepaid expenses and other current assets | (3.9) | (5.7) |
| Accounts payable | 105.8 | (27.6) |
| Accrued liabilities | 17.8 | 6.2 |
| Annual variable cash contributions to Salaried VEBA | (1.7) | (2.9) |
| Long-term assets and liabilities, net | 0.4 | 11.9 |
| Net cash provided by operating activities | 33.3 | 150.7 |
| Cash flows from investing activities[1]: | | |
| Capital expenditures | (29.9) | (37.2) |
| Cash payment for acquisition of Warrick, net of cash received – Note 4 | (609.2) | — |
| Purchase of short-term investments | — | (39.1) |
| Purchase of equity securities | (0.4) | (0.5) |
| Proceeds from disposition of short-term investments | — | 118.1 |
| Proceeds from disposition of property, plant and equipment | — | 0.3 |
| Net cash (used in) provided by investing activities | (639.5) | 41.6 |
| Cash flows from financing activities[1]: | | |
| Repayment of principal and redemption premium of 6.50% Senior Notes | (380.9) | — |
| Issuance of 4.50% Senior Notes | 550.0 | — |
| Issuance of 6.50% Senior Notes | — | 350.0 |
| Cash paid for debt issuance costs | (8.6) | (6.1) |
| Repayment of finance lease | (1.6) | (1.2) |
| Cancellation of shares to cover employees' tax withholdings upon vesting of non-vested shares | (2.5) | (4.3) |
| Repurchase of common stock | — | (12.5) |
| Cash dividends and dividend equivalents paid | (35.0) | (32.7) |
| Net cash provided by financing activities | 121.4 | 293.2 |
| Net (decrease) increase in cash, cash equivalents and restricted cash during the period | (484.8) | 485.5 |
| Cash, cash equivalents and restricted cash at beginning of period | 794.3 | 278.6 |
| Cash, cash equivalents and restricted cash at end of period | $ 309.5 | $ 764.1 |

[1] See Note 14 for supplemental cash flow information.

The accompanying notes to interim consolidated financial statements are an integral part of these statements.

## NOTES INDEX

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## 1. Basis of Presentation and Recent Accounting Pronouncements

This Quarterly Report on Form 10-Q (this "Report") should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2020. Unless the context otherwise requires, references in these notes to interim consolidated financial statements - unaudited to "Kaiser Aluminum Corporation," "we," "us," "our," "the Company" and "our Company" refer collectively to Kaiser Aluminum Corporation and its subsidiaries.

*Principles of Consolidation and Basis of Presentation.* The accompanying unaudited consolidated financial statements include the accounts of our wholly owned subsidiaries and are prepared in accordance with United States generally accepted accounting principles ("GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") applicable for interim periods and, therefore, do not include all information and footnotes required by GAAP for complete financial statements. In management's opinion, all adjustments (which include normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for our interim periods are not necessarily indicative of the results of operations that may be achieved for the entire 2021 fiscal year. The financial information as of December 31, 2020 is derived from our audited consolidated financial statements and footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2020. We have reclassified certain amounts in prior-period financial statements to conform to the current period's presentation. On the Consolidated Balance Sheets, prior period presentation of the Canadian pension plan in Long-term liabilities is now reflected in Pension and other postretirement benefits. On the Statements of Consolidated Cash Flows, prior period presentation of Other non-cash changes in assets and liabilities is now reflected in Changes in operating assets and liabilities within the following categories: (i) Prepaid expenses and other current assets; (ii) Accrued liabilities; and (iii) Long-term assets and liabilities, net.

*Use of Estimates in the Preparation of Financial Statements.* The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of our consolidated financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions, which could have a material effect on the reported amounts of our consolidated financial position and results of operations.

*Supply Chain Financing*. Upon our acquisition of Warrick (as defined in Note 4 below), we became party to several supply chain financing arrangements, in which we may sell certain of our customers' trade accounts receivable to such customers' financial institutions without recourse. We sell our undivided interests in certain of these receivables at our discretion when we determine that the cost of these arrangements is less than the cost of servicing our receivables with existing debt. Under the terms of the agreements, we retain no rights or interest, have no obligations with respect to the sold receivables and do not service the receivables after the sale. As such, these transactions are being accounted for as a sale. During the quarter and nine months ended September 30, 2021, we sold trade accounts receivable totaling $390.2 million and $706.2 million, respectively, related to these supply chain financing arrangements, of which our customers' financial institutions applied discount fees totaling $2.1 million and $4.0 million, respectively. To the extent discount fees related to the sale of trade accounts receivable under supply chain financing arrangements are not reimbursed by our customers, they are included in Other expense, net. As of September 30, 2021, we had been and/or expected to be fully reimbursed by our customers for these discount fees.

*Fair Value of Goodwill and Intangible Assets.* Fair values and useful lives are determined based on, among other factors, the expected future period of benefit of the asset, the various characteristics of the asset, long-term forecasts of the business, market prices, projected cash flows and the rate used in discounting those cash flows. As the determination of an asset's fair value and useful life involves management making certain estimates and because these estimates form the basis for the determination of whether or not an impairment charge should be recorded, these estimates are considered to be critical accounting estimates.

*Government Grants.* From time-to-time, we receive grants from certain governmental agencies such as states and municipalities. We recognize government grants when we have reasonable assurance that we will comply with any conditions attached to the grant and the grant will be received. Government grants related to property, plant and equipment are presented as a reduction to the related asset's carrying amount. Grants related to compensation for costs already incurred or for immediate financial support, with no future related costs, are recognized as income in the period in which it is receivable. During the quarter and nine months ended September 30, 2020, our subsidiary Kaiser Aluminum Canada Limited received $0.1 million and $1.3 million, respectively, of payroll subsidies under the Canada Emergency Wage Subsidy Program. These subsidies were recorded within Other operating charges (income), net.

***Adoption of New Accounting Pronouncements***

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2019-12, *Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which is intended to simplify the accounting for income taxes by eliminating certain exceptions and implementing additional requirements which result in a more consistent application of Accounting Standards Codification ("ASC") 740 Income Taxes. Most amendments within ASU 2019-12 are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. Our adoption of ASU 2019-12 during the quarter ended March 31, 2021 did not result in a material impact on our consolidated financial statements.

***Accounting Pronouncements Issued But Not Yet Adopted***

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04") and also issued subsequent amendments to the initial guidance (collectively, "Topic 848"). Topic 848 is effective for all entities as of March 12, 2020 through December 31, 2022 and provides optional guidance for contract modifications and certain hedging relationships associated with the transition from reference rates that are expected to be discontinued. We will adopt Topic 848 when our relevant contracts are modified upon transition to alternative reference rates. We do not expect our adoption of Topic 848 to have a material impact on our consolidated financial statements.

## 2. Supplemental Balance Sheet Information

| | As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|
| | (In millions of dollars) | |
| *Trade Receivables, Net* | | |
| Billed trade receivables | $ 362.4 | $ 113.6 |
| Allowance for doubtful receivables | (0.8) | (0.8) |
| Trade receivables, net | $ 361.6 | $ 112.8 |
| | | |
| *Inventories*[1] | | |
| Finished products | $ 81.9 | $ 37.2 |
| Work-in-process | 163.2 | 46.0 |
| Raw materials | 159.6 | 62.3 |
| Operating supplies | 8.9 | 6.5 |
| Total | $ 413.6 | $ 152.0 |
| | | |
| *Property, Plant and Equipment, Net* | | |
| Land and improvements | $ 26.0 | $ 21.5 |
| Buildings and leasehold improvements | 174.7 | 117.2 |
| Machinery and equipment | 1,119.7 | 847.4 |
| Construction in progress[2] | 82.3 | 37.8 |
| Property, plant and equipment, gross | 1,402.7 | 1,023.9 |
| Accumulated depreciation and amortization | (456.1) | (398.4) |
| Assets held for sale | 2.1 | 1.7 |
| Property, plant and equipment, net | $ 948.7 | $ 627.2 |
| | | |
| *Other Accrued Liabilities* | | |
| Uncleared cash disbursements | $ 7.1 | $ 2.1 |
| Accrued income taxes and other taxes payable | 11.0 | 5.2 |
| Accrued annual contribution to Salaried VEBA | — | 1.7 |
| Accrued interest | 11.0 | 11.6 |
| Short-term environmental accrual – Note 8 | 3.9 | 3.7 |
| Other – Note 3 and Note 6 | 22.2 | 17.1 |
| Total | $ 55.2 | $ 41.4 |
| | | |
| *Long-Term Liabilities* | | |
| Workers' compensation accrual | $ 30.9 | $ 30.6 |
| Long-term environmental accrual – Note 8 | 13.3 | 15.1 |
| Other long-term liabilities | 30.3 | 31.6 |
| Total | $ 74.5 | $ 77.3 |

[1] At September 30, 2021 and December 31, 2020 the current cost of our inventory exceeded its stated last-in, first-out (“LIFO”) value by $124.1 million and $8.4 million, respectively. We treated inventory acquired in conjunction with the Warrick acquisition (as defined in Note 4 below) as current year purchases within our existing single LIFO pool.

[2] Based on market conditions during the nine months ended September 30, 2021, $19.8 million within Construction in progress as of September 30, 2021 related to temporarily idled projects, all of which are expected to resume at a future date. Temporary idled projects as of December 31, 2020 totaled $20.0 million.

## 3. Leases

We determine whether an agreement is a lease at inception. We have operating and finance leases for equipment and real estate that primarily have fixed lease payments. Our leases have remaining lease terms of approximately one to 59 years, some of which may include options to extend the lease for up to 60 years and some of which may include options to terminate the lease within one year.

For purposes of calculating lease liabilities, these options are included within the lease term when it has become reasonably certain that we will exercise such options. Short-term leases with an initial term of 12 months or less are not recorded on our Consolidated Balance Sheets.

As most of our leases do not provide an implicit rate, we use information available at the lease commencement date in determining an incremental borrowing rate when calculating our right-of-use lease assets and liabilities. In determining the inputs to the incremental borrowing rate calculation, we make judgments about the value of the leased asset, our credit rating and the lease term, including the probability of our exercising options to extend or terminate the underlying lease. Additionally, we make judgments around contractual asset substitution rights in determining whether a contract contains a lease.

We have lease agreements with lease and non-lease components, which are generally accounted for separately. These non-lease components include items such as common area maintenance, taxes and insurance for our real estate leases, as well as maintenance charges related to our equipment leases. We have, however, applied the practical expedient within ASU No. 2016-02, *Leases (Topic 842): Amendments to the Financial Accounting Standards Board Accounting Standards Codification* (“ASU 2016-02”), to not separate lease and non-lease components to our embedded supply system equipment leases and have therefore accounted for both lease and non-lease components in determining the lease assets and liabilities.

Many of our equipment leases contain clauses that require us to return the equipment with certain functionality intact. We account for these costs as residual value guarantees when the guarantee becomes probable of being owed. Our lease agreements do not contain any material restrictive covenants.

The following table presents lease terms and discount rates as of September 30, 2021:

| | Finance Leases | Operating Leases |
|---|---|---|
| Weighted-average lease term (in years) | 25.1 | 7.7 |
| Weighted-average discount rate | 3.5% | 3.9% |

The following table summarizes the classification of lease assets and lease liabilities on our Consolidated Balance Sheets (in millions of dollars):

| Leases | Classification | As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|---|
| **Assets** | | | |
| Operating lease assets | Operating lease assets | $ 45.2 | $ 26.5 |
| Finance lease assets | Property, plant and equipment, net | 8.6 | 8.1 |
| Total lease assets | | $ 53.8 | $ 34.6 |
| **Liabilities** | | | |
| Current: | | | |
| Operating lease liabilities | Other accrued liabilities | $ 8.4 | $ 4.4 |
| Finance lease liabilities | Other accrued liabilities | 2.1 | 1.9 |
| Non-current: | | | |
| Operating lease liabilities | Long-term portion of operating lease liabilities | 40.2 | 25.6 |
| Finance lease liabilities | Long-term liabilities | 6.5 | 6.2 |
| Total lease liabilities | | $ 57.2 | $ 38.1 |

The following table summarizes the components of lease cost on our Statements of Consolidated (Loss) Income (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Operating lease cost | $ 2.8 | $ 1.6 | $ 7.7 | $ 5.2 |
| Short-term lease cost | 1.5 | 0.5 | 2.5 | 1.1 |
| Finance lease cost: | | | | |
| Amortization of leased assets | 0.5 | 0.5 | 1.5 | 1.2 |
| Interest on lease liabilities | — | — | 0.2 | 0.2 |
| Total lease cost | $ 4.8 | $ 2.6 | $ 11.9 | $ 7.7 |

The following table presents the maturity of our lease liabilities as of September 30, 2021 (in millions of dollars):

| Maturity of Lease Liabilities | Finance Leases | Operating Leases |
|---|---|---|
| Remainder of 2021 | $ 0.6 | $ 2.6 |
| 2022 | 2.3 | 8.6 |
| 2023 | 1.9 | 9.0 |
| 2024 | 1.4 | 8.3 |
| 2025 | 1.0 | 5.1 |
| Thereafter | 6.4 | 24.5 |
| Total minimum lease payments | $ 13.6 | $ 58.1 |
| Less: interest | (5.0) | (9.5) |
| Present value | $ 8.6 | $ 48.6 |

### 4. Business Combinations, Goodwill and Intangible Assets

*Warrick Rolling Mill Acquisition*. On March 31, 2021, we acquired Alcoa Warrick LLC and certain assets comprising the aluminum casting and rolling mill facility located in Warrick County, Indiana (collectively, "Warrick") for a purchase price of $670.0 million. Warrick is a leading producer of bare and coated aluminum coil used for can stock applications in the beverage and food packaging industry in North America. The transaction provides us with non-cyclical end market diversification and re-entry into the packaging end market. Acquisition-related costs incurred and expensed during the quarter and nine months ended September 30, 2021 were $1.0 million and $15.0 million, respectively, primarily related to legal and consulting fees and included within Selling, general, administrative, research and development ("SG&A and R&D").

The preliminary purchase consideration to allocate was determined as follows (in millions of dollars):

| | |
|---|---|
| Contract purchase price | $ 670.0 |
| Preliminary working capital adjustment | 31.0 |
| Initial outstanding indebtedness – Other postretirement benefits liabilities | (83.5) |
| Cash paid at acquisition close on March 31, 2021 | 617.5 |
| Cash received for post-close adjustments | (8.3) |
| Total purchase consideration to allocate | $ 609.2 |

We prepared an initial allocation of the purchase consideration as of the acquisition date based on our understanding of the fair value of the acquired assets and assumed liabilities. As we continue to obtain additional information supporting the final valuation of inventories, property, plant and equipment, intangible assets, other assets and long-term liabilities, we will refine the estimates of fair value and may revise our allocation of the purchase consideration. We expect to finalize the valuation of the assets and liabilities as soon as practicable, but in any event no later than one year from the acquisition date.

The following table summarizes the preliminary fair values of assets acquired and liabilities assumed as of the acquisition date as well as adjustments made up to September 30, 2021 (in millions of dollars):

| | Initial Allocation | Adjustments | Updated Allocation |
|---|---|---|---|
| Trade receivables | $ 162.4 | $ (2.4) | $ 160.0 |
| Other receivables | 6.2 | 4.8 | 11.0 |
| Inventories, including step up | 209.0 | 0.1 | 209.1 |
| Prepaid expenses and other current assets | — | 0.3 | 0.3 |
| Property, plant and equipment | 385.4 | (41.7) | 343.7 |
| Operating lease assets | 12.3 | — | 12.3 |
| Intangible assets | 56.5 | (6.5) | 50.0 |
| Goodwill | 27.4 | (6.9) | 20.5 |
| Other Assets | — | 56.8 | 56.8 |
| Accounts payable | (143.0) | (0.2) | (143.2) |
| Accrued salaries, wages and related expenses | (5.9) | (1.0) | (6.9) |
| Other accrued liabilities | (11.5) | 0.9 | (10.6) |
| Long-term portion of operating lease liabilities | (8.7) | — | (8.7) |
| Pension and other postretirement benefits | (83.7) | 0.2 | (83.5) |
| Long-term liabilities | (1.6) | — | (1.6) |
| Preliminary allocated purchase consideration | $ 604.8 | $ 4.4 | $ 609.2 |

*Intangible Assets.* The following table presents the components of acquired intangible assets and their estimated useful lives (in millions of dollars):

| | Useful Life (in years) | Fair Value |
|---|---|---|
| Favorable lease contract | 120 | $ 7.0 |
| Favorable commodity contracts | 2 | 11.0 |
| Customer relationships | 12 | 32.0 |
| Total | | $ 50.0 |

*Goodwill.* Goodwill related to the Warrick acquisition is primarily attributable to the assembled workforce and is expected to be deductible for income tax purposes. The following table presents the changes to goodwill during the nine months ended September 30, 2021 (in millions of dollars):

| | Gross Carrying Value | Accumulated Impairment Loss | Net Carrying Value |
|---|---|---|---|
| Balance as of December 31, 2020 | $ 37.2 | $ (18.4) | $ 18.8 |
| Warrick acquisition | 20.5 | — | 20.5 |
| Balance as of September 30, 2021 | $ 57.7 | $ (18.4) | $ 39.3 |

*Other Assets.* Represents assets to be purchased or constructed by Alcoa Corporation ("Alcoa") following the close of the acquisition and subsequently conveyed to us in connection with separating the rolling mill from the other businesses retained by Alcoa.

*Results of Warrick.* See Note 15 for the quarter and six months net sales from the continuing operations of Warrick included in our Statements of Consolidated (Loss) Income for the quarter and nine months ended September 30, 2021, respectively. Net (loss) income for the quarter and nine months ended September 30, 2021 are not provided as the Warrick results have been fully integrated and discrete financial information cannot be obtained without unreasonable effort.

*Certain Unaudited Pro Forma Information.* The following unaudited pro forma financial information presents what our results would have been had

Warrick been acquired on January 1, 2020. The unaudited pro forma information includes adjustments and consequential tax effects related to: (i) amortization and depreciation for intangible assets and property, plant and equipment acquired; (ii) the effects of certain reclassifications and conforming accounting policies; and (iii) acquisition-related transaction costs. The unaudited pro forma information presented below is for informational purposes only and is not necessarily indicative of our consolidated results of operations of the consolidated business had the acquisition occurred at the beginning of fiscal year 2020 or of the results of our future operations of the consolidated business.

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Net sales | $ 750.6 | $ 534.3 | $ 2,130.4 | $ 1,703.7 |
| Net (loss) income | $ (2.8) | $ 1.9 | $ (1.2) | $ (44.2) |

The Warrick rolling mill has historically purchased aluminum and electrical power from Alcoa's smelter and power plant in Warrick County, Indiana. Alcoa's Warrick smelter historically sold the aluminum to the Warrick rolling mill at smelter cost and electrical power from Alcoa's power plant at negotiated prices between the parties.

As part of the acquisition of Warrick, we negotiated pricing for aluminum and electrical power with Alcoa at alternative rates which more closely align with market pricing. The table above does not reflect the cost of aluminum and electrical power under these negotiated rates.

## 5. Employee Benefits

*Short-Term Incentive Plans ("STI Plans").* We have annual short-term incentive compensation plans for senior management and certain other employees payable at our election in cash, shares of common stock or a combination of cash and shares of common stock. Amounts earned under STI Plans are based on our adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), modified for certain safety, quality, delivery, cost and individual performance factors. The Adjusted EBITDA targets are determined based on the return on adjusted net assets. Most of our production facilities have similar programs for both hourly and salaried employees. As of September 30, 2021, we had a liability of $7.3 million recorded within Accrued salaries, wages and related expenses for estimated probable future payments relating to the nine month performance period of our 2021 STI Plan.

*Pension and Similar Benefit Plans.* We provide contributions to: (i) defined contribution 401(k) savings plans for salaried employees and certain hourly employees; (ii) a non-qualified, unfunded, unsecured plan of deferred compensation (see "*Deferred Compensation Plan*" below); (iii) multi-employer pension plans sponsored by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC, the International Association of Machinists and certain other unions at certain of our production facilities; and (iv) a defined benefit pension plan for salaried employees at our London, Ontario (Canada) facility.

*Deferred Compensation Plan*. We have a non-qualified, unfunded, unsecured plan of deferred compensation for certain employees who would otherwise suffer a loss of benefits under our defined contribution plan as a result of the limitations imposed by the Internal Revenue Code of 1986. Despite the plan being an unfunded plan, we make an annual contribution to a rabbi trust to fulfill future funding obligations as contemplated by the terms of the plan. The assets in the trust are held in various investment funds at certain registered investment companies and are accounted for as equity investments with changes in fair value recorded within Other expense, net (see Note 11). Assets of our deferred compensation plan are included in Other assets, classified within Level 2 of the fair value hierarchy and are measured and recorded at fair value based on their quoted market prices. The fair value of these assets at September 30, 2021 and December 31, 2020 was $10.4 million and $9.6 million, respectively. Offsetting liabilities relating to the deferred compensation plan are included in Other accrued liabilities and Long-term liabilities.

*Salaried VEBA Postretirement Obligation.* Certain retirees who retired prior to 2004 and certain employees who were hired prior to February 2002 and have subsequently retired or will retire with the requisite age and service, along with their surviving spouses and eligible dependents, are eligible to participate in a voluntary employees' beneficiary association ("VEBA") that provides healthcare cost, medical cost and long-term care insurance cost reimbursement benefits ("Salaried VEBA"). We have an ongoing obligation with no express termination date to make annual variable cash contributions up to a maximum of $2.9 million to the Salaried VEBA. We paid $1.7 million with respect to 2020 during the quarter ended March 31, 2021. We account for the Salaried VEBA as a defined benefit plan in our financial statements.

*Warrick Pension and Other Postretirement Benefits*. In conjunction with the Warrick acquisition, we assumed certain defined benefit pension obligations for certain union employees hired prior to January 1, 2020 and other postretirement benefit ("OPEB") obligations relating to retiree medical and life insurance benefits for certain union employees hired prior to July 1, 2010, and were active union employees of the Warrick rolling mill on March 31, 2021 and we agreed to establish new plans with respect to each. Pension and OPEB liabilities and expenses are determined using actuarial methodologies and incorporate significant assumptions, including the interest rate used to discount the future estimated liability, the expected long-term rate of return on plan assets and several assumptions relating to the employee workforce (salary increases, health care cost trend rates, retirement age and mortality). The following data presents the key assumptions used and the amounts reflected in our consolidated financial statements with respect to the Warrick pension plan and OPEB. We used a March 31 measurement date for both of the plans.

The following table presents the assumptions used to determine the Warrick pension and OPEB obligations:

| | Warrick Pension Plan<br>As of March 31, 2021 | Warrick OPEB<br>As of March 31, 2021 |
|---|---|---|
| Discount rate | 3.24% | 2.97% |
| Expected long-term return on plan assets | 7.00% | N/A |
| Trend rate (initial) | N/A | 5.40% |
| Trend rate (ultimate) | N/A | 4.00% |
| Years to reach ultimate trend | N/A | 14 |
| Rate of compensation increase | 2.50% | — |

The accumulated benefit obligation included in the opening balance sheet at March 31, 2021 for the Warrick pension plan and OPEB was $6.5 million and $78.1 million, respectively, of which $1.1 million was recorded within Accrued salaries, wages and related expenses. Our expected minimum contributions to the Warrick pension plan and OPEB in 2021 is $0.1 million and $0.7 million, respectively.

The following table presents the minimum net benefits expected to be paid (in millions of dollars):

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026-2030 |
| Warrick pension plan benefit payments | $ 0.1 | $ 0.1 | $ 0.2 | $ 0.3 | $ 0.5 | $ 4.4 |
| Warrick OPEB plan benefit payments | 0.7 | 1.6 | 2.4 | 3.1 | 3.7 | 27.1 |
| Total net benefits | $ 0.8 | $ 1.7 | $ 2.6 | $ 3.4 | $ 4.2 | $ 31.5 |

The following table presents the total expense related to all postretirement benefit plans (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Defined contribution plans[1] | $ 3.4 | $ 1.4 | $ 10.4 | $ 7.0 |
| Deferred compensation plan[2] | 0.2 | 0.4 | 0.6 | 0.8 |
| Multiemployer pension plans[1] | 1.3 | 1.3 | 3.7 | 3.8 |
| Net periodic postretirement benefit cost relating to Salaried VEBA[2] | 0.6 | 1.2 | 1.7 | 3.6 |
| Net periodic postretirement benefit cost relating to Warrick pension plan[3] | 1.3 | — | 2.6 | — |
| Net periodic postretirement benefit cost relating to Warrick OPEB plan[3] | 0.9 | — | 1.9 | — |
| Total | $ 7.7 | $ 4.3 | $ 20.9 | $ 15.2 |

[1] Substantially all of the expense related to employee benefits are in Cost of products sold, excluding depreciation and amortization and other items ("Cost of products sold" or "COGS") with the remaining balance in SG&A and R&D.

[2] The deferred compensation plan and the current service cost component of Net periodic postretirement benefit cost relating to Salaried VEBA are included within our Statements of Consolidated (Loss) Income in SG&A and R&D for all periods presented. All other components of Net periodic postretirement benefit cost relating to Salaried VEBA are included within Other expense, net, on our Statements of Consolidated (Loss) Income.

[3] The current service cost component of Net periodic postretirement benefit cost relating to both the Warrick pension plan and the Warrick OPEB plan are included within our Statements of Consolidated (Loss) Income in COGS for all periods presented. All other components of Net periodic postretirement benefit cost relating to both the Warrick pension plan and the Warrick OPEB plan are included within Other expense, net, on our Statements of Consolidated (Loss) Income.

*Components of Net Periodic Postretirement Benefit Cost.* Our results of operations included the following impacts associated with our Canadian pension plan, the Salaried VEBA, Warrick pension plan and Warrick OPEB plan: (i) a charge for service rendered by employees; (ii) a charge for accretion of interest; (iii) a benefit for the expected return on plan assets; (iv) amortization of prior service costs associated with plan amendments; and (v) amortization of net actuarial differences. Net periodic benefit cost related to our Canadian pension plan was not material for the quarters and nine months ended September 30, 2021 and September 30, 2020.

The following table presents the components of Net periodic postretirement benefit cost relating to Salaried VEBA (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Salaried VEBA: | | | | |
| Service cost | $ — | $ 0.1 | $ — | $ 0.1 |
| Interest cost | 0.4 | 0.6 | 1.2 | 1.9 |
| Expected return on plan assets | (0.8) | (0.7) | (2.4) | (2.1) |
| Amortization of prior service cost[1] | 0.9 | 1.2 | 2.6 | 3.5 |
| Amortization of net actuarial loss | 0.1 | — | 0.3 | 0.2 |
| Total net periodic postretirement benefit cost relating to Salaried VEBA | $ 0.6 | $ 1.2 | $ 1.7 | $ 3.6 |

[1] We amortize prior service cost on a straight-line basis over the average remaining years of service to full eligibility for benefits of the active plan participants.

The following table presents the components of Net periodic postretirement benefit cost relating to Warrick Pension (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Warrick pension plan: | | | | |
| Service cost | $ 1.3 | $ — | $ 2.5 | $ — |
| Interest cost | — | — | 0.1 | — |
| Total net periodic postretirement benefit cost relating to Warrick pension plan | $ 1.3 | $ — | $ 2.6 | $ — |

The following table presents the components of Net periodic postretirement benefit cost relating to Warrick OPEB (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Warrick OPEB plan: | | | | |
| Service cost | $ 0.3 | $ — | $ 0.7 | $ — |
| Interest cost | 0.6 | — | 1.2 | — |
| Total net periodic postretirement benefit cost relating to Warrick OPEB plan | $ 0.9 | $ — | $ 1.9 | $ — |

## 6. Derivatives, Hedging Programs and Other Financial Instruments

*Overview.* In conducting our business, we enter into derivative transactions, including forward contracts and options, to limit our exposure to: (i) metal price risk related to our sale of fabricated aluminum products and the purchase of metal used as raw material for our fabrication operations; (ii) energy price risk relating to fluctuating prices of natural gas and electricity used in our production processes; and (iii) foreign currency requirements with respect to cash commitments for equipment purchases and/or other agreements denominated in foreign currency. We do not use derivative financial instruments for trading or other speculative purposes. Hedging transactions are executed centrally on behalf of all of our operations to minimize transaction costs, monitor consolidated net exposures and allow for increased responsiveness to changes in market factors.

Our derivative activities are overseen by a committee (“Hedging Committee”), which is composed of our chief executive officer, chief financial officer, chief accounting officer, vice president of treasury, risk and procurement and other officers and employees selected by the chief executive officer. The Hedging Committee meets regularly to review commodity price exposure, derivative positions and strategy. Management reviews the scope of the Hedging Committee’s activities with our Board of Directors.

We are exposed to counterparty credit risk on all of our derivative instruments, which we manage by monitoring the credit quality of our counterparties and allocating our hedging positions among multiple counterparties to limit exposure to any single entity. Our counterparties are major investment grade financial institutions or trading companies. Hedging transactions are governed by negotiated reciprocal credit lines, which generally require collateral to be posted above specified credit thresholds. We believe the risk of loss is remote and contained due to counterparty credit quality, our diversification practice and collateral requirements.

In a majority of our hedging counterparty agreements, our counterparty offers us a credit line that adjusts up or down, depending on our liquidity. Below specified liquidity thresholds, we may have to post collateral if the fair value of our net liability with such counterparty exceeds our reduced credit line. We manage this risk by allocating hedging transactions among multiple counterparties, using options as part of our hedging activities or both. The aggregate fair value of our derivative instruments that were in a net liability position was zero at September 30, 2021 and $2.7 million at December 31, 2020, and we had no collateral posted as of those dates.

Additionally, our firm-price customer sales commitments create incremental customer credit risk related to metal price movements. Under certain circumstances, we mitigate this risk by periodically requiring cash collateral from them, which we classify as deferred revenue and include as a component of Other accrued liabilities. We had no cash collateral posted from our customers at September 30, 2021 and December 31, 2020. For more information about concentration risks concerning customers and suppliers, see Note 15.

### *Cash Flow Hedges*

We designate as cash flow hedges forward swap contracts for aluminum, energy and, from time-to-time, zinc and copper (“Alloying Metals”) used in our fabrication operations and foreign currency forward contracts for supplies and services for which payments are due in foreign currency. Unrealized gains and losses associated with our cash flow hedges are deferred in Other comprehensive income, net of tax, and reclassified to COGS when such hedges settle or when it is probable that the original forecasted transactions will not occur by the end of the originally specified time period. See Note 9 for the total amount of gain or loss on derivative instruments designated and qualifying as cash flow hedging instruments and fair value hedging instruments that was reported in Accumulated other comprehensive income (loss) (“AOCI”), as well as the related reclassifications into earnings and tax effects. Cumulative gains and losses related to cash flow hedges are reclassified out of AOCI and recorded within COGS when the associated hedged commodity purchases impact earnings.

*Aluminum Hedges*. Our pricing of fabricated aluminum products is generally intended to lock in a conversion margin (representing the value added from the fabrication process(es)) and to pass through metal price fluctuations to our customers. For some of our higher value added products sold on a spot basis, the pass through of metal price movements can sometimes lag by as much as several months, with a favorable impact to us when metal prices decline and an adverse impact to us when metal prices increase. Additionally, in certain instances, we enter into firm-price arrangements with our customers for stipulated volumes to be delivered in the future. Because we generally purchase primary and secondary aluminum on a floating price basis, the lag in passing through metal price movements to customers on some of our higher value added products sold on a spot basis and the volume that we have committed to sell to our customers under a firm-price arrangement create metal price risk for us. We use third-party hedging instruments to limit exposure to metal price risk related to the metal pass through lag on some of our products and firm-price customer sales contracts.

*Alloying Metals Hedges*. We are exposed to risk of fluctuating prices for Alloying Metals used as raw materials in our fabrication operations. We, from time to time, in the ordinary course of business, enter into hedging transactions and/or physical delivery commitments with third parties to mitigate our risk from fluctuations in Alloying Metals prices that are not passed through customer contracts.

*Energy Hedges*. We are exposed to risk of fluctuating prices for natural gas and electricity. We, from time to time, in the ordinary course of business, enter into hedging transactions and/or physical delivery commitments with third parties to mitigate our risk from fluctuations in natural gas and electricity prices that are not passed through pursuant to the terms of our customer contracts.

The following table summarizes the volume of our derivative and/or physical delivery commitments with energy companies in place to cover our exposure to price fluctuations of our expected variable priced energy purchases as of September 30, 2021:

| | Remainder of 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|
| Natural Gas | 44% | 49% | 44% | 42% | 18% | 18% |
| Electricity | 92% | 75% | 43% | — | — | — |

*Foreign Currency Hedges.* We are exposed to foreign currency exchange risk related to certain supply and service agreements with vendors for which payments are due in foreign currency. We, from time to time, in the ordinary course of business, use foreign currency forward contracts in order to mitigate the exposure to currency exchange rate fluctuations related to these purchases.

### *Fair Value Hedges*

We are exposed to foreign currency exchange risk related to firm-price commitments for equipment purchases from foreign manufacturers. We, from time to time, in the ordinary course of business, use third-party hedging instruments to mitigate our exposure to currency exchange rate fluctuations on these purchases and designate such hedging instruments as fair value hedges. Gain or loss related to components excluded from the assessment of effectiveness from these fair value hedges is first recognized in AOCI and subsequently reclassified to Depreciation and amortization on a straight-line basis over the term of the hedge. Gain or loss on the hedged item (e.g., equipment purchase firm commitments) and the remaining gain or loss on the fair value hedge is recorded within Depreciation and amortization in the period that the gain or loss occurs. Any difference between the change in the fair value of the excluded component and amounts recognized in income on a straight-line basis over the term of the hedge is recognized in AOCI.

### *Non-Designated Hedges of Operational Risks*

From time-to-time, we enter into commodity and foreign currency exchange contracts that are not designated as hedging instruments to mitigate certain short-term commodity and currency impacts, as identified. For derivative instruments that are not designated as hedging instruments, the gain or loss on these derivatives is recognized within COGS or Other expense, net, depending on whether it relates to commodity risk or foreign currency risk, respectively.

### *Notional Amount of Derivative Contracts*

The following table summarizes our derivative positions at September 30, 2021:

| Aluminum | Maturity Period (month/year) | Notional Amount of Contracts (mmlbs) |
|---|---|---|
| Fixed price purchase contracts | 10/21 through 12/23 | 97.8 |
| Fixed price sales contracts | 10/21 through 12/21 | 0.8 |
| Midwest premium swap contracts[1] | 10/21 through 12/23 | 81.1 |

| Alloying Metals | Maturity Period (month/year) | Notional Amount of Contracts (mmlbs) |
|---|---|---|
| Fixed price purchase contracts | 10/21 through 12/22 | 9.4 |
| Fixed price sales contracts | 10/21 through 12/21 | 1.8 |

| **Natural Gas** | **Maturity Period (month/year)** | **Notional Amount of Contracts (mmbtu)** |
|---|---|---|
| Fixed price purchase contracts | 10/21 through 12/24 | 5,220,000 |

| **Electricity** | **Maturity Period (month/year)** | **Notional Amount of Contracts (Mwh)** |
|---|---|---|
| Fixed price purchase contracts | 10/21 through 12/22 | 285,270 |

| **Euro** | **Maturity Period (month/year)** | **Notional Amount of Contracts (euro)** |
|---|---|---|
| Fixed price forward contracts | 12/21 through 3/23 | 208,080 |

[1] Regional premiums represent the premium over the London Metal Exchange price for primary aluminum which is incurred on our purchases of primary aluminum.

### *(Gain) Loss*

The following table summarizes the amount of (gain) loss included on our Statements of Consolidated (Loss) Income associated with all derivative contracts (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | | Statements of Consolidated (Loss) Income Classification |
|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | |
| Total of income and expense line items presented in our Statements of Consolidated (Loss) Income in which the effects of hedges are recorded: | | | | | |
| Cash flow hedges | $ 677.8 | $ 208.4 | $ 1,613.6 | $ 719.5 | Cost of products sold |
| Fair value hedges | n/a | $ 12.9 | n/a | $ 39.1 | Depreciation and amortization |
| Fair value hedges | n/a | $ (0.5) | n/a | $ (0.8) | Other expense, net |
| (Gain) loss recognized in our Statements of Consolidated (Loss) Income related to cash flow hedges: | | | | | |
| Aluminum | $ (13.3) | $ 1.2 | $ (24.3) | $ 14.5 | Cost of products sold |
| Alloying Metals | (0.2) | — | 0.2 | 2.1 | Cost of products sold |
| Alloying Metals (reclassification from AOCI due to forecasted transactions no longer probable of occurring) | — | 0.1 | — | 0.8 | Cost of products sold |
| Natural gas | (0.6) | 0.3 | (0.7) | 1.2 | Cost of products sold |
| Electricity | (2.6) | — | (3.3) | 0.6 | Cost of products sold |
| Total (gain) loss recognized in our Statements of Consolidated (Loss) Income related to cash flow hedges | $ (16.7) | $ 1.6 | $ (28.1) | $ 19.2 | |
| Loss (gain) recognized in our Statements of Consolidated (Loss) Income related to fair value hedges: | | | | | |
| Foreign exchange contracts | $ — | $ — | $ — | $ (0.1) | Depreciation and amortization |
| Hedged item | — | — | — | 0.1 | Depreciation and amortization |
| Excluded component amortized from AOCI | — | — | — | 0.4 | Depreciation and amortization |
| Reclassification from AOCI related to early termination of firm commitment | — | — | — | (0.4) | Other expense, net |
| Net settlement related to early termination of forward contracts | — | — | — | 0.3 | Other expense, net |
| Total loss recognized in our Statements of Consolidated (Loss) Income related to fair value hedges | $ — | $ — | $ — | $ 0.3 | |
| (Gain) loss recognized in our Statements of Consolidated (Loss) Income related to non-designated hedges: | | | | | |
| Alloying Metals – Realized (gain) loss | $ (1.2) | $ 0.3 | $ (3.8) | $ 1.7 | Cost of products sold |
| Alloying Metals – Unrealized loss (gain) | 1.9 | (1.8) | 2.0 | (1.8) | Cost of products sold |
| Total loss (gain) recognized in our Statements of Consolidated (Loss) Income related to non-designated hedges | $ 0.7 | $ (1.5) | $ (1.8) | $ (0.1) | |

### *Fair Values of Derivative Contracts*

The fair values of our derivative contracts are based upon trades in liquid markets. Valuation model inputs can be verified, and valuation techniques do not involve significant judgment. The fair values of such financial instruments are classified within Level 2 of the fair value hierarchy.

All of our derivative contracts with counterparties are subject to enforceable master netting arrangements. We reflect the fair value of our derivative contracts on a gross basis on our Consolidated Balance Sheets. The following table presents the fair value of our derivative financial instruments (in millions of dollars):

| | As of September 30, 2021 | | | As of December 31, 2020 | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Net Amount | Assets | Liabilities | Net Amount |
| ***Cash Flow Hedges:*** | | | | | | |
| *Aluminum –* | | | | | | |
| Fixed price purchase contracts | $ 23.9 | $ (0.2) | $ 23.7 | $ 4.6 | $ (0.1) | $ 4.5 |
| Fixed price sales contracts | — | (0.2) | (0.2) | — | — | — |
| Midwest premium swap contracts | 7.1 | (0.1) | 7.0 | 0.2 | (1.2) | (1.0) |
| *Natural gas* – Fixed price purchase contracts | 5.8 | — | 5.8 | 0.2 | (1.5) | (1.3) |
| *Electricity* – Fixed price purchase contracts | 9.4 | (0.2) | 9.2 | 2.0 | (2.5) | (0.5) |
| Total cash flow hedges | 46.2 | (0.7) | 45.5 | 7.0 | (5.3) | 1.7 |
| | | | | | | |
| ***Non-Designated Hedges:*** | | | | | | |
| *Alloying Metals –* | | | | | | |
| Fixed price purchase contracts | 2.0 | (0.5) | 1.5 | 3.9 | — | 3.9 |
| Fixed price sales contracts | — | (0.7) | (0.7) | — | (1.3) | (1.3) |
| Total non-designated hedges | 2.0 | (1.2) | 0.8 | 3.9 | (1.3) | 2.6 |
| | | | | | | |
| Total | $ 48.2 | $ (1.9) | $ 46.3 | $ 10.9 | $ (6.6) | $ 4.3 |

The following table presents the total amounts of derivative assets and liabilities on our Consolidated Balance Sheets (in millions of dollars):

| | As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|
| **Derivative assets:** | | |
| Prepaid expenses and other current assets | $ 41.3 | $ 8.4 |
| Other assets | 6.9 | 2.5 |
| Total derivative assets | $ 48.2 | $ 10.9 |
| **Derivative liabilities:** | | |
| Other accrued liabilities | $ (1.7) | $ (3.8) |
| Long-term liabilities | (0.2) | (2.8) |
| Total derivative liabilities | $ (1.9) | $ (6.6) |

### *Fair Value of Other Financial Instruments*

*All Other Financial Assets and Liabilities.* We believe that the fair values of our accounts receivable, contract assets, accounts payable and accrued liabilities approximate their respective carrying values due to their short maturities and nominal credit risk.

## 7. Debt and Credit Facility

### *Senior Notes*

*4.50% Senior Notes.* In May 2021, we issued $550.0 million aggregate principal amount of 4.50% unsecured senior notes due June 1, 2031 at 100% of the principal amount ("4.50% Senior Notes"). The restrictions and covenants related to our 4.50% Senior Notes are similar to those governing our pre-existing 4.625% unsecured senior notes due March 1, 2028 ("4.625% Senior Notes").

The unamortized amount of debt issuance costs as of September 30, 2021 relating to the 4.50% Senior Notes was $8.3 million. Interest expense, including amortization of debt issuance costs and debt premium, relating to the 4.50% Senior Notes was $6.4 million and $9.3 million for the quarter and nine months ended September 30, 2021. Interest accrues on the 4.50% Senior Notes beginning May 20, 2021 at a rate of 4.50% per annum and is payable semiannually on June 1 and December 1 of each year. The first interest payment date is December 1, 2021. The effective interest rate of the 4.50% Senior Notes is approximately 4.7% per annum, taking into account the amortization of debt issuance costs.

The 4.50% Senior Notes were offered and sold in transactions not required to be registered under the Securities Act of 1933 and are not entitled to any registration rights. The fair value of the outstanding 4.50% Senior Notes, which are Level 1 liabilities calculated based on pricing from trades around the balance sheet date, was approximately $565.4 million at September 30, 2021.

The 4.50% Senior Notes are unsecured obligations and are guaranteed by each of our existing and future domestic subsidiaries that is a borrower or guarantor under the revolving credit facility (see *Revolving Credit Facility* below).

We may redeem the 4.50% Senior Notes at our option in whole or part at any time on or after June 1, 2026 at a redemption price (expressed as a percentage of principal amount) of 102.25%, declining to 101.50%, 100.75% and 100% on or after June 1, 2027, June 1, 2028 and June 1, 2029, respectively, in each case plus any accrued and unpaid interest. At any time prior to June 1, 2026, we may also redeem up to 40% of the 4.50% Senior Notes using the net proceeds from certain equity offerings at a redemption price equal to 104.50% of the principal amount plus any accrued and unpaid interest.

*6.50% Senior Notes.* In April 2020 and May 2020, we issued $300.0 million and $50.0 million, respectively, aggregate principal amounts of our 6.50% unsecured senior notes due May 1, 2025 at 100% and 101%, respectively, of the principal amounts (“6.50% Senior Notes”). On May 21, 2021 we redeemed in full the remaining balance of our 6.50% Senior Notes at a redemption price of 108.83% of the principal amount plus $1.3 million of accrued and unpaid interest for a total net cash outflow of $382.2 million. Upon redemption of the 6.50% Senior Notes, we recorded a loss on extinguishment of debt of $35.9 million within Other expense, net on our Statements of Consolidated (Loss) Income, which included the premium payment of $30.9 million and a write-off of the remaining unamortized premium and debt issuance costs of $5.0 million (See Note 11 for details). The effective interest rate of the 6.50% Senior Notes is approximately 6.8% per annum, taking into account the amortization of premium and debt issuance costs. Interest expense, including amortization of debt issuance costs, relating to the 6.50% Senior Notes was $9.2 million for the nine months ended September 30, 2021. Interest expense, including amortization of debt issuance costs, relating to the 6.50% Senior Notes was $6.0 million and $10.2 million for the quarter and nine months ended September 30, 2020, respectively. The fair value of the outstanding 6.50% Senior Notes, which are Level 1 liabilities calculated based on pricing from trades around the balance sheet date, was approximately $376.8 million at December 31, 2020.

*4.625% Senior Notes.* In November 2019, we issued $500.0 million aggregate principal amount of 4.625% unsecured senior notes due March 1, 2028 at 100% of the principal amount. The unamortized amount of debt issuance costs as of September 30, 2021 was $5.8 million. Interest expense, including amortization of debt issuance costs, relating to the 4.625% Senior Notes was $6.0 million and $18.0 million for both the quarters and nine months ended September 30, 2021 and September 30, 2020, respectively. The effective interest rate of the 4.625% Senior Notes was approximately 4.8% per annum, taking into account the amortization of debt issuance costs. The fair value of the outstanding 4.625% Senior Notes, which are Level 1 liabilities, was approximately $517.9 million and $521.3 million at September 30, 2021 and December 31, 2020, respectively.

The amount of interest expense capitalized as construction in progress was $0.2 million and $0.3 million during the quarters ended September 30, 2021 and September 30, 2020, respectively. The amount of interest expense capitalized as construction in progress was $0.6 million and $0.8 million during the nine months ended September 30, 2021 and September 30, 2020, respectively.

### *Revolving Credit Facility*

Our credit agreement with Wells Fargo Bank, National Association, as administrative agent, and the other financial institutions party thereto (“Revolving Credit Facility”) provides us with a $375.0 million funding commitment through October 2024.

The following table summarizes availability and usage of our Revolving Credit Facility as determined by a borrowing base calculated as of September 30, 2021 (in millions of dollars):

| | | |
|---|---|---|
| Revolving Credit Facility borrowing commitment | $ | 375.0 |
| Borrowing base availability | $ | 375.0 |
| Less: Outstanding borrowings under Revolving Credit Facility | | — |
| Less: Outstanding letters of credit under Revolving Credit Facility | | (7.7) |
| Remaining borrowing availability | $ | 367.3 |

## 8. Commitments and Contingencies

*Commitments.* We have a variety of financial commitments, including purchase agreements, forward foreign exchange and forward sales contracts, indebtedness and letters of credit (see Note 6 and Note 7).

*Environmental Contingencies.* We are subject to a number of environmental laws and regulations, to potential fines or penalties assessed for alleged breaches of such laws and regulations and to potential claims based upon such laws and regulations. We are also subject to legacy environmental contingencies related to activities that occurred at operating facilities prior to July 6, 2006, which represent the majority of our environmental accruals. The status of these environmental contingencies are discussed below. We have established procedures for regularly evaluating environmental loss contingencies. Our environmental accruals represent our undiscounted estimate of costs reasonably expected to be incurred based on presently enacted laws and regulations, currently available facts, existing requirements, existing technology and our assessment of the likely remediation actions to be taken.

We continue to pursue remediation activities, primarily to address the historical use of oils containing polychlorinated biphenyls (“PCBs”) at our Spokane, Washington (“Trentwood”) facility. Our remediation efforts are in collaboration with the Washington State Department of Ecology (“Ecology”), to which we submitted a feasibility study in 2012 of remediation alternatives and from which we received permission to begin certain remediation activities pursuant to a signed work order. We have completed a number of sections of the work plan and have received satisfactory completion approval from Ecology on those sections. In cooperation with Ecology, we constructed an experimental treatment facility to determine the treatability and evaluate the feasibility of removing PCBs from ground water under the Trentwood facility. In 2015, we began treatment operations involving a walnut shell filtration system, which we optimized for maximum PCB capture during 2020. Furthermore, based on advancements in technology, we signed an Amended Agreed Order with Ecology in 2020 to evaluate and implement new technologies for PCB removal from groundwater on a pilot basis. The primary technology we are evaluating is Ultraviolet Light Advanced Oxidation Process. As the long-term success of the new methodology cannot be reasonably determined at this time, it is possible we may need to make upward adjustments to our related accruals and cost estimates as the long term results become available.

Pursuant to a consent agreement with the Ohio Environmental Protection Agency (“OEPA”), we initiated an investigational study of our Newark facility related to historical on-site waste disposal. During the quarter ended December 31, 2018, we submitted our remedial investigation study to the OEPA for review and approval. The final remedial investigation report was approved by the OEPA during the quarter ended December 31, 2020. We are currently preparing the required feasibility study, which we expect to submit to the OEPA for review during the quarter ending December 31, 2021. The actual and final remediation cost estimates will not be fully determinable until the feasibility study has been accepted by the OEPA and the selected remediation design work plans are completed, which we expect to occur in the next 12 to 18 months.

At September 30, 2021, our environmental accrual of $17.2 million represented our estimate of the incremental remediation cost based on: (i) proposed alternatives in the final feasibility study related to the Trentwood facility; (ii) currently available facts with respect to our Newark facility; and (iii) facts related to certain other locations owned or formerly owned by us. In accordance with approved and proposed remediation action plans, we expect that the implementation and ongoing monitoring could occur over a period of 30 or more years.

As additional facts are developed, feasibility studies are completed, remediation plans are modified, necessary regulatory approvals for the implementation of remediation are obtained, alternative technologies are developed and/or other factors change, there may be revisions to management’s estimates and actual costs may exceed the current environmental accruals. We believe at this time that it is reasonably possible that undiscounted costs associated with these environmental matters may exceed current accruals by amounts that could be, in the aggregate, up to an estimated $11.6 million over the remediation period. It is reasonably possible that our recorded estimate will change in the next 12 months.

*Warrick Rolling Mill Potential CARO Liability.* We identified potential conditional asset retirement obligations ("CAROs") related to the future removal and disposal of asbestos that is contained within the Warrick rolling mill facility. We believe that the asbestos is appropriately contained in accordance with current environmental regulations. If the facility were demolished or subject to renovation activities that disturb the asbestos, certain environmental regulations are in place which specify the manner in which the asbestos must be handled and disposed. We are required to record the fair value of CAROs if they can be reasonably estimated. As of September 30, 2021, we are in the process of evaluating and determining the fair value of a potential CARO, if any, acquired as part of the Warrick acquisition. No liability has been recorded on our accompanying Consolidated Balance Sheets as the liability is currently indeterminable. We may conclude at a future date that a CARO exists and we could be required to record a liability for the related obligations in amounts that are material to our consolidated financial statements. While we do not currently expect that the CARO liability will be material to our consolidated financial statements, there can be no assurance as to the existence of a CARO obligation and corresponding liabilities that we may be required to record in the future.

*Other Contingencies.* We are party to various lawsuits, claims, investigations and administrative proceedings that arise in connection with past and current operations. We evaluate such matters on a case-by-case basis and our policy is to vigorously contest any such claims we believe are without merit. We accrue for a legal liability when it is both probable that a liability has been incurred and the amount of the loss is reasonably estimable. Quarterly, in addition to when changes in facts and circumstances require it, we review and adjust these accruals to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. While uncertainties are inherent in the final outcome of such matters and it is presently impossible to determine the actual cost that may ultimately be incurred, we believe that we have sufficiently accrued for such matters and that the ultimate resolution of pending matters will not have a material impact on our consolidated financial position, operating results or liquidity.

## 9. Accumulated Other Comprehensive Income (Loss)

The following table presents the changes in the accumulated balances for each component of AOCI (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| ***Defined Benefit Pension Plan and Salaried VEBA:*** | | | | |
| Beginning balance | $ (18.4) | $ (31.2) | $ (19.8) | $ (33.2) |
| Amortization of net actuarial loss[1] | 0.1 | — | 0.3 | 0.2 |
| Amortization of prior service cost[1] | 0.9 | 1.2 | 2.6 | 3.5 |
| Less: income tax expense[2] | (0.2) | (0.3) | (0.7) | (0.9) |
| Net amortization reclassified from AOCI to Net (loss) income | 0.8 | 0.9 | 2.2 | 2.8 |
| Translation impact on Canadian pension plan AOCI balance | — | (0.1) | — | — |
| Other comprehensive income, net of tax | 0.8 | 0.8 | 2.2 | 2.8 |
| Ending balance | $ (17.6) | $ (30.4) | $ (17.6) | $ (30.4) |
| | | | | |
| ***Available for Sale Securities:*** | | | | |
| Beginning balance | $ — | $ (0.2) | $ — | $ 0.3 |
| Unrealized gain on available for sale securities | — | — | — | 1.4 |
| Less: income tax benefit (expense) | — | — | — | (0.3) |
| Net unrealized gain on available for sale securities | — | — | — | 1.1 |
| Reclassification of unrealized loss (gain) upon sale of available for sale securities[3] | — | — | — | (2.1) |
| Less: income tax benefit[2] | — | — | — | 0.5 |
| Net loss (gain) reclassified from AOCI to Net (loss) income | — | — | — | (1.6) |
| Other comprehensive income (loss), net of tax | — | — | — | (0.5) |
| Ending balance | $ — | $ (0.2) | $ — | $ (0.2) |
| | | | | |
| ***Cash Flow Hedges:*** | | | | |
| Beginning balance | $ 24.8 | $ (10.7) | $ 1.1 | $ (5.6) |
| Unrealized gain (loss) on cash flow hedges | 29.8 | 7.8 | 72.1 | (16.0) |
| Less: income tax (expense) benefit | (7.0) | (1.9) | (17.0) | 4.0 |
| Net unrealized gain (loss) on cash flow hedges | 22.8 | 5.9 | 55.1 | (12.0) |
| Reclassification of unrealized (gain) loss upon settlement of cash flow hedges | (16.7) | 1.8 | (28.1) | 18.1 |
| Reclassification due to forecasted transactions no longer probable of occurring | — | 0.1 | — | 0.8 |
| Less: income tax benefit (expense)[2] | 3.9 | (0.5) | 6.7 | (4.7) |
| Net (gain) loss reclassified from AOCI to Net (loss) income | (12.8) | 1.4 | (21.4) | 14.2 |
| Other comprehensive income, net of tax | 10.0 | 7.3 | 33.7 | 2.2 |
| Ending balance[4] | $ 34.8 | $ (3.4) | $ 34.8 | $ (3.4) |
| | | | | |
| ***Fair Value Hedges:*** | | | | |
| Beginning balance | $ — | $ — | $ — | $ — |
| Unrealized gain (loss) on fair value hedges | — | — | — | (1.0) |
| Less: income tax benefit | — | — | — | 0.2 |
| Net unrealized gain (loss) on fair value hedges | — | — | — | (0.8) |
| Excluded component amortized from OCI to Net (loss) income | — | — | — | 0.4 |
| Reclassification due to cancellation of firm commitment | — | — | — | 0.6 |
| Less: income tax benefit (expense)[2] | — | — | — | (0.2) |
| Net loss reclassified from AOCI to Net (loss) income | — | — | — | 0.8 |
| Other comprehensive income, net of tax | — | — | — | — |
| Ending balance | $ — | $ — | $ — | $ — |
| | | | | |
| ***Foreign Currency Translation:*** | | | | |
| Beginning balance | $ (0.1) | $ (0.1) | $ — | $ (0.1) |
| Other comprehensive income (loss), net of tax | — | 0.1 | (0.1) | 0.1 |
| Ending balance | $ (0.1) | $ — | $ (0.1) | $ — |
| | | | | |
| Total AOCI ending balance | $ 17.1 | $ (34.0) | $ 17.1 | $ (34.0) |

[1] Amounts amortized out of AOCI relating to Salaried VEBA adjustments were included within Other expense, net, as a component of Net periodic postretirement benefit cost relating to Salaried VEBA.

[2] Income tax amounts reclassified out of AOCI were included as a component of Income tax (provision) benefit.

[3] Amounts reclassified out of AOCI relating to sales of available for sale securities were included as a component of Other expense, net. We use the specific identification method to determine the amount reclassified out of AOCI.

[4] As of September 30, 2021, we estimate a net mark-to-market gain before tax of $38.8 million in AOCI will be reclassified into Net (loss) income upon settlement within the next 12 months.

## 10. Restructuring

*2020 Plan*. In order to align our projected operational requirements with reduced short and mid-term commercial aerospace demand as a result of the Coronavirus Disease 2019 (“COVID-19”) pandemic, we initiated a restructuring plan during the quarter ended June 30, 2020, which consisted primarily of reduction in force measures (“2020 Plan”).

Employee costs related to the 2020 Plan were included within Restructuring costs in our Statements of Consolidated (Loss) Income and consisted of severance, voluntary buyout packages, outplacement services, estimated medical costs and associated payroll costs. Substantially all of the costs associated with the restructuring efforts initiated under the 2020 Plan were incurred and expensed as of December 31, 2020.

We have incurred total Restructuring costs of $6.7 million under the 2020 Plan through September 30, 2021.

The following table summarizes the changes to our 2020 Plan liabilities during the nine months ended September 30, 2021 (in millions of dollars):

| | Nine Months Ended September 30, 2021 |
|---|---|
| Balance as of December 31, 2020 | $ 1.4 |
| Cash payments | (0.6) |
| Other adjustments[1] | (0.8) |
| Balance as of September 30, 2021 | $ — |

[1] In March 2021 and May 2021, we revised our production forecast for 2021, thereby reducing the estimated number of headcount reductions necessary as compared with our initial restructuring plan. As such, included in Other adjustments is a reduction to our estimated restructuring liability of $0.8 million with an offset to Restructuring costs to accommodate the revised headcount requirements.

## 11. Other Expense, Net

Other expense, net, consisted of the following (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Interest income | $ 0.1 | $ 0.2 | $ 0.2 | $ 0.5 |
| Net periodic postretirement benefit cost | (1.2) | (1.1) | (3.0) | (3.5) |
| Realized gain on available for sale securities | — | — | — | 2.1 |
| Unrealized gain on equity securities | — | 0.3 | — | 0.4 |
| Gain (loss) on extinguishment of debt | — | — | (35.9) | — |
| All other, net | (0.1) | 0.1 | 0.5 | (0.3) |
| Other expense, net | $ (1.2) | $ (0.5) | $ (38.2) | $ (0.8) |

## 12. Income Tax Matters

The income tax (provision) benefit consisted of the following (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Domestic | $ (8.8) | $ 0.9 | $ 8.5 | $ (9.6) |
| Foreign | 0.4 | (0.2) | (1.1) | (0.6) |
| Total | $ (8.4) | $ 0.7 | $ 7.4 | $ (10.2) |

The income tax (provision) benefit for the quarters ended September 30, 2021 and September 30, 2020 was $(8.4) million and $0.7 million, respectively, reflecting an effective tax rate of 137% and 222%, respectively. The difference between the effective tax rate and the projected blended statutory tax rate for the quarter ended September 30, 2021 was primarily due to an increase of 116% of taxable income for a change in forecasted earnings and its impact on the annual effective tax rate, partially offset by a decrease of 2% related to the valuation allowance for certain state net operating losses and a decrease of 1% for the recognition of excess tax benefits from stock-based compensation.

The difference between the effective tax rate and the projected blended statutory tax rate for the quarter ended September 30, 2020 was primarily due to a decrease of 211% of taxable income for a change in forecasted earnings and its impact on the annual effective tax rate, partially offset by an increase of 22% of taxable income to the valuation allowance for certain state net operating losses.

The income tax benefit (provision) for the nine months ended September 30, 2021 and September 30, 2020 was $7.4 million and $(10.2) million, respectively, reflecting an effective tax rate of 27% and 31% respectively. The difference between the effective tax rate and the projected blended statutory tax rate for the nine months ended September 30, 2021 was primarily due to: (i) an increase of 4% related to the valuation allowance for certain state net operating losses; (ii) an increase of 3% related to tax credits; (iii) an increase of 2% for the recognition of excess tax benefits from stock-based compensation; and (iv) an increase of 2% for a change in state tax rate due to the Warrick acquisition, partially offset by a decrease related to permanent items of 7%, including non-deductible compensation expense and foreign withholding tax.

The difference between the effective tax rate and the projected blended statutory tax rate for the nine months ended September 30, 2020, was primarily due to an increase of 4% of taxable income related to non-deductible compensation expense and an increase of 4% of taxable income to the valuation allowance for certain state net operating losses, partially offset by a decrease of 2% of taxable income for the recognition of excess tax benefits from stock-based compensation.

Our gross unrecognized benefits relating to uncertain tax positions were $4.1 million and $3.8 million at September 30, 2021 and December 31, 2020, respectively, of which, $4.1 million and $3.8 million would be recorded through our income tax provision and thus impact the effective tax rate at September 30, 2021 and December 31, 2020, respectively, if the gross unrecognized tax benefits were to be recognized.

We do not expect our gross unrecognized tax benefits to significantly change within the next 12 months.

## 13. Net (Loss) Income Per Share

Basic net (loss) income per share is computed by dividing distributed and undistributed net (loss) income allocable to common shares by the weighted-average number of common shares outstanding during the applicable period. The basic weighted-average number of common shares outstanding during the period excludes non-vested share-based payment awards. Diluted net (loss) income per share was calculated under the treasury stock method for the quarters and nine months ended September 30, 2021 and September 30, 2020, which in both periods was more dilutive than the two-class method.

The following table sets forth the computation of basic and diluted net (loss) income per share (in millions of dollars, except share and per share amounts):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Numerator: | | | | |
| Net (loss) income | $ (2.3) | $ 0.4 | $ (20.2) | $ 22.9 |
| Denominator – Weighted-average common shares outstanding (in thousands): | | | | |
| Basic | 15,852 | 15,794 | 15,831 | 15,804 |
| Add: dilutive effect of non-vested common shares, restricted stock units and performance shares[1] | — | 71 | — | 100 |
| Diluted | 15,852 | 15,865 | 15,831 | 15,904 |
| | | | | |
| Net (loss) income per common share, Basic: | $ (0.14) | $ 0.02 | $ (1.28) | $ 1.45 |
| Net (loss) income per common share, Diluted: | $ (0.14) | $ 0.02 | $ (1.28) | $ 1.44 |

[1] Quantities in the following discussion are denoted in whole shares. During the quarter and nine months ended September 30, 2021, approximately 210,000 and 198,000 potentially dilutive shares, respectively, were excluded from the computation of net loss per share as their effect would have been anti-dilutive. During the quarter and nine months ended September 30, 2020, approximately, 69,000 and 41,000 shares, respectively, were excluded from the weighted-average diluted shares computation as their inclusion would have been anti-dilutive.

### 14. Supplemental Cash Flow Information

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (In millions of dollars) | |
| Interest paid | $ 35.9 | $ 17.7 |
| Non-cash investing and financing activities (included in Accounts payable): | | |
| Unpaid purchases of property and equipment | $ 10.1 | $ 3.5 |
| | | |
| Supplemental lease disclosures: | | |
| Operating lease liabilities arising from obtaining operating lease assets | $ 24.3 | $ 4.9 |
| Cash paid for amounts included in the measurement of operating lease liabilities | $ 5.7 | $ 3.4 |
| Finance lease liabilities arising from obtaining finance lease assets | $ 2.1 | $ 2.2 |

| | As of September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (In millions of dollars) | |
| Components of cash, cash equivalents and restricted cash: | | |
| Cash and cash equivalents | $ 295.7 | $ 750.1 |
| Restricted cash included in Other assets[1] | 13.8 | 14.0 |
| Total cash, cash equivalents and restricted cash presented on our Statements of Consolidated Cash Flows | $ 309.5 | $ 764.1 |

[1] We are required to keep on deposit certain amounts that are pledged or held as collateral relating to workers' compensation and other agreements. We account for such deposits as restricted cash. From time to time, such restricted funds could be returned to us or we could be required to pledge additional cash.

### 15. Business, Product and Geographical Area Information

Our primary line of business is the production of semi-fabricated specialty aluminum mill products, such as aluminum plate and sheet and extruded and drawn products, primarily used in aerospace and high strength ("Aero/HS products"), beverage and food packaging products (“Packaging”), automotive (“Automotive Extrusions”), general engineering (“GE products”) and other industrial (“Other products”). We operate 13 focused production facilities in the United States and one in Canada. Our chief operating decision maker reviews and evaluates our business as a single operating segment.

The following table presents Net sales by end market applications and by timing of control transfer (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Net sales: | | | | |
| Aero/HS products | $ 142.0 | $ 100.9 | $ 387.6 | $ 441.5 |
| Packaging | 367.3 | — | 726.1 | — |
| Automotive Extrusions | 50.1 | 46.2 | 163.3 | 110.3 |
| GE products | 187.1 | 105.1 | 518.4 | 337.6 |
| Other products | 4.1 | 3.5 | 20.2 | 11.3 |
| Total net sales | $ 750.6 | $ 255.7 | $ 1,815.6 | $ 900.7 |
| | | | | |
| Timing of revenue recognition: | | | | |
| Products transferred at a point in time | $ 613.6 | $ 151.8 | $ 1,419.5 | $ 532.1 |
| Products transferred over time | 137.0 | 103.9 | 396.1 | 368.6 |
| Total net sales | $ 750.6 | $ 255.7 | $ 1,815.6 | $ 900.7 |

The following table presents geographic information for income taxes paid (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Income taxes paid: | | | | |
| Domestic | $ — | $ 0.1 | $ 1.2 | $ 0.4 |
| Foreign | 0.2 | — | 0.8 | 0.1 |
| Total income taxes paid | $ 0.2 | $ 0.1 | $ 2.0 | $ 0.5 |

## 16. Subsequent Events

*Dividend Declaration.* On October 15, 2021, we announced that our Board of Directors declared a quarterly cash dividend of $0.72 per common share. As such, we expect to pay approximately $11.6 million (including dividend equivalents) on or about November 15, 2021 to stockholders of record and the holders of certain restricted stock units at the close of business on October 25, 2021.

**Item 2.** ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

## Forward-Looking Statements

*This Quarterly Report on Form 10-Q ("Report") contains statements which constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear throughout this Report and can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "estimates," "will," "should," "plans" or "anticipates," or the negative of the foregoing or other variations of comparable terminology, or by discussions of strategy. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties and that actual results may vary from those in the forward-looking statements as a result of various factors. These factors include: (i) the effectiveness of management's strategies and decisions, including strategic investments, capital spending strategies and the execution of those strategies; (ii) general economic and business conditions, including the impact of the global outbreak of Coronavirus Disease 2019 ("COVID-19") and governmental and other actions taken in response, cyclicality, reshoring, supply interruptions, including the most recent disruptions resulting from the supply demand imbalances in the magnesium and silicon markets, and other conditions that impact demand drivers in the aerospace/high strength, automotive, general engineering, packaging and other end markets we serve; (iii) our ability to participate in mature and anticipated new automotive programs expected to launch in the future and successfully launch new automotive programs; (iv) changes or shifts in defense spending due to competing national priorities; (v) developments in technology; (vi) new or modified statutory or regulatory requirements; and (vii) changing prices and market conditions. This Item, Part II, Item 1A. "Risk Factors" included in this Report and Part I, Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2020 each identify other factors that could cause actual results to vary. No assurance can be given that these are all of the factors that could cause actual results to vary materially from the forward-looking statements.*

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Part I, Item 1. "Financial Statements" of this Report and our consolidated financial statements and related notes included in Part II, Item 8. "Financial Statements and Supplementary Data" of our Annual Report on Form 10-K for the year ended December 31, 2020.*

## Non-GAAP Financial Measures

This information contains certain non-GAAP financial measures. A non-GAAP financial measure is defined as a numerical measure of a company's financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles ("GAAP") in the statements of (loss) income, balance sheets or statements of cash flows of the company. We have provided a reconciliation of non-GAAP financial measures to the most directly comparable financial measure in the accompanying tables. We have also provided discussion of the reasons we believe that presentation of the non-GAAP financial measures provide useful information to investors, as well as any additional ways in which we use the non-GAAP financial measures. The non-GAAP financial measures used in the following discussions are value added revenue ("VAR"), adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and ratios related thereto. These measures are presented because management uses this information to monitor and evaluate financial results and trends and believes this information to also be useful for investors.

In the discussion of operating results below, we refer to certain items as "non-run-rate items." For purposes of such discussion, non-run-rate items are items that, while they may recur from period-to-period: (i) are particularly material to results; (ii) affect costs primarily as a result of external market factors; and (iii) may not recur in future periods if the same level of underlying performance were to occur. Non-run-rate items are part of our business and operating environment but are worthy of being highlighted for the benefit of readers of our financial statements. Our intent is to allow users of the financial statements to consider our results both in light of and separately from such items. For a reconciliation of Adjusted EBITDA to Net (loss) income, see "Results of Operations - *Selected Operational and Financial Information*" below. Reconciliations of certain forward-looking non-GAAP financial measures to comparable GAAP measures are not provided because certain items required for such reconciliations are outside of our control and/or cannot be reasonably predicted or provided without unreasonable effort.

## Metal Pricing Policies

A fundamental part of our business model is to remain neutral to the impact from fluctuations in the market price for aluminum, thereby earning profit predominately from the conversion of aluminum into semi-fabricated mill products. We refer to this as "metal price neutrality." We purchase primary and scrap, or recycled, aluminum, our main raw material, at prices that fluctuate on a monthly basis, and our pricing policies generally allow us to pass the underlying cost of metal through to our customers so that we remain neutral to metal pricing. However, for some of our higher VAR products sold on a spot basis, competitive dynamics may limit the amount and/or delay the timing of selling price increases to recover our increased aluminum costs, resulting in a lag up to several months during which we may be exposed to metal price risk. As a result, we can experience an adverse impact when metal prices increase, and a favorable impact to us when metal prices decline, as we and our competitors tend to defer adjusting pricing unless market dynamics require such in a declining metal cost environment. Additionally, we sometimes enter into firm-price customer sales agreements that specify a firm underlying metal price plus a conversion price. Spot sales with lagged metal price pass through and firm-price sales agreements create metal price exposure for us, which we mitigate through a hedging program with an objective to remain metal price neutral.

Our pricing policies and hedging program are intended to significantly reduce or eliminate the impact on our profitability of fluctuations in underlying metal price so that our earnings are predominantly associated with the conversion of aluminum to semi-fabricated mill products. To allow users of our financial statements to consider the impact of metal cost on our Net sales, we disclose Net sales as well as VAR, which is Net sales less the Hedged Cost of Alloyed Metal. As used in this discussion, “Hedged Cost of Alloyed Metal” is the cost of our metal inputs at the average Midwest Transaction Price of aluminum plus the cost of alloying elements and any realized gains and/or losses on settled hedges related to the metal sold in the referenced period. The average Midwest Transaction Price of aluminum reflects the primary aluminum supply/demand dynamics in North America. For a reconciliation of VAR to Net sales, see “Results of Operations - *Selected Operational and Financial Information*” below.

**Business Overview**

We manufacture and sell semi-fabricated specialty aluminum mill products for the following end market applications: aerospace and high strength (“Aero/HS products”); automotive (“Automotive Extrusions”); general engineering (“GE products”); aluminum beverage and food packaging (“Packaging”), see “Warrick Acquisition” below; and other industrial (“Other products”). Our fabricated aluminum mill products include flat-rolled (plate, sheet and coil), extruded (rod, bar, hollows and shapes), drawn (rod, bar, pipe, tube and wire) and certain cast aluminum products. The sophistication of our products is due to the metallurgy and physical properties of the metal and the special characteristics that are required for particular end uses. We strategically choose to serve technically challenging applications for which we can deploy our core metallurgical and process technology capabilities to produce highly engineered mill products with differentiated characteristics that present opportunities for us to receive premium pricing and to create long-term profitable growth.

With respect to flat-rolled aluminum mill products, our heat treat plate and sheet focus is on applications that require higher strength and other desired product attributes that cannot be achieved by common alloy rolled products. The primary end market applications of flat-rolled heat treat plate and sheet are Aero/HS products (which we sell globally) and GE products (which we predominantly sell within North America). In addition, we also produce flat-rolled aluminum products for the beverage and food-packaging industry, primarily serving the North America can market. Our Packaging products require demanding attributes and can be further processed to include a coating and slitting depending on customer specifications. Similarly, in the areas of aluminum extrusions, we focus on demanding Aero/HS products, Automotive Extrusions and GE products that require high strength, machinability or other specific properties where we can create and maintain a defensible competitive position because of our technical expertise, strong production capability and high product quality. We primarily serve North American demand for extruded mill products.

Our rolling mill in Spokane, Washington (“Trentwood”) produces heat treat plate and sheet for aerospace and general engineering end market applications and our rolling mill in Warrick County, Indiana (“Warrick”) produces bare and coated aluminum coil used for can stock applications in the beverage and food packaging industry. Our 11 extrusion/drawing facilities, 10 of which are in the United States and one of which is in Canada, serve aerospace, automotive or general engineering applications. Additionally, we have a facility in Columbia, New Jersey that focuses on multi-material advanced manufacturing methods and techniques, which include multi-axis computer numerical control (“CNC”) machining, additive manufacturing (“3D Printing”), welding and fabrication for demanding aerospace and defense, automotive, high tech and general industrial applications. Our consolidated Net sales for the nine months ended September 30, 2021 totaled $1,815.6 million on 788.7 million pounds shipped from our facilities. We employed approximately 3,900 people at September 30, 2021.

We have long-standing relationships with our customers, which consist primarily of blue-chip companies including leading aerospace and automotive manufacturers, tier one aerospace and automotive suppliers, food and beverage packaging manufacturers and metal service centers. As of September 30, 2021, approximately 69% of our shipments has been sold direct to manufacturers or tier one suppliers and approximately 31% has been sold to metal service centers. In our served markets, we seek to be the supplier of choice by pursuing “Best in Class” customer satisfaction driven by quality, availability, service and delivery performance. We strive to differentiate our product portfolio through our broad product offering and our KaiserSelect® products, which are engineered and manufactured to deliver enhanced product characteristics with improved consistency, so as to result in better performance, lower waste and, in many cases, lower production cost for our customers.

### Warrick Acquisition

On March 31, 2021, after the close of business, we completed our purchase of Alcoa Warrick LLC and certain assets comprising the aluminum casting and rolling mill facility located in Warrick County, Indiana from Alcoa Corporation ("Alcoa"). This acquisition will provide us re-entry into the North American aluminum beverage and food packaging industry, which is a strong and growing non-cyclical end market driven by sustainability trends and the secular shift from plastic to aluminum. We believe the addition of this non-cyclical end market will be highly complementary to our existing aerospace, automotive and general engineering cyclical end markets and will provide excellent opportunities for long-term growth. The acquisition of Warrick further demonstrates our strategy to serve technically challenging end market applications for which we can deploy our core metallurgical and process technology capabilities to produce highly engineered mill products with differentiated characteristics that present opportunities for us to receive premium pricing and to create long-term profitable growth.

### Highlights of the quarter ended September 30, 2021 include:

- Commercial aerospace recovery continues;
- General engineering demand remains robust;
- Packaging demand continues to demonstrate strong strategic growth opportunities;
- Automotive demand strong; recovery delayed due to semiconductor chip shortage;
- Continued labor constraints and inefficiencies, rapidly rising material and other inflationary costs, supply chain disruptions impacted efficiencies and production levels; and
- Paid cash dividends and dividend equivalents of $0.72 per share or $11.6 million during the quarter ended September 30, 2021.

### Results of Operations

#### *Consolidated Results of Operations*

*Net Sales.* Net sales totaled $750.6 million and $255.7 million for the quarters ended September 30, 2021 and September 30, 2020, respectively, reflecting a 206.3 million *pound (189%) increase in shipment volume and a $0.03/lb (1%) increase in average realized sales price per pound.* The shipment volume increase reflected: (i) a 173.6 million pound addition in Packaging due to our Warrick acquisition; (ii) a 21.1 million pound (39%) increase in GE products reflecting continued strength in underlying demand and restocking in the service center supply chain; and (iii) a 14.8 million pound (54%) increase in Aero/HS products compared to the quarter ended September 30, 2020, reflecting continued strength in demand for defense applications, increasing demand for business jets and improving demand for commercial aerospace as airline travel recovers, partially offset by a 5.1 million pound (21%) decrease in Automotive Extrusions driven by the shortage of semiconductor chips that has impacted North American production levels. The average realized sales price per pound reflected a $0.48/lb (52%) increase in average Hedged Cost of Alloyed Metal price per pound offset by a $0.45/lb (32%) decrease in VAR per pound due primarily to the introduction of lower VAR per pound Packaging products, as well as approximately $15.0 million of additional revenue recognized in the quarter ended September 30, 2020 related to modifications to the 2020 customer declarations under multi-year contracts. See the table in "*Selected Operational and Financial Information*" below for further details.

Net sales totaled $1,815.6 million and $900.7 million for the nine months ended September 30, 2021 and September 30, 2020, respectively, reflecting a 405.6 million pound (106%) increase in shipment volume and a $0.05/lb (2%) decrease in average realized sales price per pound. The shipment volume increase primarily reflected: (i) a 359.5 million pound addition in Packaging due to our Warrick acquisition; (ii) a 51.4 million pound (29%) increase in GE products reflecting strong underlying demand; and (iii) an 11.9 million pound (20%) increase in Automotive Extrusions primarily reflecting the recovery from the COVID-19 pandemic related automotive supply chain shutdowns that occurred during the quarter ended September 30, 2020, partially offset by a 22.9 million pound (16%) decrease in Aero/HS products reflecting COVID-19 pandemic related lower demand for our commercial aerospace products. The decrease in average realized sales price per pound reflected a $0.36/lb (39%) increase in average Hedged Cost of Alloyed Metal prices per pound offset by a $0.41/lb (29%) decrease in VAR per pound due primarily to the introduction of lower VAR per pound Packaging products. See the table in "*Selected Operational and Financial Information*" below for further details.

*Cost of Products Sold, Excluding Depreciation and Amortization and Other Items.* Cost of products sold, excluding depreciation and amortization and other items for the quarter ended September 30, 2021 totaled $677.8 million, or 90% of Net sales, compared to $208.4 million, or 82% of Net sales, for the quarter ended September 30, 2020. The increase of $469.4 million was largely attributable to the addition of Packaging and reflected a $343.9 million increase in Hedged Cost of Alloyed Metal and a $125.5 million increase in net manufacturing conversion and other. Of the $343.9 million increase in Hedged Cost of Alloyed Metal, $191.7 million was due to higher shipment volume, as discussed above in "*Net Sales,*" and $152.2 million was due to higher hedged metal prices. The $125.5 million increase in net manufacturing conversion and other costs was primarily due to the addition of Packaging and additional overhead associated with the related increase in volume. See "*Selected Operational and Financial Information*" below for a further discussion of the comparative results of operations for the quarters ended September 30, 2021 and September 30, 2020.

Cost of products sold, excluding depreciation and amortization and other items for the nine months ended September 30, 2021 totaled $1,613.6 million, or 89% of Net sales, compared to $719.5 million, or 80% of Net sales, for the nine months ended September 30, 2020. The increase of $894.1 million was largely attributable to the addition of Packaging and reflected a $665.4 million increase in Hedged Cost of Alloyed Metal and a $228.7 million increase in net manufacturing conversion and other costs. Of the $665.4 million increase in Hedged Cost of Alloyed Metal, $375.9 million was due to higher shipment volume and $289.5 million was due to higher hedged metal prices, as discussed above in "*Net Sales.*" The $228.7 million increase in net manufacturing conversion and other costs was primarily due to the addition of Packaging and additional overhead associated with the related increase in volume. See "*Selected Operational and Financial Information*" below for a further discussion of the comparative results of operations for the nine months ended September 30, 2021 and September 30, 2020.

*Selling, General, Administrative, Research and Development ("SG&A and R&D").* SG&A and R&D expense totaled $28.1 million and $21.3 million for the quarters ended September 30, 2021 and September 30, 2020, respectively and $90.8 million and $67.9 million for the nine months ended September 30, 2021 and September 30, 2020, respectively. The increase during the quarter ended September 30, 2021 was primarily due to a $4.0 million increase in costs related to the addition of Warrick operations and related transition service agreements ("TSAs") with Alcoa to facilitate the integration and a $2.4 million increase in salaries, benefits and incentives. The increase for the nine months ended September 30, 2021 compared with September 30, 2020 was due primarily to: (i) a $13.7 million increase in acquisition related costs, which were primarily comprised of professional fees; (ii) an $8.1 million increase in costs related to the addition of Warrick operations and related TSAs with Alcoa to facilitate the integration; and (iii) a $4.2 million increase in salaries and benefits, partially offset by a $1.7 million reduction in legacy environmental expenses.

*Restructuring (Benefit) Cost.* See Note 10 of Notes to Interim Consolidated Financial Statements included in this Report for further information regarding the restructuring plan.

*Other Operating Charges (Income), net*. Other operating charges (income), net, was $0.3 million of charges for the quarter ended September 30, 2020 and $0.8 million of income for the nine months ended September 30, 2020. During the quarter and nine months ended September 30, 2020, we recognized $0.4 million and $0.5 million of impairment charges related to property, plant and equipment, which in both periods were offset by government grants received (see Note 1 of Notes to Interim Consolidated Financial Statements included in this Report for details of government grants received).

*Interest Expense.* Interest expense represents cash and non-cash interest expense incurred on our unsecured senior notes and our credit agreement with Wells Fargo Bank, National Association, as administrative agent, and the other financial institutions party thereto ("Revolving Credit Facility"), net of capitalized interest. Interest expense was $12.5 million and $12.1 million for the quarters ended September 30, 2021 and September 30, 2020, respectively, and $37.2 million and $28.7 million for the nine months ended September 30, 2021 and September 30, 2020, respectively. See Note 7 of Notes to Interim Consolidated Financial Statements included in this Report for a discussion of our debt and credit facilities that were in effect during the quarters and nine months ended September 30, 2021 and September 30, 2020 and interest expense capitalized as part of construction in progress.

*Other Expense, Net.* See Note 11 of Notes to Interim Consolidated Financial Statements included in this Report for details.

*Income Tax (Provision) Benefit.* See Note 12 of Notes to Interim Consolidated Financial Statements included in this Report for disclosure regarding our income tax (provision) benefit.

### *Selected Operational and Financial Information*

The following data should be read in conjunction with our consolidated financial statements and the notes thereto included in Part I, Item 1. "Financial Statements" of this Report. Interim results are not necessarily indicative of those for a full year.

The table below provides selected operational and financial information (in millions of dollars):

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Net (loss) income | $ (2.3) | $ 0.4 | $ (20.2) | $ 22.9 |
| Interest expense | 12.5 | 12.1 | 37.2 | 28.7 |
| Other expense, net | 1.2 | 0.5 | 38.2 | 0.8 |
| Income tax provision (benefit) | 8.4 | (0.7) | (7.4) | 10.2 |
| Depreciation and amortization | 24.9 | 12.9 | 64.2 | 39.1 |
| Non-run-rate items: | | | | |
| Restructuring cost (benefit) | — | 0.5 | (0.8) | 12.4 |
| Adjustments to plant-level LIFO[1] | (0.3) | 1.2 | 10.9 | 3.2 |
| Mark-to-market loss (gain) on derivative instruments[2] | 2.0 | (1.7) | 2.1 | (1.1) |
| Workers' compensation cost due to discounting | — | 0.7 | — | 1.4 |
| Non-cash asset impairment charge | — | 0.5 | — | 0.5 |
| Environmental expenses[3] | 0.2 | 3.8 | 0.2 | 5.9 |
| Acquisition costs[4] | 3.8 | 1.3 | 22.2 | 1.3 |
| Total non-run-rate items | 5.7 | 6.3 | 34.6 | 23.6 |
| Adjusted EBITDA | $ 50.4 | $ 31.5 | $ 146.6 | $ 125.3 |

[1] We manage our business on a monthly last-in, first-out ("LIFO") basis at each plant, but report inventory externally on an annual LIFO basis in accordance with GAAP on a consolidated basis. This line item represents the conversion from GAAP LIFO applied on a consolidated basis to monthly LIFO applied on a plant-by-plant basis. For the quarter and nine months ended September 30, 2021, this line item reflects a $1.4 million non-run-rate LIFO benefit and a $6.4 million non-run-rate LIFO charge, respectively, that resulted from a purchase accounting adjustment to step-up Warrick's inventory to fair value.

[2] Mark-to-market loss (gain) on derivative instruments for 2021 and 2020 represents: (i) the reversal of mark-to-market loss (gain) on commodity hedges entered into prior to the adoption of Accounting Standards Update ("ASU") No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* ("ASU 2017-12") and settled in the periods presented above; (ii) loss (gain) on non-designated commodity hedges; and (iii) reclassifications out of Accumulated other comprehensive loss due to forecasted transactions no longer probable of occurring. Adjusted EBITDA reflects the realized gains and losses related to these derivatives upon settlement.

[3] Non-run-rate environmental expenses are related to legacy activities at operating facilities prior to July 6, 2006. See Note 8 of Notes to Interim Consolidated Financial Statements included in this Report for additional information relating to the environmental expenses.

[4] Acquisition costs are non-run-rate acquisition-related transaction costs, which include legal and consulting fees, as well non-cash hedging charges recorded in connection with our Warrick acquisition. The results for both the quarter and nine months ended September 30, 2020 were adjusted to reflect $1.3 million now classified as Warrick acquisition-related costs.

Adjusted EBITDA for the quarter ended September 30, 2021 was $18.9 million higher than Adjusted EBITDA for the quarter ended September 30, 2020, which was inclusive of the additional $15.0 million of revenue as discussed in "Net sales" above. Adjusted EBITDA for the quarter ended September 30, 2021 reflected the addition of Packaging and improvement in our Aero/HS products and GE products, partially offset by higher costs as discussed in "Consolidated Results of Operations" above.

Adjusted EBITDA for the nine months ended September 30, 2021 was $21.3 million higher than Adjusted EBITDA for the nine months ended September 30, 2020, which had the benefit of the additional $15.0 million of revenue as discussed in "Net sales" above. Adjusted EBITDA for the nine months 2021 reflected the benefit of Packaging in addition to improvement in our Automotive Extrusions and GE products, partially offset by higher costs related to labor, materials and supply chain disruptions and approximately $1.5 million of redundancy costs associated with the Warrick integration.

The table below provides our shipment and VAR information (in millions of dollars, except shipments and VAR per pound) by end market applications:

| | Quarter Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| **Aero/HS Products:** | | | | | | | | |
| Shipments (mmlbs) | 42.1 | | 27.3 | | 119.0 | | 141.9 | |
| | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** |
| Net sales | $ 142.0 | $ 3.37 | $ 100.9 | $ 3.70 | $ 387.6 | $ 3.26 | $ 441.5 | $ 3.11 |
| Less: Hedged Cost of Alloyed Metal | (60.5) | (1.43) | (27.6) | (1.02) | (155.2) | (1.31) | (135.8) | (0.96) |
| VAR[1] | $ 81.5 | $ 1.94 | $ 73.3 | $ 2.68 | $ 232.4 | $ 1.95 | $ 305.7 | $ 2.15 |
| **Packaging:** | | | | | | | | |
| Shipments (mmlbs) | 173.6 | | — | | 359.5 | | — | |
| | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** |
| Net sales | $ 367.3 | $ 2.12 | $ — | $ — | $ 726.1 | $ 2.02 | $ — | $ — |
| Less: Hedged Cost of Alloyed Metal | (241.3) | (1.39) | — | — | (468.2) | (1.30) | — | — |
| VAR | $ 126.0 | $ 0.73 | $ — | $ — | $ 257.9 | $ 0.72 | $ — | $ — |
| **Automotive Extrusions:** | | | | | | | | |
| Shipments (mmlbs) | 19.6 | | 24.7 | | 70.4 | | 58.5 | |
| | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** |
| Net sales | $ 50.1 | $ 2.56 | $ 46.2 | $ 1.87 | $ 163.3 | $ 2.32 | $ 110.3 | $ 1.89 |
| Less: Hedged Cost of Alloyed Metal | (29.0) | (1.48) | (22.0) | (0.89) | (89.7) | (1.27) | (53.1) | (0.91) |
| VAR | $ 21.1 | $ 1.08 | $ 24.2 | $ 0.98 | $ 73.6 | $ 1.05 | $ 57.2 | $ 0.98 |
| **GE Products:** | | | | | | | | |
| Shipments (mmlbs) | 75.8 | | 54.7 | | 226.7 | | 175.3 | |
| | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** |
| Net sales | $ 187.1 | $ 2.47 | $ 105.1 | $ 1.92 | $ 518.4 | $ 2.29 | $ 337.6 | $ 1.93 |
| Less: Hedged Cost of Alloyed Metal | (111.7) | (1.48) | (49.7) | (0.91) | (294.3) | (1.30) | (159.7) | (0.92) |
| VAR | $ 75.4 | $ 0.99 | $ 55.4 | $ 1.01 | $ 224.1 | $ 0.99 | $ 177.9 | $ 1.01 |
| **Other Products:** | | | | | | | | |
| Shipments (mmlbs) | 4.1 | | 2.2 | | 13.1 | | 7.4 | |
| | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** |
| Net sales | $ 4.1 | $ 1.00 | $ 3.5 | $ 1.59 | $ 20.2 | $ 1.54 | $ 11.3 | $ 1.53 |
| Less: Hedged Cost of Alloyed Metal | (2.7) | (0.66) | (2.0) | (0.91) | (13.2) | (1.01) | (6.5) | (0.88) |
| VAR | $ 1.4 | $ 0.34 | $ 1.5 | $ 0.68 | $ 7.0 | $ 0.53 | $ 4.8 | $ 0.65 |
| **Total:** | | | | | | | | |
| Shipments (mmlbs) | 315.2 | | 108.9 | | 788.7 | | 383.1 | |
| | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** | **$** | **$ / lb** |
| Net sales | $ 750.6 | $ 2.38 | $ 255.7 | $ 2.35 | $ 1,815.6 | $ 2.30 | $ 900.7 | $ 2.35 |
| Less: Hedged Cost of Alloyed Metal | (445.2) | (1.41) | (101.3) | (0.93) | (1,020.6) | (1.29) | (355.1) | (0.93) |
| VAR | $ 305.4 | $ 0.97 | $ 154.4 | $ 1.42 | $ 795.0 | $ 1.01 | $ 545.6 | $ 1.42 |

[1] Included in the VAR per pound calculations for the quarter and nine months ended September 30, 2020 for Aero/HS products is approximately $15.0 million of additional revenue recognized related to modifications to the 2020 customer declarations under multi-year contracts.

***Outlook***

VAR for the quarter ended December 31, 2021 is anticipated to increase low single digits on a percentage basis from the quarter ended September 30, 2021 with EBITDA margin (Adjusted EBITDA as a percentage of VAR) to remain similar to the quarter ended September 30, 2021. While our end market demand remains positive, we anticipate cost issues and supply chain disruptions will continue during the quarter ended December 31, 2021. In addition, the most recent industry wide disruptions in the magnesium and silicon markets and resulting supply demand imbalances are continuing to evolve and remain uncertain at this time. Although our outlook contemplates the anticipated impact to our costs and operations, the situation is fluid and could further impact our results for the quarter ended December 31, 2021.

Longer-term, our strategy remains unchanged, and we are well positioned for continued long-term growth with a diversified portfolio and strong secular growth trends in each of our served end markets. Notwithstanding near-term challenges, the fundamentals of our Aero/HS products, Automotive Extrusions and GE products end markets are solid and we are increasingly optimistic in our ability to deliver significant margin expansion and long-term profitability for our Packaging end market where we have a significant market position. We remain confident around the timing of the recovery in commercial aerospace and we are optimistic that as semiconductor chip shortages are alleviated, automotive production will ramp back up and, our program launches will resume.

## Liquidity and Capital Resources

### *Summary*

The following table summarizes our liquidity (in millions of dollars):

| | As of September 30, 2021 | As of December 31, 2020 |
|---|---|---|
| Available cash and cash equivalents | $ 295.7 | $ 780.3 |
| Borrowing availability under Revolving Credit Facility, net of letters of credit[1] | 367.3 | 251.5 |
| Total liquidity | $ 663.0 | $ 1,031.8 |

[1] Borrowing availability under the Revolving Credit Facility as determined by a borrowing base calculated as of September 30, 2021 and December 31, 2020.

We place our cash in bank deposits and money market funds with high credit quality financial institutions. Cash equivalents consist primarily of investment-grade commercial paper, money market accounts and investments which, when purchased, have a maturity of 90 days or less.

See Note 14 of Notes to Interim Consolidated Financial Statements included in this Report for information regarding restricted cash at September 30, 2021.

There were no borrowings under our Revolving Credit Facility (see Note 7 of Notes to Interim Consolidated Financial Statements included in this Report) as of September 30, 2021 or as of December 31, 2020.

### *Cash Flows*

The following table summarizes our cash flows from operating, investing and financing activities (in millions of dollars):

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| Total cash provided by (used in): | | |
| Operating activities | $ 33.3 | $ 150.7 |
| Investing activities | $ (639.5) | $ 41.6 |
| Financing activities | $ 121.4 | $ 293.2 |

Cash provided by operating activities for the nine months ended September 30, 2021 reflected results of business activity described within “Consolidated Results of Operations” above, as well as the following working capital changes: (i) an increase in trade and other receivables of $110.7 million, the majority of which was driven by Warrick receivables added during the nine months ended September 30, 2021 and the remainder of which was due to the timing and mix of sales and an increase in metal price; (ii) an increase in accounts payable of $105.8 million, the majority of which was driven by Warrick payables added during the nine months ended September 30, 2021 and the remainder of which was driven by the volume of metal purchases; and (iii) an increase in inventory of $52.5 million due primarily to higher inventory pounds to satisfy increased demand.

Cash provided by operating activities for the nine months ended September 30, 2020 reflected results of business activity described within "Consolidated Results of Operations" above, as well as the following working capital changes: (i) a decrease in trade and other receivables of $43.4 million driven primarily by lower Net sales; (ii) a decrease in accounts payable of $27.6 million driven predominantly by the volume of metal purchases; and (iii) a reduction in contract assets of $19.8 million driven primarily by timing and volume of shipments related to revenue on products recognized over-time.

See Statements of Consolidated Cash Flows included in this Report for further details on our cash flows from operating, investing and financing activities for the nine months ended September 30, 2021 and September 30, 2020.

### *Sources of Liquidity*

We believe our available cash and cash equivalents, borrowing availability under the Revolving Credit Facility and funds generated from operations are our most significant sources of liquidity and that our Revolving Credit Facility and unsecured notes have covenants that allow us to operate our business with limited restrictions and significant flexibility for the foreseeable future. While we believe these sources will be sufficient to finance our working capital requirements, planned capital expenditures, investments, debt service obligations and other cash requirements for at least the next 12 months, and while we also believe that alternative sources of liquidity will remain available in the event we seek to add liquidity for opportunistic or other reasons in the future, our ability to fund such cash requirements will depend upon our future operating performance (which will be affected by prevailing economic conditions) and financial, business and other factors, some of which are beyond our control.

We do not believe that covenants contained in the Revolving Credit Facility are reasonably likely to limit our ability to raise additional debt or equity should we choose to do so during the next 12 months, nor do we believe it is likely that during the next 12 months we will trigger the availability threshold that would require measuring and maintaining a fixed charge coverage ratio. At October 18, 2021, there were no borrowings under the Revolving Credit Facility.

See Note 9 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2020 for a description of our Revolving Credit Facility.

We engage in certain customer-based supply chain financing programs to accelerate the receipt of payment for outstanding accounts receivable from certain customers. Costs of these programs are typically reimbursed to us by the customer. Receivables transferred under these customer-based supply chain financing programs generally meet the requirements to be accounted for as sales resulting in the derecognition of such receivables from our consolidated balance sheets. Receivables involved with these customer-based supply chain finance programs for the quarter ended September 30, 2021 constituted approximately 52% of our net sales. See Note 1 of Notes to Interim Consolidated Financial Statements included in this Report for further details with respect to these supply chain financing programs.

### *Debt*

See "Contractual Obligations, Commercial Commitments and Off-Balance Sheet Arrangements – *Contractual Obligations and Commercial Commitments*" included in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2020 for mandatory principal and cash interest payments on the outstanding borrowings.

The following table provides an update to our contractual obligations and commercial commitments table in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2020 with respect to our 4.50% Senior Notes (as defined in Note 7 of Notes to Interim Consolidated Financial Statements included in this Report), consisting of mandatory principal and cash interest payments (in millions of dollars):

| | | Payments Due by Period | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Principal and interest on 4.50% Senior Notes | $ 798.3 | $ 13.1 | $ 49.5 | $ 49.5 | $ 686.2 |

See Note 7 of Notes to Interim Consolidated Financial Statements included in this Report for further details with respect to the 4.50% Senior Notes.

We do not believe that covenants in the indentures governing the unsecured senior notes are likely to limit our ability to obtain additional debt or equity financing should we choose to do so during the next 12 months.

### *Capital Expenditures and Investments*

We strive to strengthen our competitive position across our end markets through strategic capital investment. Significant investments over the past decade have positioned us well with increased capacity and expanded manufacturing capabilities while more recent capital projects have focused on further enhancing manufacturing cost efficiency, improving product quality and promoting operational security, which we believe are critical to maintaining and strengthening our position in an increasingly competitive market environment. A significant portion of our capital spending over the past several years related to the modernization project at our Trentwood facility, which focused on equipment upgrades throughout the process flow to reduce conversion costs, increase efficiency and further improve our competitive cost position on all products produced at our Trentwood facility. In addition, a significant portion of the investment also focused on modernizing legacy equipment and the process flow for thin gauge plate to achieve KaiserSelect® quality enhancements for these Aero/HS and GE products. These improvements have allowed us to gain incremental manufacturing capacity to enable future sales growth.

Our capital investment plans remain focused on supporting demand growth. The $150.0 million investment in a new roll coat line at our Warrick packaging facility that we initiated during the quarter ended June 30, 2021 is proceeding as planned, and by early 2024 is expected to provide additional capacity to support further growth in our higher margin coated products. In addition, we continue to deploy our capital thoughtfully to ensure that our investment decisions are aligned with our demand expectations in order to maximize the earnings potential of our business. Deploying our capital thoughtfully has allowed us to create value and maintain our financial strength and flexibility over time, and we will continue to manage our business with a long-term focus.

Excluding our cash payment for the acquisition of Warrick, we anticipate that total capital spending in 2021 will be approximately $70.0 million to $80.0 million. Capital investments will be funded using cash generated from operations, available cash and cash equivalents, short-term investments, borrowings under the Revolving Credit Facility and/or other third-party financing arrangements. The level of anticipated capital expenditures may be adjusted from time to time depending on our business plans, our price outlook for fabricated aluminum products, our ability to maintain adequate liquidity and other factors. No assurance can be provided as to the timing of any such expenditures or the operational benefits expected therefrom.

### *Dividends*

We have consistently paid a quarterly cash dividend since the second quarter of 2007 to holders of our common stock, including holders of restricted stock, and have increased the dividend in each year since 2011. Nevertheless, as in the past, the future declaration and payment of dividends, if any, will be at the discretion of our Board of Directors and will depend on a number of factors, including our financial and operating results, financial position and anticipated cash requirements and contractual restrictions under our Revolving Credit Facility, the indenture for our unsecured senior notes or other indebtedness we may incur in the future. We can give no assurance that dividends will be declared and paid in the future. See Note 9 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2020, as well as Note 7 of Notes to Interim Consolidated Financial Statements included in this Report for additional information about restrictions on dividend payments contained in the Revolving Credit Facility and in the indenture for our unsecured senior notes.

We also pay quarterly dividend equivalents to the holders of certain restricted stock units. Holders of performance shares are not paid a quarterly dividend equivalent, but instead are entitled to receive, in connection with the issuance of underlying shares of common stock for performance shares that ultimately vest, a one-time payment equal to the dividends such holder would have received if the number of such shares of common stock so issued had been held of record by such holder from the date of grant of such performance shares through the date of such issuance.

See our Statements of Consolidated Stockholders' Equity and Note 16 of Notes to Interim Consolidated Financial Statements included in this Report for information regarding dividends paid during the quarters ended September 30, 2021 and September 30, 2020, and declared subsequent to September 30, 2021.

### *Repurchases of Common Stock*

In response to prevailing economic conditions, we suspended repurchases of common stock as of March 18, 2020.

See our Statements of Consolidated Stockholders' Equity included in this Report for information regarding repurchases of common stock during the quarters ended September 30, 2021 and September 30, 2020 and the amount authorized and available for future repurchases of common stock under our stock repurchase program.

See our Statements of Consolidated Stockholders’ Equity included in this Report for information regarding minimum statutory tax withholding obligations arising during the quarters and nine months ended September 30, 2021 and September 30, 2020, in connection with the vesting of non-vested shares, restricted stock units and performance shares.

### *Environmental Commitments and Contingencies*

See Note 8 of Notes to Interim Consolidated Financial Statements included in this Report for information regarding our environmental commitments and contingencies.

## Contractual Obligations, Commercial Commitments and Off-Balance Sheet Arrangements

During the nine months ended September 30, 2021, we granted additional stock-based awards to executive officers, certain key employees and non-employee directors under our equity incentive plan. Additional awards are expected to be made in future years.

Beginning March 31, 2021, we assumed $500.0 million to $550.0 million of contractual obligations and commercial commitments of Warrick, for which the majority of spending will be completed by December 31, 2021. These commitments related primarily to the purchase of aluminum and related alloys used in their production process in the ordinary course of business. For updated maturities of lease liabilities, as well as net benefits expected to be paid for pension and other postretirement benefit obligations that include Warrick, see Note 3 and Note 5, respectively, of Notes to Interim Consolidated Financial Statements included in this Report.

Except as otherwise disclosed in this Report, there has been no material change in our contractual obligations, commercial commitments or off-balance sheet arrangements other than in the ordinary course of business since December 31, 2020.

## Critical Accounting Estimates and Policies

Our consolidated financial statements are prepared in accordance with GAAP. In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue and expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates and such differences could be material.

Our significant accounting policies are discussed in Note 1 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2020. We discuss our critical accounting estimates in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the year ended December 31, 2020.

There have been no other material changes in our critical accounting estimates and policies since December 31, 2020.

## New Accounting Pronouncements

For a discussion of recently adopted and recently issued but not yet adopted accounting pronouncements, see “*New Accounting Pronouncements*” in Note 1 of Notes to Interim Consolidated Financial Statements included in this Report.

### Available Information

Our website is located at *www.kaiseraluminum.com.* The website includes a section for investor relations under which we provide notifications of news or announcements regarding our financial performance, including Securities and Exchange Commission ("SEC") filings, investor events and press and earnings releases. In addition, all Kaiser Aluminum Corporation filings submitted to the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Proxy Statements for our annual meeting of stockholders, as well as other Kaiser Aluminum Corporation reports and statements, are available on the SEC's web site at *www.sec.gov*. Such filings are also available for download free of charge on our website. In addition, we provide and archive on our website webcasts of our quarterly earnings calls and certain events in which management participates or hosts with members of the investment community, and related investor presentations. The contents of the website are not intended to be incorporated by reference into this Report or any other report or document filed by us, and any reference to the websites are intended to be inactive textual references only.

### Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Our operating results are sensitive to changes in the prices of primary aluminum, certain alloying metals, natural gas, electricity and foreign currency, and also depend to a significant degree upon the volume and mix of products sold to customers. As discussed more fully in Note 6 of Notes to Interim Consolidated Financial Statements included in this Report, we have historically utilized hedging transactions to lock in a specified price or range of prices for certain products which we sell or consume in our production process, and to mitigate our exposure to changes in energy prices.

#### *Aluminum*

See Note 6 of Notes to Interim Consolidated Financial Statements included in this Report for a discussion of our pricing of fabricated aluminum, firm-price arrangements and third-party hedging instruments.

During the nine months ended September 30, 2021 and September 30, 2020, settlements of derivative contracts covering 122.7 million pounds and 105.8 million pounds, respectively, hedged shipments sold on pricing terms that created metal price risk for us. At September 30, 2021, we had derivative contracts with respect to approximately 58.8 million pounds, 36.9 million pounds and 1.3 million pounds to hedge sales to be made in the remainder of 2021, 2022 and 2023, respectively, on pricing terms that create metal price risk for us.

Based on the aluminum derivative positions held by us to hedge firm-price customer sales agreements, we estimate that a $0.10 per pound decrease in the London Metal Exchange ("LME") market price of aluminum as of September 30, 2021 and December 31, 2020, with all other variables held constant, would have resulted in an unrealized mark-to-market loss of $9.7 million and $6.7 million, respectively, with corresponding changes to the net fair value of our aluminum derivative positions. Additionally, we estimate that a $0.05 per pound decrease in the Midwest premium for aluminum as of September 30, 2021 and December 31, 2020, with all other variables held constant, would have resulted in an unrealized mark-to-market loss of $4.1 million and $3.3 million, respectively, with corresponding changes to the net fair value of our aluminum derivative positions.

#### *Alloying Metals*

We are exposed to the risk of fluctuating prices of certain alloying metals, especially copper, zinc and magnesium, to the extent that changes in their prices do not highly correlate with price changes for aluminum. Copper, zinc, magnesium and certain other metals are used in our remelt operations to cast rolling ingot and extrusion billet with the proper chemistry for our products. From time to time, we enter into forward contract swaps and/or physical delivery commitments with third parties to mitigate our risk from fluctuations in the prices of these alloys ("Alloying Metals"). As of September 30, 2021, we had forward swap contracts with settlement dates designed to align with the timing of scheduled purchases of Alloying Metals by our manufacturing facilities. See Note 6 of Notes to Interim Consolidated Financial Statements included in this Report for additional information relating to these hedges. We estimate that a $0.10 per pound decrease in the LME market price of zinc as of September 30, 2021 and December 31, 2020, with all other variables held constant, would have resulted in an unrealized mark-to-market loss of $0.5 million and $0.3 million, respectively, with corresponding changes to the net fair value of our Alloying Metals hedges. We estimate that a $0.10 per pound decrease in the COMEX market price of copper, with all other variables held constant, would have resulted in an unrealized mark-to-market loss of $0.3 million in both periods as of September 30, 2021 and December 31, 2020, respectively, with corresponding changes to the net fair value of our Alloying Metals hedges.

### *Energy*

We are exposed to risk of fluctuating prices for natural gas and electricity. We, from time to time, in the ordinary course of business, enter into hedging transactions and/or physical delivery commitments with firm prices with third parties to mitigate our risk from fluctuations in natural gas and electricity prices.

See Note 6 of Notes to Interim Consolidated Financial Statements included in this Report for information regarding the volume of our derivative and physical delivery commitments with energy companies in place to cover our exposure to fluctuations in natural gas and electricity prices as of September 30, 2021. We estimate that a $1.00 per mmbtu decrease in natural gas prices would have resulted in an unrealized mark-to-market loss of $5.2 million and $6.6 million as of September 30, 2021 and December 31, 2020, respectively, with corresponding changes to the net fair value of our natural gas derivative positions. We estimate that a $5.00 per Mwh decrease in electricity prices as of September 30, 2021 and December 31, 2020 would have resulted in an unrealized mark-to-market loss of $1.4 million and $2.4 million, respectively, with corresponding changes to the net fair value of our electricity derivative positions.

### *Foreign Currency*

See Note 6 and Note 9 of Notes to Consolidated Financial Statements included in this Report for information relating to foreign currency forward contracts. As of September 30, 2021, we hedged certain lease transactions denominated in euros using forward swap contracts with settlement dates through March 2023. We estimate that a 10% decrease in the September 30, 2021 exchange rate of euros to US dollars would have resulted in an immaterial unrealized mark-to-market loss with corresponding changes to the net fair value of our foreign currency derivative positions.

## Item 4. *Controls and Procedures*

*Evaluation of Disclosure Controls and Procedures.* We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934 is processed, recorded, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was performed as of the end of the period covered by this Report under the supervision of and with the participation of our management, including the principal executive officer and principal financial officer. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2021 at the reasonable assurance level.

*Changes in Internal Control Over Financial Reporting.* We had no changes in our internal control over financial reporting during the nine months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We are not required to include an assessment of the internal control over financial reporting of an entity acquired during the reporting period in our evaluation of internal control over financial reporting for Kaiser Aluminum Corporation. We are in the process of incorporating Warrick’s operations into our internal control over financial reporting and intend to complete this for inclusion in our annual report on internal control over financial reporting as of December 31, 2022.

# PART II – OTHER INFORMATION

## Item 1. *Legal Proceedings*

Reference is made to Part I, Item 3. “Legal Proceedings” included in our Annual Report on Form 10-K for the year ended December 31, 2020 for information concerning material legal proceedings with respect to the Company. There have been no material developments since December 31, 2020.

## Item 1A. *Risk Factors*

Reference is made to Part I, Item 1A. “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2020 for information concerning risk factors. The following risk factors were added during the nine months ended September 30, 2021.

### *Climate related regulations and commitments could impact our supply chain and cost of material.*

Governmental regulatory bodies in the United States and other countries where we and our suppliers and customers operate have adopted, or may in the future adopt, laws or other regulatory changes in response to the potential impacts of climate change. Laws and regulations could have a variety of adverse effects on our business. Government targets for greenhouse gas emissions could impact the availability and price of energy and raw materials, which could ultimately lead to supply demand imbalances, higher costs and supply chain disruptions. Prolonged shortages or slowdowns could negatively impact our cost of goods and result in delays or non-delivery of shipments of our products. The future impact of these or other changes could be regulatory or voluntary and could impact our operations directly or indirectly through our customers or our supply chain. These potential impacts could have an adverse effect on our operations, financial position, results of operations and cash flows.

### *Aluminum beverage and food packaging products are subject to competition from substitute products and decreases in demand, which could result in lower profits and reduced cash flows.*

On March 31, 2021, we completed our acquisition of Warrick (as defined in Note 4 of Notes to Interim Consolidated Financial Statements included in this Report), pursuant to the terms of the Purchase Agreement between Kaiser Aluminum Corporation and Alcoa Corporation (“Alcoa”) dated November 30, 2020. Warrick serves to expand our flat-rolled product offering to include aluminum sheet produced for demanding end market applications in the beverage and food packaging industry in North America. Such product offerings are subject to substantial competition from producers of alternative packaging made from glass, paper, flexible materials, plastic and organic or compostable materials, which may compare favorably to aluminum with respect to preservation of food and beverage quality and/or sustainability. Changes in the volume of sales by our customers in the food and beverage markets and preferences for products and packaging by consumers of prepackaged food and beverage cans may significantly influence our sales and our ability to realize the benefits of the Warrick acquisition. Changes in packaging preferences by our customers may require us to re-tool manufacturing operations, which could require material expenditures. In addition, a decrease in the costs of, or a further increase in consumer demand for, alternative packaging could result in lower profits and reduced cash flows for us. For example, increases in the price of aluminum and decreases in the price of plastic resin, which is a petrochemical product and may fluctuate with prices in the oil and gas market, may increase substitution of plastic food and beverage containers for metal containers. Moreover, due to associated high percentage of fixed costs, we may be unable to maintain the gross margin of aluminum packaging products at past levels if we are not able to achieve high capacity utilization rates for our production equipment. In periods of low demand for aluminum packaging products or in situations where industry expansion created excess capacity, we may experience relatively low capacity utilization rates, which can lead to reduced margins during that period and can have an adverse effect on our business.

### *We are dependent upon Alcoa for certain resources essential to the day-to-day operation of our business at Warrick.*

We are dependent upon Alcoa for certain resources required for the day-to-day operation of our business at Warrick, which include molten metal and “support services” such as the provision of potable water, compressed air, laboratory services, electricity, steam and hot water. In order to transition Warrick from dependence upon the support services to independence as a facility with its own self-sufficient infrastructure, Alcoa has agreed to provide “transition services,” including providing infrastructure and equipment for the production of steam, hot water and compressed air and conveying the filtration plant currently utilized for the supply of potable water. In addition, Alcoa has agreed to pay for the development of infrastructure necessary for Warrick to obtain electricity from a third party power supplier, subject to certain conditions. Alcoa has agreed to provide the support services through a period to extend no later than June 30, 2024, by which date Alcoa must complete its transition services. A failure by Alcoa to provide molten metal and support services or transition services within the time frames and upon the terms agreed to could cause us to incur substantial costs to keep the Warrick rolling mill operational or result in the temporary or permanent shutdown of Warrick’s operations. In the event that production of Warrick is negatively impacted by Alcoa's failure to provide support or transition services, our operations, business, financial condition and results of operations could be adversely affected.

***We are exposed to risks related to our receivables supply chain financing arrangements.***

We are party to several supply chain financing arrangements, in which we may sell certain of our customers' trade accounts receivable without recourse to such customers' financial institutions. To the extent that these arrangements are terminated, our financial condition, results of operations, cash flows and liquidity could be adversely affected by extended payment terms, delays or failures in collecting trade accounts receivables. The utility of the supply chain financing arrangements also depends upon the London Interbank Offered Rate ("LIBOR rate"), as it is a component of the discount rate applicable to each arrangement. If the LIBOR rate increases significantly, we may be negatively impacted as we may not be able to pass these added costs on to our customers, which could have a material and adverse effect upon our financial condition, results of operations and cash flows.

### **Item 2.** ***Unregistered Sales of Equity Securities and Use of Proceeds***

The following table provides information regarding our repurchases of our common shares during the quarter ended September 30, 2021:

| | Equity Incentive Plan | | Stock Repurchase Plan | | |
|---|---|---|---|---|---|
| | Total Number of Shares Purchased[1] | Average Price per Share | Total Number of Shares Purchased[2] | Average Price per Share | Maximum Dollar Value of Shares that May Yet Be Purchased Under the Programs (millions)[2] |
| July 1, 2021 - July 31, 2021 | 61 | $ 121.68 | — | $ — | $ — |
| August 1, 2021 - August 31, 2021 | 518 | 121.28 | — | — | — |
| September 1, 2021 - September 30, 2021 | — | — | — | — | — |
| Total | 579 | $ 121.32 | — | $ — | $ — |

[1] Under our equity incentive plan, participants may elect to have us withhold common shares to satisfy minimum statutory tax withholding obligations arising from the recognition of income and the vesting of restricted stock, restricted stock units and performance shares. When we withhold these shares, we are required to remit to the appropriate taxing authorities the market price of the shares withheld by us on the date of withholding. The withholding of common shares by us could be deemed a purchase of such common shares.

[2] In September 2018, our Board of Directors authorized an additional $100.0 million for us to repurchase shares of our common stock. At September 30, 2021, $93.1 million remained available to repurchase our common shares pursuant to the stock repurchase program. The September 2018 authorization does not have an expiration date.

See Note 9 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2020 for additional information about restrictions on dividend payments contained in our credit agreement with Wells Fargo Bank, National Association, as administrative agent, and the other financial institutions party thereto ("Revolving Credit Facility") and in the indenture for our unsecured senior notes.

### **Item 3.** ***Defaults Upon Senior Securities***

None.

### **Item 4.** ***Mine Safety Disclosures***

Not applicable.

### **Item 5.** ***Other Information***

None.

## Item 6. *Exhibits*

| Exhibit Number | Description |
|---|---|
| 10.1 | Amended and Restated Director Designation Agreement dated September 3, 2021 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed by the Company on September 7, 2021, File No. 001-09447). |
| *31.1 | Certification of Keith A. Harvey pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| *31.2 | Certification of Neal E. West pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| *32.1 | Certification of Keith A. Harvey pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| *32.2 | Certification of Neal E. West pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| * 101.INS | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| * 101.SCH | Inline XBRL Taxonomy Extension Schema |
| * 101.CAL | Inline XBRL Taxonomy Extension Calculation |
| * 101.DEF | Inline XBRL Taxonomy Extension Definition |
| * 101.LAB | Inline XBRL Taxonomy Extension Label |
| * 101.PRE | Inline XBRL Taxonomy Extension Presentation |
| * 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

* Filed herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

KAISER ALUMINUM CORPORATION

/s/ Neal E. West

Neal E. West

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Jennifer Huey

Jennifer Huey

Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Date: October 25, 2021

**Exhibit 31.1**

## CERTIFICATION PURSUANT TO SECTION 302
## OF THE SARBANES-OXLEY ACT OF 2002

I, Keith A. Harvey, certify that:

1. I have reviewed this report on Form 10-Q of Kaiser Aluminum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Keith A. Harvey

Keith A. Harvey
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 25, 2021

**Exhibit 31.2**

## CERTIFICATION PURSUANT TO SECTION 302
## OF THE SARBANES-OXLEY ACT OF 2002

I, Neal E. West, certify that:

1. I have reviewed this report on Form 10-Q of Kaiser Aluminum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Neal E. West

Neal E. West
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: October 25, 2021

**Exhibit 32.1**

# CERTIFICATION PURSUANT TO
# 18 U.S.C. 1350
# AS ADOPTED PURSUANT TO
# SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

October 25, 2021

In connection with the Quarterly Report on Form 10-Q by Kaiser Aluminum Corporation, a Delaware corporation (the "Company"), for the quarter ended September 30, 2021 (the "Report"), as filed on the date hereof with the Securities and Exchange Commission, the undersigned, Keith A. Harvey, President and Chief Executive Officer of the Company, does hereby certify, pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

IN WITNESS WHEREOF, the undersigned has executed this certification as of the date first above written.

/s/ Keith A. Harvey

Keith A. Harvey<br>
President and Chief Executive Officer<br>
(Principal Executive Officer)

**Exhibit 32.2**

## CERTIFICATION PURSUANT TO
## 18 U.S.C. 1350
## AS ADOPTED PURSUANT TO
## SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

October 25, 2021

In connection with the Quarterly Report on Form 10-Q by Kaiser Aluminum Corporation, a Delaware corporation (the “Company”), for the quarter ended September 30, 2021 (the “Report”), as filed on the date hereof with the Securities and Exchange Commission, the undersigned, Neal E. West, Executive Vice President and Chief Financial Officer of the Company, does hereby certify, pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to such officer’s knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

IN WITNESS WHEREOF, the undersigned has executed this certification as of the date first above written.

/s/ Neal E. West

Neal E. West
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)