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, 2022
or

☐ **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 001-03970

HARSCO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**23-1483991**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
350 Poplar Church Road, Camp Hill, Pennsylvania	**17011**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **717-763-7064**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $1.25 per share	HSC	New York Stock Exchange

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 (or for such shorter period that the registrant was required to file such reports), 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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 31, 2022
Common stock, par value $1.25 per share	79,474,631

HARSCO CORPORATION
FORM 10-Q
INDEX

Glossary of Defined Terms

Unless the context requires otherwise, "Harsco," the "Company," "we," "our," or "us" refers to Harsco Corporation on a consolidated basis. The Company also uses several other terms in this Quarterly Report on Form 10-Q, which are further defined below:

Term	Description
AOCI	Accumulated Other Comprehensive Income (Loss)
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
Consolidated Adjusted EBITDA	EBITDA as calculated in accordance with the Company's Credit Agreement
COVID-19	The COVID-19 coronavirus pandemic
Credit Agreement	Credit Agreement governing the Senior Secured Credit Facilities
DEA	United States Drug Enforcement Agency
Deutsche Bahn	National railway company in Germany
DTSC	California Department of Toxic Substances Control
EBITDA	Earnings before interest, tax, depreciation and amortization
ESOL	Stericycle Environmental Solutions business
FASB	Financial Accounting Standards Board
ICMS	Type of value-added tax in Brazil
IKG	The former Harsco Industrial IKG business
ISDA	International Swaps and Derivatives Association
LIBOR	London Interbank Offered Rates
Network Rail	Infrastructure manager for most of the railway in the U.K.
New Term Loan	$500 million term loan raised in March 2021 under the Senior Secured Credit Facilities, maturing on March 10, 2028
OCI	Other Comprehensive Income (Loss)
PA DEP	Pennsylvania Department of Environmental Protection
Revolving Credit Facility	Multi-year revolving credit facility under the Senior Secured Credit Facility, with a facility limit of $700 million
ROU	Right of use
SBB	Federal railway system of Switzerland
SCE	Supreme Council for Environment in Bahrain
SEC	Securities and Exchange Commission
Senior Notes	5.75% Notes due July 31, 2027
Senior Secured Credit Facilities	Primary source of borrowings comprised of the Revolving Credit Facility and the New Term Loan
SPRA	State Revenue Authorities from the State of São Paulo, Brazil
TSDF	Treatment, storage, and disposal facility permits issued under the Resource Conservation and Recovery Act
U.S. GAAP	Accounting principles generally accepted in the U.S.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HARSCO CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In thousands)	September 30 2022	December 31 2021
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 81,740**	$ 82,908
Restricted cash	**3,297**	4,220
Trade accounts receivable, net	**269,890**	377,881
Other receivables	**26,307**	33,059
Inventories	**80,714**	70,493
Prepaid expenses	**33,592**	31,065
Current portion of assets held-for-sale	**261,888**	265,413
Other current assets	**39,617**	9,934
Total current assets	**797,045**	874,973
Property, plant and equipment, net	**629,895**	653,913
Right-of-use assets, net	**104,227**	101,576
Goodwill	**744,780**	883,109
Intangible assets, net	**372,002**	402,801
Deferred income tax assets	**16,681**	17,883
Assets held-for-sale	**63,864**	71,234
Other assets	**42,901**	48,419
Total assets	**$ 2,771,395**	$ 3,053,908
LIABILITIES		
Current liabilities:		
Short-term borrowings	**$ 9,463**	$ 7,748
Current maturities of long-term debt	**16,784**	10,226
Accounts payable	**203,900**	186,126
Accrued compensation	**38,041**	48,165
Income taxes payable	**4,271**	6,378
Current portion of operating lease liabilities	**25,989**	25,590
Current portion of liabilities of assets held-for-sale	**157,231**	161,999
Other current liabilities	**136,019**	155,159
Total current liabilities	**591,698**	601,391
Long-term debt	**1,314,918**	1,359,446
Retirement plan liabilities	**49,286**	93,693
Operating lease liabilities	**77,304**	74,571
Liabilities of assets held-for-sale	**7,437**	8,492
Environmental liabilities	**26,678**	28,435
Deferred tax liabilities	**32,497**	33,826
Other liabilities	**45,442**	48,284
Total liabilities	**2,145,260**	2,248,138
COMMITMENTS AND CONTINGENCIES		
HARSCO CORPORATION STOCKHOLDERS' EQUITY		
Common stock	**145,390**	144,883
Additional paid-in capital	**223,172**	215,528
Accumulated other comprehensive loss	**(596,764)**	(560,139)
Retained earnings	**1,651,159**	1,794,510
Treasury stock	**(848,439)**	(846,622)
Total Harsco Corporation stockholders' equity	**574,518**	748,160
Noncontrolling interests	**51,617**	57,610
Total equity	**626,135**	805,770
Total liabilities and equity	**$ 2,771,395**	$ 3,053,908

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In thousands, except per share amounts)	Three Months Ended September 30 2022	Three Months Ended September 30 2021	Nine Months Ended September 30 2022	Nine Months Ended September 30 2021
Revenues from continuing operations:				
Service revenues	**$ 442,775**	$ 430,824	**$ 1,300,828**	$ 1,274,814
Product revenues	**44,139**	39,561	**119,935**	111,510
Total revenues	**486,914**	470,385	**1,420,763**	1,386,324
Costs and expenses from continuing operations:				
Cost of services sold	**357,194**	344,050	**1,072,545**	1,018,885
Cost of products sold	**35,609**	31,289	**100,476**	89,269
Selling, general and administrative expenses	**64,146**	70,629	**201,234**	213,048
Research and development expenses	**193**	331	**545**	811
Goodwill impairment charge	**—**	—	**104,580**	—
Other (income) expenses, net	**(351)**	(2,835)	**515**	(7,993)
Total costs and expenses	**456,791**	443,464	**1,479,895**	1,314,020
Operating income (loss) from continuing operations	**30,123**	26,921	**(59,132)**	72,304
Interest income	**952**	544	**2,289**	1,668
Interest expense	**(19,751)**	(15,741)	**(51,535)**	(47,640)
Facility fees and debt-related income (expense)	**(2,511)**	(198)	**(894)**	(5,506)
Defined benefit pension income	**2,118**	3,887	**6,775**	11,777
Income (loss) from continuing operations before income taxes and equity income	**10,931**	15,413	**(102,497)**	32,603
Income tax benefit (expense) from continuing operations	**(9,376)**	(7,816)	**(7,482)**	(14,714)
Equity income (loss) of unconsolidated entities, net	**(128)**	(293)	**(373)**	(488)
Income (loss) from continuing operations	**1,427**	7,304	**(110,352)**	17,401
Discontinued operations:				
Income (loss) from discontinued businesses	**1,993**	1,301	**(35,225)**	12,904
Income tax benefit (expense) from discontinued businesses	**(539)**	1,223	**5,282**	(3,832)
Income (loss) from discontinued operations, net of tax	**1,454**	2,524	**(29,943)**	9,072
Net income (loss)	**2,881**	9,828	**(140,295)**	26,473
Less: Net (income) loss attributable to noncontrolling interests	**(802)**	(2,264)	**(3,056)**	(5,386)
Net income (loss) attributable to Harsco Corporation	**$ 2,079**	$ 7,564	**$ (143,351)**	$ 21,087
Amounts attributable to Harsco Corporation common stockholders:				
Income (loss) from continuing operations, net of tax	**$ 625**	$ 5,040	**$ (113,408)**	$ 12,015
Income (loss) from discontinued operations, net of tax	**1,454**	2,524	**(29,943)**	9,072
Net income (loss) attributable to Harsco Corporation common stockholders	**$ 2,079**	$ 7,564	**$ (143,351)**	$ 21,087
Weighted-average shares of common stock outstanding	**79,531**	79,287	**79,469**	79,214
Basic earnings (loss) per common share attributable to Harsco Corporation common stockholders:				
Continuing operations	**$ 0.01**	$ 0.06	**$ (1.43)**	$ 0.15
Discontinued operations	**0.02**	0.03	**(0.38)**	0.11
Basic earnings (loss) per share attributable to Harsco Corporation common stockholders	**$ 0.03**	$ 0.10 (a)	**$ (1.80)** (a)	$ 0.27 (a)
Diluted weighted-average shares of common stock outstanding	**79,567**	80,275	**79,469**	80,356
Diluted earnings (loss) per common share attributable to Harsco Corporation common stockholders:				
Continuing operations	**$ 0.01**	$ 0.06	**$ (1.43)**	$ 0.15
Discontinued operations	**0.02**	0.03	**(0.38)**	0.11
Diluted earnings (loss) per share attributable to Harsco Corporation common stockholders	**$ 0.03**	$ 0.09	**$ (1.80)** (a)	$ 0.26

(a) Does not total due to rounding

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

	Three Months Ended September 30	
(In thousands)	**2022**	**2021**
Net income (loss)	**$ 2,881**	$ 9,828
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of deferred income taxes of $(4,641) and $(1,850) in 2022 and 2021, respectively	**(54,914)**	(27,587)
Net gain (loss) on cash flow hedging instruments, net of deferred income taxes of $(346) and $(217)in 2022 and 2021, respectively	**1,143**	822
Pension liability adjustments, net of deferred income taxes of $(313) and $(358)in 2022 and 2021, respectively	**28,163**	17,768
Unrealized gain on marketable securities, net of deferred income taxes of $3 and $— in 2022 and 2021, respectively	**(7)**	—
Total other comprehensive income (loss)	**(25,615)**	(8,997)
Total comprehensive income (loss)	**(22,734)**	831
Comprehensive (income) loss attributable to noncontrolling interests	**1,921**	(1,820)
Comprehensive income (loss) attributable to Harsco Corporation	**$ (20,813)**	$ (989)

	Nine Months Ended September 30	
(In thousands)	**2022**	**2021**
Net income (loss)	**$ (140,295)**	$ 26,473
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of deferred income taxes of $(11,095) and $(675)in 2022 and 2021, respectively	**(116,407)**	(15,437)
Net gain (loss) on cash flow hedging instruments, net of deferred income taxes of $(977) and $(519)in 2022 and 2021, respectively	**3,003**	1,745
Pension liability adjustments, net of deferred income taxes of $(977) and $(1,054)in 2022 and 2021, respectively	**70,691**	23,812
Unrealized gain (loss) on marketable securities, net of deferred income taxes of $7 and $(9)in 2022 and 2021, respectively	**(20)**	25
Total other comprehensive income (loss)	**(42,733)**	10,145
Total comprehensive income (loss)	**(183,028)**	36,618
Less: Comprehensive (income) loss attributable to noncontrolling interests	**3,052**	(4,549)
Comprehensive income (loss) attributable to Harsco Corporation	**$ (179,976)**	$ 32,069

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)	Nine Months Ended September 30 2022	2021
Cash flows from operating activities:		
Net income (loss)	**$ (140,295)**	$ 26,473
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	**97,959**	98,383
Amortization	**25,605**	26,554
Deferred income tax (benefit) expense	**(12,056)**	(8,911)
Equity (income) loss of unconsolidated entities, net	**373**	488
Dividends from unconsolidated entities	**526**	—
(Gain) loss on early extinguishment of debt	**(2,254)**	2,668
Goodwill impairment charge	**104,580**	—
Other, net	**381**	(1,147)
Changes in assets and liabilities, net of acquisitions and dispositions of businesses:		
Accounts receivable	**74,994**	(32,563)
Income tax refunds receivable, reimbursable to seller	**7,687**	735
Inventories	**(11,339)**	3,557
Contract assets	**9,589**	(52,205)
Right-of-use assets	**21,829**	21,050
Accounts payable	**13,030**	12,111
Accrued interest payable	**(7,559)**	(7,840)
Accrued compensation	**(5,559)**	12,098
Advances on contracts	**(5,987)**	(13,997)
Operating lease liabilities	**(21,498)**	(20,554)
Retirement plan liabilities, net	**(27,829)**	(36,700)
Other assets and liabilities	**8,984**	16,550
Net cash provided by operating activities	**131,161**	46,750
Cash flows from investing activities:		
Purchases of property, plant and equipment	**(101,645)**	(109,507)
Proceeds from sales of assets	**8,289**	15,512
Expenditures for intangible assets	**(147)**	(287)
Proceeds from notes receivable	**8,605**	6,400
Net proceeds (payments) from settlement of foreign currency forward exchange contracts	**13,571**	(1,064)
Payments for settlements of interest rate swaps	**(2,586)**	—
Other investing activities, net	**220**	181
Net cash used by investing activities	**(73,693)**	(88,765)
Cash flows from financing activities:		
Short-term borrowings, net	**277**	4,650
Current maturities and long-term debt:		
Additions	**159,429**	507,468
Reductions	**(198,831)**	(452,351)
Dividends paid to noncontrolling interests	**(4,841)**	(3,103)
Sale of noncontrolling interests	**1,901**	—
Stock-based compensation - Employee taxes paid	**(1,817)**	(3,273)
Payment of contingent consideration	**(6,915)**	(734)
Deferred financing costs	—	(7,828)
Other financing activities, net	—	(601)
Net cash (used) provided by financing activities	**(50,797)**	44,228
Effect of exchange rate changes on cash and cash equivalents, including restricted cash	**(8,762)**	(1,779)
Net increase in cash and cash equivalents, including restricted cash	**(2,091)**	434
Cash and cash equivalents, including restricted cash, at beginning of period	**87,128**	79,669
Cash and cash equivalents, including restricted cash, at end of period	**$ 85,037**	$ 80,103
Supplementary cash flow information:		
Change in accrual for purchases of property, plant and equipment included in accounts payable	**$ 7,419**	$ 2,357

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

	Harsco Corporation Stockholders' Equity						
	Common Stock						
(In thousands, except share amounts)	Issued	Treasury	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balances, December 31, 2020	$ 144,288	$ (843,230)	$ 204,078	$ 1,797,759	$ (645,741)	$ 56,245	$ 713,399
Net income				135		1,430	1,565
Total other comprehensive income (loss), net of deferred income taxes of $134					2,295	(1,066)	1,229
Stock appreciation rights exercised, net 3,842 shares	9	(70)	(9)				(70)
Vesting of restricted stock units and other stock grants, net 144,967 shares	312	(1,850)	(312)				(1,850)
Vesting of performance share units, net 69,127 shares	155	(1,032)	(155)				(1,032)
Amortization of unearned portion of stock-based compensation, net of forfeitures			3,342				3,342
Balances, March 31, 2021	144,764	(846,182)	206,944	1,797,894	(643,446)	56,609	716,583
Net income				13,388		1,692	15,080
Cash dividends declared:							
Noncontrolling interests						(3,094)	(3,094)
Total other comprehensive income, net of deferred income taxes of $34					17,240	673	17,913
Stock appreciation rights exercised, net 13,061 shares	28	(219)	(28)				(219)
Vesting of restricted stock units and other stock grants, net 34,986 shares	44		(44)				—
Amortization of unearned portion of stock-based compensation, net of forfeitures			3,120				3,120
Balances, June 30, 2021	$ 144,836	$ (846,401)	$ 209,992	$ 1,811,282	$ (626,206)	$ 55,880	$ 749,383
Net income (loss)				7,564		2,264	9,828
Cash dividends declared:							
Noncontrolling interests						(9)	(9)
Total other comprehensive income (loss), net of deferred income taxes of $(2,425)					(8,553)	(444)	(8,997)
Vesting of restricted stock units and other stock grants, net 10,824 shares	20	(101)	(20)				(101)
Amortization of unearned portion of stock-based compensation, net of forfeitures			3,123				3,123
Balances, September 30, 2021	$ 144,856	$ (846,502)	$ 213,095	$ 1,818,846	$ (634,759)	$ 57,691	$ 753,227

	Harsco Corporation Stockholders' Equity						
	Common Stock						
(In thousands, except share amounts)	Issued	Treasury	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balances, December 31, 2021	$ 144,883	$ (846,622)	$ 215,528	$ 1,794,510	$ (560,139)	$ 57,610	$ 805,770
Net income (loss)				(39,839)		1,159	(38,680)
Total other comprehensive income (loss), net of deferred income taxes of $(2,520)					12,490	(482)	12,008
Vesting of restricted stock units and other stock grants, net 176,253 shares	378	(1,632)	(378)				(1,632)
Amortization of unearned portion of stock-based compensation, net of forfeitures			3,629				3,629
Balances, March 31, 2022	145,261	(848,254)	218,779	1,754,671	(547,649)	58,287	781,095
Net income (loss)				(105,591)		1,095	(104,496)
Total other comprehensive income (loss), net of deferred income taxes of $(5,225)					(26,223)	(2,903)	(29,126)
Contributions from noncontrolling interests						1,900	1,900
Stock appreciation rights exercised, net 16,671 shares	29	(66)	(29)				(66)
Vesting of restricted stock units and other stock grants, net 23,224 shares	29		(29)				—
Amortization of unearned portion of stock-based compensation, net of forfeitures			2,396				2,396
Balances, June 30, 2022	**$ 145,319**	**$ (848,320)**	**$ 221,117**	**$ 1,649,080**	**$ (573,872)**	**$ 58,379**	**$ 651,703**
Net income (loss)				2,079		802	2,881
Cash dividends declared:							
Noncontrolling interests						(4,841)	(4,841)
Total other comprehensive income (loss), net of deferred income taxes of $(5,297)					(22,892)	(2,723)	(25,615)
Vesting of restricted stock units and other stock grants, net 32,836 shares	71	(119)	(71)				(119)
Amortization of unearned portion of stock-based compensation, net of forfeitures			2,126				2,126
Balances, September 30, 2022	**$ 145,390**	**$ (848,439)**	**$ 223,172**	**$ 1,651,159**	**$ (596,764)**	**$ 51,617**	**$ 626,135**

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Basis of Presentation

The Company has prepared these unaudited condensed consolidated financial statements in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X of the SEC. Accordingly, the unaudited condensed consolidated financial statements do not include all information and disclosure required by U.S. GAAP for annual financial statements. The December 31, 2021 Condensed Consolidated Balance Sheet information contained in this Quarterly Report on Form 10-Q was derived from the 2021 audited consolidated financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements, including the notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. In the opinion of management, all adjustments (all of which are of a normal recurring nature) that are necessary for a fair statement are reflected in these unaudited condensed consolidated financial statements.

Liquidity

The Company's cash flow forecasts, combined with existing cash and cash equivalents and borrowings available under the Senior Secured Credit Facilities, indicate sufficient liquidity to fund the Company's operations for at least the next twelve months. As such, the Company's unaudited consolidated financial statements have been prepared on the basis that it will continue as a going concern for a period extending beyond twelve months from the date the unaudited consolidated financial statements are issued. This assessment includes the expected ability to meet required financial covenants and the continued ability to draw down on the Senior Secured Credit Facilities (see Note 9).

Reclassifications

Certain reclassifications have been made to prior year amounts to conform with current year classifications.

During the second quarter of 2022, the Company recognized $2.6 million in service revenues as an out-of-period adjustment in the Harsco Clean Earth Segment. The adjustment was not considered material to the interim or annual consolidated financial statements for the nine months ended September 30, 2022, or the financial statements of any previously filed interim or annual periods. There was no impact to the interim consolidated financial statements for the three months ended September 30, 2022.

2. Recently Adopted and Recently Issued Accounting Standards

The following accounting standards have been adopted in 2022:

On January 1, 2022, the Company adopted changes issued by the FASB which simplified the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The adoption of these changes did not have a material impact on the Company's condensed consolidated financial statements.

On January 1, 2022, the Company adopted changes issued by the FASB which improve the transparency of government assistance received by entities. Other than expanded annual disclosures, the adoption of these changes did not have a material impact on the Company's consolidated financial statements.

The following accounting standards have been issued and become effective for the Company at a future date:

In March 2020 and January 2021, the FASB issued changes that, together, provide companies with optional guidance to ease the potential accounting burden associated with transitioning from reference rates that are expected to be discontinued. In response to the concerns about risks of alternative reference rates and, particularly, the risk of cessation of LIBOR, regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction-based and less susceptible to manipulation. The changes provide optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The changes can be adopted no later than December 31, 2022. The Company has identified financial instruments linked to LIBOR and intends to transition to alternative reference rates by December 31, 2022. The adoption of the applicable provisions will coincide with the modifications of the affected financial instruments. The transition from LIBOR is not expected to have a material impact on the Company.

In September 2022, the FASB issued changes that require a buyer in a supplier finance program, also referred to as reverse factoring, payables finance, or structured payables arrangements, to disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude, by disclosing qualitative and quantitative information about the program. The changes become effective January 1, 2023, generally with retrospective application to each period in which a balance sheet is presented. Management is evaluating the impact of these reporting requirements. Other than the potential required expanded disclosures, the adoption of these changes will not have a material impact on the Company's consolidated financial statements.

3. Dispositions

Harsco Rail Segment

In November 2021, the Company announced its intention to sell its Rail business and the sales process is ongoing. The former Harsco Rail Segment was historically a separate reportable segment with primary operations in the United States, Europe and Asia Pacific.

The former Harsco Rail Segment's balance sheet positions as of September 30, 2022 and December 31, 2021 are presented as Assets held-for-sale and Liabilities of assets held-for-sale in the Condensed Consolidated Balance Sheets and are summarized as follows:

(in thousands)	**September 30 2022**	**December 31 2021**
Trade accounts receivable, net	**$ 44,677**	$ 33,689
Other receivables	**4,304**	4,740
Inventories	**97,552**	103,560
Current portion of contract assets	**87,199**	94,597
Other current assets	**27,961**	25,442
Property, plant and equipment, net	**40,012**	39,524
Right-of-use assets, net	**1,903**	3,108
Goodwill	**13,026**	13,026
Intangible assets, net	**2,786**	3,081
Deferred income tax assets	**4,993**	6,064
Other assets	**1,144**	6,432
Total Rail assets included in Assets held-for-sale	**$ 325,557**	$ 333,263
Accounts payable	**$ 35,794**	$ 46,076
Accrued compensation	**3,420**	2,171
Current portion of operating lease liabilities	**990**	1,619
Current portion of advances on contracts	**50,536**	62,401
Other current liabilities	**66,492**	49,732
Operating lease liabilities	**997**	1,775
Deferred tax liabilities	**5,571**	5,736
Other liabilities	**868**	981
Total Rail liabilities included in Liabilities of assets held-for-sale	**$ 164,668**	$ 170,491

The results of the former Harsco Rail Segment are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for the three and nine months ended September 30, 2022, and 2021. Certain key selected financial information included in Income (loss) from discontinued operations, net of tax, for the former Harsco Rail Segment is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	2022	2021	2022	2021
Amounts directly attributable to the former Harsco Rail Segment:				
Service revenues	**$ 8,629**	$ 7,800	**$ 22,827**	$ 24,990
Product revenues (a)	**60,386**	66,115	**169,778**	231,661
Cost of services sold	**6,559**	4,193	**15,823**	12,373
Cost of products sold	**49,789**	54,830	**176,210**	189,288
Income (loss) from discontinued businesses	**3,964**	2,829	**(26,768)**	17,674
Additional amounts allocated to the former Harsco Rail Segment:				
Selling, general and administrative expenses (b)	**$ 376**	$ —	**$ 3,887**	$ —

(a) The decrease in product revenues for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 is due in part to liquidated damages and penalties on certain long-term contracts, as discussed below.
(b) The Company has allocated directly attributable transaction costs to discontinued operations.

The Company has retained corporate overhead expenses previously allocated to the former Harsco Rail Segment of $1.0 million and $3.1 million for each of the three and nine months ended September 30, 2022, and 2021, respectively, as part of Selling, general and administrative expenses on the Condensed Consolidated Statements of Operations.

The Company's former Harsco Rail Segment is currently manufacturing highly-engineered equipment under large long-term fixed-price contracts with SBB, Network Rail, and Deutsche Bahn. As previously disclosed, in the fourth quarter of 2021 the Company recognized an estimated forward loss provision of $33.4 million related to these contracts. In 2022, the Company encountered continued supply chain related delays and additional costs in building the machines.

For the Network Rail contracts, the Company encountered supply chain delays in the build of the initial machine, and there were further changes to the production schedule based on the manufacturing experience gained from assembling the first unit during the first quarter of 2022 which had a cascading effect on the delivery schedule of remaining machines. During the nine months ended September 30, 2022, the Company recorded additional forward loss provisions of $24.5 million, principally for additional estimated contractual liquidated damages which were recorded as a reduction to revenue in the first quarter of 2022. The Company continues to negotiate with Network Rail regarding a reduction to these liquidated damages, which could result in additional favorable or unfavorable adjustments in future periods.

For the Deutsche Bahn contract, on March 8, 2022 a European-based supplier of critical components to the project, indicated it would be significantly late on the delivery of these components to the project, which has the impact of delaying the overall delivery schedule for the project. As a result, the Company recorded an additional $7.4 million estimated forward loss provision during the first quarter of 2022 due principally to the estimated contractual penalties that would be triggered by this delay and thus recorded as a reduction of revenue. Additionally, this supplier filed for bankruptcy during the second quarter of 2022, although it continues to operate. Should this supplier cease operations, the Company may incur further losses if there are additional costs to change suppliers or an inability to recover the value of prepayments made to the supplier, as well as additional penalties and damages under the contract with Deutsche Bahn in the event of further production delays.

For the second SBB contract, the Company recorded an additional $3.5 million forward estimated loss provision during the first quarter of 2022 due to additional supply chain delays and cost overruns.

The estimated forward loss provisions represent the Company's best estimate based on currently available information. It is possible that the Company's overall estimate of liquidated damages, penalties and costs to complete these contracts may change, which would result in an additional estimated forward loss provision at such time.

The first contract with SBB is complete, and the second contract is 83% complete as of September 30, 2022. The contracts with Network Rail and Deutsche Bahn are 50% and 29% complete, respectively, as of September 30, 2022.

The following is selected financial information included on the Condensed Consolidated Statements of Cash Flows attributable to the former Harsco Rail Segment:

(In thousands)	Nine Months Ended September 30 2022	Nine Months Ended September 30 2021
Non-cash operating items		
Depreciation and amortization	**$ —**	$ 3,905
Cash flows from investing activities		
Purchases of property, plant and equipment	**1,494**	1,329

4. Accounts Receivable and Note Receivable

Accounts receivable consist of the following:

	September 30, 2022	December 31 2021 [(a)]
Trade accounts receivable	**$ 278,876**	$ 389,535
Less: Allowance for expected credit losses	**(8,986)**	(11,654)
Trade accounts receivable, net	**$ 269,890**	$ 377,881
Other receivables (b)	**$ 26,307**	$ 33,059

(a) The December 31, 2021 amounts for trade accounts receivable and allowance for expected credit losses have been revised from the presentation in the Company's 2021 10-K. This revision did not impact trade accounts receivable, net.
(b) Other receivables include employee receivables, insurance receivable, tax claims and refunds and other miscellaneous items not included in Trade accounts receivable, net.

The provision for expected credit losses related to trade accounts receivable was as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	2022	2021	2022	2021
Provision for expected credit losses related to trade accounts receivable	**$ (340)**	$ (146)	**$ (283)**	$ 582

At September 30, 2022, $7.4 million of the Company's trade accounts receivable were past due by twelve months or more, with $3.2 million of this amount reserved. Collection of the remaining balance is still ultimately expected.

Accounts Receivable Securitization Facility
On June 24, 2022, the Company and its wholly-owned bankruptcy-remote special purpose entity ("SPE") entered into a trade receivables securitization facility (“AR Facility”) with PNC Bank, National Association ("PNC") to accelerate cash flows from trade accounts receivable. The AR Facility has a three-year term.

Under the AR Facility, the Company and its subsidiaries continuously sell their trade receivables as they are originated to the SPE. The Company controls and therefore consolidates the SPE in its condensed consolidated financial statements. The SPE transfers ownership and control of qualifying receivables to PNC up to a maximum purchase commitment of $150.0 million. The Company and related subsidiaries have no continuing involvement in the transferred accounts receivable, other than collection and administrative responsibilities, and, once sold, are no longer available to satisfy creditors of the Company or the related subsidiaries. The Company accounts for receivables sold from the SPE to PNC as a sale of financial assets and derecognizes the trade receivables from the Company's Condensed Consolidated Balance Sheets.

The total outstanding balance of trade receivables that have been sold and derecognized by the SPE is $145.0 million as of September 30, 2022. The SPE owned $86.5 million of trade receivables as of September 30, 2022. These amounts are included in the caption Trade accounts receivable, net, on the Condensed Consolidated Balance Sheets.

The fees incurred for the AR Facility are included in Facility fees and debt-related income (expense) on the Condensed Consolidated Statements of Operations. See Note 9, Debt and Credit Agreements, for additional details. The Company capitalized fees of $1.8 million related to the securitization facility, which are being amortized over the term of the agreement.

Upon execution of the AR Facility during the second quarter of 2022, the Company received proceeds of $120.0 million. In the third quarter of 2022, the Company sold an additional $25.0 million of receivables to PNC, and has received a total of $145.0 million in proceeds as of September 30, 2022, which is included in cash from operating activities in the Condensed Consolidated Statement of Cash Flows.

Factoring Arrangements

The Company maintains factoring arrangements with a financial institution to sell certain accounts receivable that are also accounted for as a sale of financial assets. At September 30, 2022 and December 31, 2021, the net amounts sold under the arrangements were $15.7 million and $12.9 million, respectively, under program capacities totaling $28.8 million and $16.5 million, respectively.

Note Receivable

In January 2020, the Company sold IKG for $85.0 million including cash and a note receivable, subject to post-closing adjustments. The note receivable from the buyer has a face value of $40.0 million, bearing interest at 2.50%, that is paid in kind and matures on January 31, 2027. Any unpaid principal, along with any accrued but unpaid interest is payable at maturity. Prepayment is required in case of a change in control or a percentage of excess cash flow, as defined in the note receivable agreement. Because there are no scheduled payments under the terms of the note receivable, the balance is not classified as current as of September 30, 2022 and is included in the caption Other assets on the Condensed Consolidated Balance Sheet. The initial fair value of the note receivable was $34.3 million which was calculated using an average of various discounted cash flow scenarios based on anticipated timing of repayments (Level 3) and was a non-cash transaction. The note receivable is subsequently measured at amortized cost. Key inputs into the valuation model include: projected timing and amount of cash flows, pro forma debt rating, option-adjusted spread and U.S. Treasury spot rate. During the second quarter of 2022, the Company received a payment of $8.6 million related to excess cash flow.

(In thousands)	September 30 2022	December 31 2021
Note receivable, at amortized cost	**$ 23,556**	$ 31,025
Note receivable, fair value	**23,300**	32,300

5. Inventories

Inventories consist of the following:

(In thousands)	September 30 2022	December 31 2021
Finished goods	**$ 9,714**	$ 8,323
Work-in-process	**4,109**	5,393
Raw materials and purchased parts	**27,065**	21,188
Stores and supplies	**39,826**	35,589
Total inventories	**$ 80,714**	$ 70,493

6. Property, Plant and Equipment

Property, plant and equipment consist of the following:

(In thousands)	September 30 2022	December 31 2021
Land	**$ 72,593**	$ 73,067
Land improvements	**16,404**	16,970
Buildings and improvements	**212,157**	221,236
Machinery and equipment	**1,441,669**	1,507,214
Uncompleted construction	**73,645**	63,816
Gross property, plant and equipment	**1,816,468**	1,882,303
Less: Accumulated depreciation	**(1,186,573)**	(1,228,390)
Property, plant and equipment, net	**$ 629,895**	$ 653,913

In the third quarter of 2020, a customer of the Harsco Environmental Segment in China ceased steel making operations at its steel mill site in order to relocate the operations to a new site, as a result of a government mandate to improve environmental conditions of the area. The Company continues to provide services to the same customer at the new site. The net book value of the idled equipment associated with the previous location is approximately $18 million. The customer has entered into an agreement with the government where it will receive compensation for the losses the customer has incurred as a result of the forced shutdown. The Company has continued discussions with the customer regarding compensation, which are expected to be protracted. While the customer has initially indicated that they will not provide compensation, the Company and the customer continue to discuss and the Company is evaluating its legal position. In addition, there may be other avenues of pursuing recovery, including seeking relief directly from the local government. Considering the ongoing discussions with the customer, and other available avenues, the Company believes it will recover the book value of the equipment and thus does not believe it has an asset impairment as of September 30, 2022. The Company continues to evaluate changes in facts and circumstances and will record any impairment charge, when and if indicated.

7. Leases

The components of lease expense were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	**2022**	**2021**	**2022**	**2021**
Finance leases:				
Amortization expense	**$ 940**	$ 743	**$ 2,897**	$ 1,692
Interest on lease liabilities	**198**	129	**563**	340
Operating leases	**8,604**	8,133	**25,105**	23,961
Variable and short-term lease expense	**11,958**	12,279	**37,287**	37,405
Sublease income	**(2)**	(1)	**(5)**	(52)
Total lease expense from continuing operations	**$ 21,698**	$ 21,283	**$ 65,847**	$ 63,346

As of September 30, 2022, the Company had additional operating leases for equipment that had not yet commenced with estimated operating lease obligations of approximately $13 million to be recognized upon anticipated lease commencements in the fourth quarter of 2022 and throughout 2023. The former Harsco Rail segment had additional operating leases for buildings that have not yet commenced with estimated obligations of approximately $2 million to be recognized upon anticipated lease commencement in the fourth quarter of 2022.

8. Goodwill and Other Intangible Assets

The following table reflects the changes in carrying amounts of goodwill by segment for the nine months ended September 30, 2022:

(In thousands)	**Harsco Environmental Segment**	**Harsco Clean Earth Segment**	**Consolidated Totals**
Balance at December 31, 2021	$ 399,230	$ 483,879	$ 883,109
Goodwill impairment	—	(104,580)	(104,580)
Foreign currency translation	(33,749)	—	(33,749)
Balance at September 30, 2022	**$ 365,481**	**$ 379,299**	**$ 744,780**

The Company tests for goodwill impairment annually, or more frequently if indicators of impairment exist, or if a decision is made to dispose of a business. The Company performs its annual goodwill impairment test as of October 1 and monitors for triggering events on an ongoing basis.

As of June 30, 2022, the Company determined that an interim test of goodwill was required. The triggering event was principally due to lower earnings expectations due to the impacts of inflation. The Company used a discounted cash flow model ("DCF model") to estimate the current fair value of the Clean Earth reporting unit (Level 3), which is defined as the Clean Earth Segment. A number of significant assumptions and estimates are involved in the preparation of DCF models including future revenues and operating margin growth, the weighted-average cost of capital ("WACC"), tax rates, capital spending, pension funding, the impact of business initiatives and working capital projections. The DCF model is based on approved forecasts for the early years and historical relationships and projections for later years. The WACC rate is derived from internal and external factors including, but not limited to, the average market price of the Company's stock, shares outstanding, book value of the Company's debt, the long-term risk-free interest rate, and both market and size-specific risk premiums. As a result of this testing, the Company recorded a goodwill impairment charge of $104.6 million for the Clean Earth Segment in the second quarter of 2022. This charge had no impact on the Company's cash flows or compliance with debt covenants.

The Company determined that, as of September 30, 2022, there were no events or indicators present that would indicate that it was more-likely-than-not that its reporting units' fair values were less than their carrying amounts, which would require a further interim impairment analysis. However, a continued economic downturn, including continued cost inflation and labor shortages, as well as rising interest rates, could impact the Company's future projected cash flows and discount rates used to estimate fair value, which could result in an impairment charge to any of the Company's reporting units in a future period.

Other Intangibles

Because of lower-than-expected results for the Altek Group of the Harsco Environmental Segment for 2021 due to the timing of customer contracts, the Company tested Altek's asset group's recoverability in the fourth quarter of 2021 and no impairment was recorded. The long-lived assets (other than goodwill) of the Altek Group within the Harsco Environmental Segment primarily consist of intangible assets which have a carrying value of approximately $29 million at September 30, 2022. The Company has not identified any triggering events for the Altek asset group in the third quarter of 2022. However, if actual results prove inconsistent with the Company's assumptions and judgments of the projected cash flows, it could result in impairment of the Altek intangible assets in future periods.

9. Debt and Credit Agreements

On February 22, 2022, the Company amended its Senior Secured Credit Facilities to reset the levels of its net debt to consolidated adjusted EBITDA ratio covenant. As a result of this amendment, the total net debt to consolidated adjusted EBITDA ratio covenant was set at 5.50x for the quarter ending June 30, 2022, and decreases quarterly by 0.25x until reaching 4.00x for the quarter ending December 31, 2023 and thereafter. In addition, upon closing on the divestiture of the former Harsco Rail Segment, the total net debt to consolidated adjusted EBITDA ratio covenant will decrease by an additional 0.25x, provided, however, it will not go below 4.00x and a minimum consolidated adjusted EBITDA to consolidated interest charges ratio covenant, which is not to be less than 3.0x.

On August 29, 2022, the Company amended its Revolving Credit Facility under its Senior Secured Credit Facilities to increase certain levels in the total net leverage covenant, temporarily reduce the ratio under the interest coverage covenant and add a new pricing level applicable to revolving credit loans. Revolving credit loans now bear interest at a rate, depending on total net leverage, ranging from 50 to 175 basis points over base rate or 150 to 275 basis points over LIBOR, subject to a zero floor. The Company's total net leverage is capped at 5.50x of consolidated adjusted EBITDA through the end of 2023; the maximum total net leverage ratio decreases quarterly thereafter, reaching 4.00x for the last quarter in 2024 and thereafter. The total net leverage ratio covenant applicable to the third quarter of 2024 and earlier is subject to a 0.50x decrease upon closing of the divestiture of the former Harsco Rail Segment. The Company's required coverage of consolidated interest charges is set at a minimum of 2.75x of consolidated adjusted EBITDA through the end of 2024 (subject to an increase to 3.0x upon closing of the divestiture of the former Harsco Rail Segment), and leveling at 3.0x for the first quarter in 2025 and thereafter. Any principal amount outstanding under the Revolving Credit Facility remains due and payable on its maturity on March 10, 2026.

At September 30, 2022, the Company was in compliance with these covenants, as the total net debt to consolidated adjusted EBITDA ratio (as defined in the Credit Agreement) was 5.03x and total interest coverage ratio was 3.67x.

The Company believes it will continue to maintain compliance with these covenants over the next twelve months based on its current outlook. However, the Company's estimates of compliance with these covenants could change in the future with a continued deterioration in economic conditions or an inability to successfully execute its plans to realize increased pricing and to implement cost reduction initiatives that substantially mitigate the impacts of inflation and other factors adversely impacting its realized operating margins.

In connection with entering into its AR Facility on June 24, 2022, the Company amended its Senior Secured Credit Facilities to increase the permitted maximum outstanding amount of a securitization facility to $150 million. Certain other covenants and definitions were also modified to facilitate the AR Facility.

In June 2022, the Company repurchased $25.0 million of its 5.75% Senior Notes on the open market at a discount for $22.4 million. The Company recognized a gain on the extinguishment of debt of $2.3 million, net of the write-off of $0.3 million of previously recorded deferred financing costs, in the caption Facility fees and debt-related income (expense) on the Condensed Consolidated Statement of Operations.

Long-term debt consists of the following:

(In thousands)	September 30 2022	December 31 2021
Senior Secured Credit Facilities:		
New Term Loan	**$ 493,750**	$ 497,500
Revolving Credit Facility	**353,000**	362,000
5.75% Senior Notes	**475,000**	500,000
Other financing payable (including finance leases) in varying amounts	**25,836**	28,389
Total debt obligations	**1,347,586**	1,387,889
Less: deferred financing costs	**(15,884)**	(18,217)
Total debt obligations, net of deferred financing costs	**1,331,702**	1,369,672
Less: current maturities of long-term debt	**(16,784)**	(10,226)
Long-term debt	**$ 1,314,918**	$ 1,359,446

Facility Fees and Debt-Related Income (Expense)

The components of the Condensed Consolidated Statements of Operations caption Facility fees and debt-related income (expense) were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	2022	2021	2022	2021
Gain (loss) on extinguishment of debt	**$ —**	$ —	**$ 2,254**	$ (2,668)
Unused debt commitment and amendment fees	**(1,097)**	(198)	**(1,635)**	(2,838)
Securitization and factoring fees	**(1,414)**	—	**(1,513)**	—
Facility fees and debt-related income (expense)	**$ (2,511)**	$ (198)	**$ (894)**	$ (5,506)

10. Employee Benefit Plans

Defined Benefit Pension Plan Net Periodic Pension Cost (Benefit) (In thousands)	Three Months Ended September 30 U.S. Plans 2022	2021	International Plans 2022	2021
Service costs	**$ —**	$ —	**$ 400**	$ 463
Interest costs	**1,429**	1,203	**3,887**	3,194
Expected return on plan assets	**(2,699)**	(3,050)	**(9,145)**	(11,358)
Recognized prior service costs	**—**	—	**107**	127
Recognized actuarial losses	**1,183**	1,384	**3,115**	4,573
Defined benefit pension plan net periodic pension cost (benefit)	**$ (87)**	$ (463)	**$ (1,636)**	$ (3,001)

Defined Benefit Pension Plans Net Periodic Pension Cost (Benefit) (In thousands)	Nine Months Ended September 30 U.S. Plans 2022	2021	International Plans 2022	2021
Service costs	**$ —**	$ —	**$ 1,250**	$ 1,391
Interest costs	**4,287**	3,609	**12,409**	9,576
Expected return on plan assets	**(8,096)**	(9,150)	**(29,250)**	(34,080)
Recognized prior service costs	**—**	—	**340**	381
Recognized actuarial losses	**3,549**	4,154	**9,972**	13,722
Defined benefit pension plans net periodic pension cost (benefit)	**$ (260)**	$ (1,387)	**$ (5,279)**	$ (9,010)

Company Contributions (In thousands)	Three Months Ended September 30 2022	2021	Nine Months Ended September 30 2022	2021
Defined benefit pension plans (U.S.)	**$ 426**	$ 451	**$ 1,313**	$ 3,768
Defined benefit pension plans (International)	**3,824**	4,549	**19,411**	21,472
Multiemployer pension plans	**446**	429	**1,381**	1,311
Defined contribution pension plans	**3,019**	2,936	**9,948**	9,366

The Company's estimate of expected cash contributions to be paid during the remainder of 2022 for the U.S. and international defined benefit pension plans is $0.4 million and $3.4 million, respectively.

11. Income Taxes

Income tax expense related to continuing operations for the three and nine months ended September 30, 2022 was $9.4 million and $7.5 million, respectively, compared with $7.8 million and $14.7 million for the three and nine months ended September 30, 2021, respectively. Income tax expense related to continuing operations for the three months ended September 30, 2022 compared with the three months ended September 30, 2021 increased primarily due to disallowed interest expense in U.S. due to lower taxable income, offset by lower operating income primarily as a result of cost increases due to inflation. Income tax expense related to continuing operations for the nine months ended September 30, 2022 compared with the nine months ended September 30, 2021 decreased primarily from lower operating income as a result of cost increases due to inflation and labor shortages, as well as the tax benefit on a portion of the Harsco Clean Earth Segment goodwill impairment.

The reserve for uncertain tax positions at September 30, 2022 was $4.8 million, including interest and penalties. Within the next twelve months, it is reasonably possible that $0.3 million unrecognized income tax benefits will be recognized upon settlement of tax examinations and the expiration of various statutes of limitations.

12. Commitments and Contingencies

Environmental

The Company is involved in a number of environmental remediation investigations and cleanups and, along with other companies, has been identified as a “potentially responsible party” for certain byproduct disposal sites. While each of these matters is subject to various uncertainties, it is probable that the Company will agree to make payments toward funding certain of these activities, and it is possible that some of these matters will be decided unfavorably to the Company. The Company has evaluated its potential liability and its financial exposure is dependent upon such factors as the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the allocation of cost among potentially responsible parties, the years of remedial activity required and the remediation methods selected.

The Company evaluates its liability for future environmental remediation costs on a quarterly basis. Although actual costs to be incurred at identified sites in future periods may vary from the estimates (given inherent uncertainties in evaluating environmental exposures), the Company does not expect that any costs that are reasonably possible to be incurred by the Company in connection with environmental matters in excess of the amounts accrued would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

The following table summarizes information related to the location and undiscounted amount of the Company's environmental liabilities:

(In thousands)	September 30 2022	December 31 2021
Current portion of environmental liabilities (a)	**$ 8,491**	$ 7,338
Long-term environmental liabilities	**26,678**	28,435
Total environmental liabilities	**$ 35,169**	$ 35,773

(a) The current portion of environmental liabilities is included in the caption Other current liabilities on the Condensed Consolidated Balance Sheets.

Legal Proceedings

In the ordinary course of business, the Company is a defendant or party to various claims and lawsuits, including those discussed below.

On March 28, 2018, the United States Environmental Protection Agency (the “EPA”) conducted an inspection of ESOL’s off-site waste management facility in Detroit, MI. On November 23, 2021, the EPA proposed a civil penalty of $390,092 as part of a proposed Administrative Consent Order for alleged improper air emissions at the site. The allegations in the proposed Administrative Consent Order and civil penalty relate exclusively to the period prior the Company’s purchase of the ESOL business. The Company is vigorously contesting the allegations. While it is the Company's position that any loss related to this issue will be recoverable under indemnity rights under the ESOL purchase agreement and representations and warranties insurance policies purchased by the Company, there can be no assurance that the Company's position will ultimately prevail. On August 31, 2022, the parties executed a Tolling Agreement which excludes the period from March 1, 2022 through December 30, 2022 for the purposes of calculating the statute of limitations and other related defenses.

On January 27, 2020, the U.S. EPA issued a Notice of Potential Liability to the Company, along with several other companies, concerning the Newtown Creek Superfund Site located in Kings and Queens Counties in New York. The Notice alleges certain facilities formerly owned or operated by subsidiaries of the Company may have resulted in the discharge of hazardous substances into Newtown Creek or its Dutch Kills tributary. The site has been subject to CERCLA response activities since approximately 2011. The U.S. EPA expects to propose a sitewide cleanup plan no sooner than 2024 and announced in July 2021 that it would defer its decision on a potential early action response for the lower two miles of the Creek until the sitewide studies are completed. The Company is one of approximately twenty (20) Potentially Responsible Parties that have received notices, though it is believed other PRPs may exist. The Company vigorously contests the allegations of the Notice and currently does not believe that this matter will have a material effect on the Company’s financial position or results from operations.

On June 25 and 26, 2018, the DTSC conducted a compliance enforcement inspection of ESOL's facility in Rancho Cordova, California, which was then owned by Stericycle, Inc. On February 14, 2020, the DTSC filed an action in the Superior Court for the State of California, Sacramento Division, alleging violations of California's Hazardous Waste Control Law and the facility's hazardous waste permit arising from the inspection. On August 27, 2020 the DTSC issued a Notice of Denial of Hazardous Waste Facility Permit Application, denying the renewal of the facility's hazardous waste permit. The Company has exhausted its legal challenges to the denial of the Hazardous waste Facility Permit, and the hazardous waste facility is in the process of closing. The Company continues to utilize the site for non-hazardous waste and is evaluating additional potential alternate uses for the site. The DTSC investigation and compliance issues leading to the compliance tier assignment were ongoing well before the Company's acquisition of the ESOL business, and the Company was aware of the investigation and many of the issues raised in the investigation at the time of the purchase. Accordingly, the Company is indemnified for certain fines and other costs and expenses associated with this matter by Stericycle, Inc. The Company has not accrued any amounts in respect of these alleged violations and cannot estimate the reasonably possible loss or the range of reasonably possible losses that it may incur.

As previously disclosed, the Company has had ongoing meetings with the SCE over processing salt cakes, a processing byproduct, stored at the Al Hafeerah site. The Company's Bahrain operations that produced the salt cakes has ceased operations. An Environmental Impact Assessment and Technical Feasibility Study for facilities to process the salt cakes was approved by the SCE during the first quarter of 2018. Commissioning of the facilities was completed during the third quarter of 2021 and the processing of the salt cakes has commenced. The current reserve of $6.5 million continues to represent the Company's best estimate of the ultimate costs to be incurred to resolve this matter. The Company continues to evaluate this reserve and any future change in estimated costs which could be material to the Company's results of operations in any one period.

On July 27, 2018, Brazil's Federal and Rio de Janeiro State Public Prosecution Offices (MPF and MPE) filed a Civil Public Action against one of the Company's customers (CSN), the Company's Brazilian subsidiary, the Municipality of Volta Redonda, Brazil, and the Instituto Estadual do Ambiente (local environmental protection agency) seeking the implementation of various measures to limit and reduce the accumulation of customer-owned slag at the site in Brazil. On August 6, 2018 the 3rd Federal Court in Volta Redonda granted the MPF and MPE an injunction against the same parties requiring, among other things, CSN and the Company's Brazilian subsidiary to limit the volume of slag sent to the site. Because the customer owns the site and the slag located on the site, the Company believes that complying with this injunction is the steel producer's responsibility. On March 18, 2019 the Court issued an order fining the Company 5,000 Brazilian reais per day (or approximately $1 thousand per day) and CSN 20,000 Brazilian reais per day (or approximately $4 thousand per day) until the requirements of the injunction are met. On November 1, 2019 the Court issued an additional order increasing the fines assessed to the Company to 25,000 Brazilian reais per day (or approximately $5 thousand per day) and raising the fines assessed to CSN to 100,000 Brazilian reais per day (or approximately $19 thousand per day). The Court also assessed an additional fine of 10,000,000 Brazilian reais (or approximately $2 million) against CSN and the Company jointly. The Company is appealing the fines and the underlying injunction. Both the Company and CSN continue to have discussions with the Prosecution Offices and governmental authorities on the injunction and the possible resolution of the underlying case. Beginning on March 25, 2022, the Courts entered a series of orders suspending the litigation proceedings as well as the accrual of interest and penalties while the parties discuss a possible resolution of the matter. The Company does not believe that a loss relating to this matter is probable or estimable at this point.

On October 19, 2018, local environmental authorities issued an enforcement action against the Company concerning the Company's operations at a customer site in Ijmuiden, Netherlands. The enforcement action alleged violations of the Company's environmental permit at the site, which restricts the release of any visible dust emissions. On January 12, 2022, the Administrative Supreme Court upheld the Company's challenge of these enforcement actions as they relate to the slag tipping area of the site. As a result, all fines asserted against the Company to date have been invalidated and all fines paid to date have been reimbursed. This order is not appealable. On or about October 14, 2021, the Company received a subpoena and two indictments on this matter before the Amsterdam District Court in the Netherlands. The Amsterdam Public Prosecutor's Office issued the two indictments against the Company, alleging violations in connection with dust releases and/or events alleged to have occurred in 2018 through May 2020 at the site. The action cites provisions which permit fines for the alleged infractions and seeks €100,000 in fines with a smaller amount held in abeyance. On February 25, 2022, the Amsterdam District Court ruled that the Company was liable for only one alleged violation and that this alleged violation was unintentional. The court issued a fine of €5,000, to be held in abeyance. Both the Company and the Public Prosecutor's Office have appealed this ruling. On February 2, 2022, the prosecutor announced that they would further investigate residents' claims related to this matter. The Company is vigorously contesting all allegations against it and is also working with its customer to ensure the control of emissions. The Company has contractual indemnity rights from its customer that it believes will substantially cover any fines or penalties.

On March 22, 2022, the U.S. EPA issued a Notice of Intent to File an Administrative Complaint (NOI) alleging violations of the federal Emergency Planning and Community Right-to-Know Act at the Company’s facilities in Tacoma, WA and Kent, WA. The NOI relates exclusively or almost exclusively to the period when Stericycle owned and operated the sites. The NOI proposes a penalty of $3,000,000. The Company is currently reviewing the veracity of the allegations and the corresponding proposed penalty amount. While it is the Company’s position that it has recourse for some or all liabilities, if any, that arise from this matter under the ESOL purchase agreement and representations and warranties insurance policies purchased by the Company, there can be no assurances that the Company’s position will ultimately prevail.

On March 21, 2022, the Company received a draft penalty matrix from the PA DEP concerning alleged reporting, monitoring and related issues at the Company’s Hatfield, PA site prior to the time the Company acquired the site from Stericycle. The draft penalty matrix proposes a penalty of $1,000,000. On June 29, 2022, the PA DEP issued a draft Consent Assessment of Civil Penalty ("CACP") related to the alleged issues at the site, although the draft CACP does not propose a specific penalty. The Company is currently reviewing the veracity of the allegations. While it is the Company’s position that it has recourse for some or all liabilities, if any, that arise from this matter under the ESOL purchase agreement and representations and warranties insurance policies purchased by the Company, there can be no assurances that the Company’s position will ultimately prevail.

On November 5, 2020, a worker suffered a fatal injury at a site owned by the Company’s customer, Gerdau Ameristeel US, Inc., in Midlothian, TX. Although the Company was not directly involved in the accident, the worker was employed by a sub-contractor of a sub-contractor of the Company. The worker’s family filed suit in the 125th Judicial District Court of Harris County, TX against multiple parties including the Company. The Company is vigorously defending the lawsuit and has insurance coverage subject to a $5 million deductible. The Company has recorded a liability for its insurance deductible and an indemnification receivable from its customer for the recovery of certain losses based upon the contractual indemnity rights. There can be no assurances that the Company's position will ultimately prevail; however, any financial statement impact is not expected to be material.

DEA Investigation
Prior to the Company’s acquisition of ESOL, Stericycle, Inc. notified the Company that the DEA had served an administrative subpoena on Stericycle, Inc. and executed a search warrant at a facility in Rancho Cordova, California and an administrative inspection warrant at a facility in Indianapolis, Indiana. The Company has determined that the DEA and the DTSC have launched investigations involving, at least in part, the ESOL business of collecting, transporting, and destroying controlled substances from retail customers that transferred from Stericycle, Inc. to the Company. In connection with these investigations, the DEA also executed a search warrant on an ESOL facility in Austin Texas on July 2, 2020. The Company is cooperating with these inquiries, which relate primarily to the period before the Company owned the ESOL business. Since the acquisition of the ESOL business, the Company has performed a vigorous review of ESOL’s compliance program related to controlled substances and has made material changes to the manner in which controlled substances are transported from retail customers to DEA-registered facilities for destruction. The Company has not accrued any amounts in respect of these investigations and cannot estimate the reasonably possible loss or the range of reasonably possible losses that it may incur, if any. Investigations of this type are, by their nature, uncertain and unpredictable. While it is the Company’s position that it has recourse for some or all liabilities, if any, that arise from these matters under the ESOL purchase agreement and representations and warranties insurance policies purchased by the Company, there can be no assurances that the Company’s position will ultimately prevail.

Brazilian Tax Disputes
The Company is involved in a number of tax disputes with federal, state and municipal tax authorities in Brazil. These disputes are at various stages of the legal process, including the administrative review phase and the collection action phase, and include assessments of fixed amounts of principal and penalties, plus interest charges that increase at statutorily determined amounts per month and are assessed on the aggregate amount of the principal and penalties. In addition, the losing party, at the collection action or court of appeals phase, could be subject to a charge to cover statutorily mandated legal fees, which are generally calculated as a percentage of the total assessed amounts due, inclusive of penalty and interest. Many of the claims relate to ICMS, services and social security tax disputes. The largest proportion of the assessed amounts relate to ICMS claims filed by the SPRA, encompassing the period from January 2002 to May 2005.

In October 2009, the Company received notification of the SPRA’s final administrative decision regarding the levying of ICMS in the State of São Paulo in relation to services provided to a customer in the State between January 2004 and May 2005. As of September 30, 2022 the principal amount of the tax assessment from the SPRA with regard to this case is approximately $1.1 million, with penalty, interest and fees assessed to date increasing such amount by an additional $16.3 million. On June 4, 2018 the Appellate Court of the State of Sao Paulo ruled in favor of the SPRA but ruled that the assessed penalty should be reduced to approximately $1.1 million. After calculating the interest accrued on the penalty, the Company estimates that this ruling reduces the current overall potential liability for this case to approximately $6.8 million. All such amounts include the effect of foreign currency translation. The Company has appealed the ruling in favor of the SPRA to the Superior Court of Justice. Due to multiple court precedents in the Company's favor, as well as the Company's ability to appeal, the Company does not believe a loss is probable.

Another ICMS tax case involving the SPRA refers to the tax period from January 2002 to December 2003. In December 2018, the administrative tribunal hearing the case upheld the Company's liability. The aggregate amount assessed by the tax authorities in August 2005 was $4.7 million (the amounts with regard to this claim are valued as of the date of the assessment since it has not yet reached the collection phase), composed of a principal amount of $1.1 million, with penalty and interest assessed through that date increasing such amount by an additional $3.6 million. On December 6, 2018 the administrative tribunal reduced the applicable penalties to $0.8 million. After calculating the interest accrued on the current penalty, the Company estimates that the current overall liability for this case to be approximately $5.2 million. All such amounts include the effect of foreign currency translation. The Company has appealed to the judicial phase at the Third Trial Court of the District of Cubatão, State of São Paulo. On October 14, 2022, the District Court issued a decision holding that the Company is not liable for the taxes at issue. Due to multiple court precedents in the Company's favor, the Company does not believe a loss is probable.

The Company continues to believe that sufficient coverage for these claims exists as a result of the indemnification obligations of the Company's customer and such customer's pledge of assets in connection with the October 2009 notice, as required by Brazilian law.

On December 30, 2020, the Company received an assessment from the municipal authority in Ipatinga, Brazil alleging $2.0 million in unpaid service taxes from the period 2015 to 2020. After calculating the interest and penalties accrued, the Company estimates that the current overall potential liability for this case to be approximately $3.3 million. On January 18, 2021, the Company filed a challenge to the assessment. Due to the multiple defenses that are available, the Company does not believe a loss is probable.

The Company intends to continue its practice of vigorously defending itself against these tax claims under various alternatives, including judicial appeal. The Company will continue to evaluate its potential liability with regard to these claims on a quarterly basis; however, it is not possible to predict the ultimate outcome of these tax-related disputes in Brazil. No loss provision has been recorded in the Company's condensed consolidated financial statements for the disputes described above because the loss contingency is not deemed probable, and the Company does not expect that any costs that are reasonably possible to be incurred by the Company in connection with Brazilian tax disputes would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Brazilian Labor Disputes

The Company is subject to ongoing collective bargaining and individual labor claims in Brazil through the Harsco Environmental Segment which allege, among other things, the Company's failure to pay required amounts for overtime and vacation at certain sites. The Company is vigorously defending itself against these claims; however, litigation is inherently unpredictable, particularly in foreign jurisdictions. While the Company does not currently expect that the ultimate resolution of these claims will have a material adverse effect on the Company's financial condition, results of operations or cash flows, it is not possible to predict the ultimate outcome of these labor-related disputes. As of September 30, 2022 and December 31, 2021, the Company has established reserves of $2.5 million and $3.2 million, respectively, on the Company's Condensed Consolidated Balance Sheets for amounts considered to be probable and estimable.

Other

The Company is named as one of many defendants (approximately 90 or more in most cases) in legal actions in the U.S. alleging personal injury from exposure to airborne asbestos over the past several decades. In their suits, the plaintiffs have named as defendants, among others, many manufacturers, distributors and installers of numerous types of equipment or products that allegedly contained asbestos.

The Company believes that the claims against it are without merit. The Company has never been a producer, manufacturer or processor of asbestos fibers. Any asbestos-containing part of a Company product used in the past was purchased from a supplier and the asbestos encapsulated in other materials such that airborne exposure, if it occurred, was not harmful and is not associated with the types of injuries alleged in the pending actions.

At September 30, 2022, there were approximately 17,220 pending asbestos personal injury actions filed against the Company. Of those actions, approximately 16,585 were filed in the New York Supreme Court (New York County), 115 were filed in other New York State Supreme Court Counties and 520 were filed in courts located in other states.

The complaints in most of those actions generally follow a form that contains a standard damages demand of $20 million or $25 million, regardless of the individual plaintiff's alleged medical condition, and without identifying any specific Company product.

At September 30, 2022, approximately 16,550 of the actions filed in New York Supreme Court (New York County) were on the Deferred/Inactive Docket created by the court in December 2002 for all pending and future asbestos actions filed by persons who cannot demonstrate that they have a malignant condition or discernible physical impairment. The remaining approximately 35 cases in New York County are pending on the Active or In Extremis Docket created for plaintiffs who can demonstrate a malignant condition or physical impairment.

The Company has liability insurance coverage under various primary and excess policies that the Company believes will be available, if necessary, to substantially cover any liability that might ultimately be incurred in the asbestos actions referred to above. The costs and expenses of the asbestos actions are being paid by the Company's insurers.

In view of the persistence of asbestos litigation in the U.S., the Company expects to continue to receive additional claims in the future. The Company intends to continue its practice of vigorously defending these claims and cases. At September 30, 2022, the Company has obtained dismissal in approximately 28,400 cases by stipulation or summary judgment prior to trial.

It is not possible to predict the ultimate outcome of asbestos-related actions in the U.S. due to the unpredictable nature of this litigation, and no loss provision has been recorded in the Company's condensed consolidated financial statements because a loss contingency is not deemed probable or estimable. Despite this uncertainty, and although results of operations and cash flows for a given period could be adversely affected by asbestos-related actions, the Company does not expect that any costs that are reasonably possible to be incurred by the Company in connection with asbestos litigation would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

The Company is subject to various other claims and legal proceedings covering a wide range of matters that arose in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance or by established reserves, and, if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

Insurance liabilities are recorded when it is probable that a liability has been incurred for a particular event and the amount of loss associated with the event can be reasonably estimated. Insurance reserves have been estimated based primarily upon actuarial calculations and reflect the undiscounted estimated liabilities for ultimate losses, including claims incurred but not reported. Inherent in these estimates are assumptions that are based on the Company's history of claims and losses, a detailed analysis of existing claims with respect to potential value, and current legal and legislative trends. If actual claims differ from those projected by management, changes (either increases or decreases) to insurance reserves may be required and would be recorded through income in the period the change was determined. When a recognized liability has been determined to be covered by third-party insurance, the Company records an insurance claim receivable to reflect the covered liability. Insurance claim receivables are included in Other receivables on the Company's Condensed Consolidated Balance Sheets. See Note 1, Summary of Significant Accounting Policies, to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 for additional information on Accrued insurance and loss reserves.

13. Reconciliation of Basic and Diluted Shares

(In thousands, except per share amounts)	Three Months Ended September 30 2022	Three Months Ended September 30 2021	Nine Months Ended September 30 2022	Nine Months Ended September 30 2021
Income (loss) from continuing operations attributable to Harsco Corporation common stockholders	**$ 625**	$ 5,040	**$ (113,408)**	$ 12,015
Weighted-average shares outstanding:				
Weighted-average shares outstanding - basic	**79,531**	79,287	**79,469**	79,214
Dilutive effect of stock-based compensation	**36**	988	**—**	1,142
Weighted-average shares outstanding - diluted	**79,567**	80,275	**79,469**	80,356
Earnings (loss) from continuing operations per common share, attributable to Harsco Corporation common stockholders:				
Basic	**$ 0.01**	$ 0.06	**$ (1.43)**	$ 0.15
Diluted	**$ 0.01**	$ 0.06	**$ (1.43)**	$ 0.15

The following average outstanding stock-based compensation units were not included in the computation of diluted earnings per share because the effect was either antidilutive or the market conditions for the performance share units were not met:

(In thousands)	Three Months Ended September 30 2022	Three Months Ended September 30 2021	Nine Months Ended September 30 2022	Nine Months Ended September 30 2021
Restricted stock units	**—**	—	**763**	—
Stock appreciation rights	**2,062**	842	**2,304**	719
Performance share units	**1,052**	1,004	**1,135**	902

14. Derivative Instruments, Hedging Activities and Fair Value

Derivative Instruments and Hedging Activities

The Company uses derivative instruments, including foreign currency exchange forward contracts and interest rate swaps to manage certain foreign currency and interest rate exposures. Derivative instruments are viewed as risk management tools by the Company and are not used for trading or speculative purposes. All derivative instruments are recorded on the Company's Condensed Consolidated Balance Sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

The Company primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Company utilizes valuation techniques that maximize the use of observable inputs, such as forward rates, interest rates, the Company’s credit risk and counterparties’ credit risks, and which minimize the use of unobservable inputs. The Company is able to classify fair value balances based on the ability to observe those inputs. Foreign currency exchange forward contracts and interest rate swaps are based upon pricing models using market-based inputs (Level 2). Model inputs can be verified and valuation techniques do not involve significant management judgment.

The fair value of outstanding derivative contracts recorded as assets and liabilities on the Company's Condensed Consolidated Balance Sheets was as follows:

(In thousands)	Balance Sheet Location	Fair Value of Derivatives Designated as Hedging Instruments	Fair Value of Derivatives Not Designated as Hedging Instruments	Total Fair Value
September 30, 2022				
Asset derivatives (Level 2):				
Foreign currency exchange forward contracts	Other current assets	**$ 3,653**	**$ 27,131**	**$ 30,784**
Interest rate swaps	Other current assets	**269**	**—**	**269**
Total		**$ 3,922**	**$ 27,131**	**$ 31,053**
Liability derivatives (Level 2):				
Foreign currency exchange forward contracts	Other current liabilities	**$ 931**	**$ 1,366**	**$ 2,297**
Total		**$ 931**	**$ 1,366**	**$ 2,297**
December 31, 2021				
Asset derivatives (Level 2):				
Foreign currency exchange forward contracts	Other current assets	$ 719	$ 1,405	$ 2,124
Total		$ 719	$ 1,405	$ 2,124
Liability derivatives (Level 2):				
Foreign currency exchange forward contracts	Other current liabilities	$ 560	$ 2,905	$ 3,465
Interest rate swaps	Other current liabilities	4,157	—	4,157
Total		$ 4,717	$ 2,905	$ 7,622

All of the Company's derivatives are recorded on the Condensed Consolidated Balance Sheets at gross amounts and do not offset. All of the Company's interest rate swaps and certain foreign currency exchange forward contracts are transacted under ISDA documentation. Each ISDA master agreement permits the net settlement of amounts owed in the event of default. The Company's derivative assets and liabilities subject to enforceable master netting arrangements, if offset, would have resulted in a net asset of $0.6 million and a net liability of $0.9 million at September 30, 2022 and December 31, 2021, respectively.

The effect of derivative instruments on the Company's Condensed Consolidated Statements of Comprehensive Income (Loss) was as follows:

Derivatives Designated as Hedging Instruments

	Amount Recognized in OCI on Derivatives		Amount Reclassified from AOCI into Income - Effective Portion or Equity	
	Three Months Ended September 30		Three Months Ended September 30	
(In thousands)	2022	2021	2022	2021
Foreign currency exchange forward contracts	**$ 1,517**	$ 611	**$ (1,101)**	$ (418)
Interest rate swaps	**—**	(27)	**1,073**	872
	$ 1,517	$ 584	**$ (28)**	$ 454

	Amount Recognized in OCI on Derivatives		Amount Reclassified from AOCI into Income - Effective Portion or Equity	
	Nine Months Ended September 30		Nine Months Ended September 30	
(In thousands)	2022	2021	2022	2021
Foreign currency exchange forward contracts	**$ 3,483**	$ 170	**$ (2,687)**	$ (465)
Interest rate swaps	**—**	(41)	**3,184**	2,599
	$ 3,483	$ 129	**$ 497**	$ 2,134

The location and amount of gain (loss) recognized on the Company's Condensed Consolidated Statements of Operations was as follows:

	Three Months Ended September 30			
	2022		2021	
(In thousands)	Interest Expense	Income (Loss) from Discontinued Businesses	Interest Expense	Income (Loss) from Discontinued Businesses
Total amounts in the Condensed Consolidated Statement of Operations in which the effects of derivatives designated as hedging instruments are recorded	**$ (19,751)**	**$ 1,993**	$ (15,741)	$ 1,301
Interest rate swaps:				
Gain or (loss) reclassified from AOCI into income	**(1,073)**	**—**	(872)	—
Amount recognized in earnings due to ineffectiveness	**238**	**—**	—	—
Foreign exchange contracts:				
Gain or (loss) reclassified from AOCI into income	**—**	**1,101**	—	418

	Nine Months Ended September 30			
	2022		2021	
(In thousands)	Interest Expense	Income (Loss) from Discontinued Businesses	Interest Expense	Income (Loss) from Discontinued Businesses
Total amounts in the Condensed Consolidated Statement of Operations in which the effects of derivatives designated as hedging instruments are recorded	**$ (51,535)**	**$ (35,225)**	$ (47,640)	$ 12,904
Interest rate swaps:				
Gain or (loss) reclassified from AOCI into income	**(3,184)**	**—**	(2,599)	—
Amount recognized in earnings due to ineffectiveness	**1,850**	**—**	—	—
Foreign exchange contracts:				
Gain or (loss) reclassified from AOCI into income	**—**	**2,687**	—	465

Derivatives Not Designated as Hedging Instruments

		Amount of Gain (Loss) Recognized in Income on Derivatives [(a)]			
		Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	Location of Gain (Loss) Recognized in Income on Derivatives	2022	2021	2022	2021
Foreign currency exchange forward contracts	Cost of services and products sold	**$ 18,764**	$ 4,105	**$ 40,836**	$ 8,109

(a) These gains (losses) offset amounts recognized in cost of services and products sold principally as a result of intercompany or third party foreign currency exposures.

Foreign Currency Exchange Forward Contracts

The Company conducts business in multiple currencies and, accordingly, is subject to the inherent risks associated with foreign exchange rate movements. Foreign currency-denominated assets and liabilities are translated into U.S. dollars at the exchange rates existing at the respective consolidated balance sheet dates, and income and expense items are translated at the average exchange rates during the respective periods.

The Company uses derivative instruments to hedge cash flows related to foreign currency fluctuations. Foreign currency exchange forward contracts outstanding are part of a worldwide program to minimize foreign currency exchange operating income and balance sheet exposure by offsetting foreign currency exposures of certain future payments between the Company and various subsidiaries, suppliers or customers. The unsecured contracts are with major financial institutions. The Company may be exposed to credit loss in the event of non-performance by the contract counterparties. The Company evaluates the creditworthiness of the counterparties and does not expect default by them. Foreign currency exchange forward contracts are used to hedge commitments, such as foreign currency debt, firm purchase commitments and foreign currency cash flows for certain export sales transactions.

Changes in the fair value of derivatives used to hedge foreign currency denominated balance sheet items are reported directly in earnings, along with offsetting transaction gains and losses on the items being hedged. Derivatives used to hedge forecasted cash flows associated with foreign currency commitments may be accounted for as cash flow hedges, as deemed appropriate, if the criteria for hedge accounting are met. Gains and losses on derivatives designated as cash flow hedges are deferred in AOCI, a separate component of equity, and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions. The ineffective portion of all hedges, if any, is recognized currently in earnings.

The recognized gains and losses offset amounts recognized in cost of services and products sold principally as a result of intercompany or third-party foreign currency exposures. At September 30, 2022 and December 31, 2021 the notional amounts of foreign currency exchange forward contracts were $458.2 million and $425.8 million, respectively. These contracts are primarily denominated in British Pound Sterling and Euros and mature through September 2023.

In addition to foreign currency exchange forward contracts, the Company designates certain loans as hedges of net investments in international subsidiaries. The Company recorded pre-tax net losses of $1.0 million and $2.2 million for the three and nine months ended September 30, 2022, respectively, and pre-tax net losses of $3.7 million and $0.1 million for the three and nine months ended September 30, 2021, respectively, in AOCI.

Interest Rate Swaps

The Company uses interest rate swaps in conjunction with certain variable rate debt issuances in order to secure a fixed interest rate. Changes in the fair value attributed to the effect of the swaps' interest spread and changes in the credit worthiness of the counter-parties are recorded in AOCI and are reclassified into income as interest payments are made.

At September 30, 2022, the Company had a series of interest rate swaps that are in effect through 2022 and have the effect of converting $200.0 million of the Term Loan Facility from floating-rate to fixed-rate. The fixed rates provided by the swaps replace the adjusted LIBOR rate in the interest calculation to 3.12% for 2022. In the fourth quarter of 2021, the interest rate swaps were deemed ineffective and, thus, the subsequent changes in fair value continue to be recorded in earnings in the current period. The amounts previously recorded in AOCI will continue to be amortized into earnings over the remaining maturity of the interest rate swap.

Fair Value of Other Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term borrowings approximate fair value due to the short-term maturities of these assets and liabilities. At September 30, 2022 and December 31, 2021, the total fair value of long-term debt and current maturities (excluding deferred financing costs) was $1,099.2 million and $1,394.2 million, respectively, compared with a carrying value of $1,347.6 million and $1,387.9 million, respectively. Fair values for debt are based on pricing models using market-based inputs (Level 2) for similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

15. Review of Operations by Segment

(In thousands)	Three Months Ended September 30 2022	Three Months Ended September 30 2021	Nine Months Ended September 30 2022	Nine Months Ended September 30 2021
Revenues From Continuing Operations				
Harsco Environmental	**$ 264,717**	$ 269,901	**$ 804,367**	$ 800,433
Harsco Clean Earth	**222,197**	200,484	**616,396**	585,891
Total Revenues From Continuing Operations	**$ 486,914**	$ 470,385	**$ 1,420,763**	$ 1,386,324
Operating Income (Loss) From Continuing Operations				
Harsco Environmental	**$ 22,117**	$ 27,630	**$ 63,931**	$ 83,788
Harsco Clean Earth	**17,315**	9,893	**(95,650)**	20,457
Corporate	**(9,309)**	(10,602)	**(27,413)**	(31,941)
Total Operating Income (Loss) From Continuing Operations	**$ 30,123**	$ 26,921	**$ (59,132)**	$ 72,304
Depreciation				
Harsco Environmental	**$ 26,772**	$ 27,179	**$ 82,311**	$ 78,446
Harsco Clean Earth	**4,576**	4,576	**14,213**	14,818
Corporate	**544**	491	**1,435**	1,468
Total Depreciation	**$ 31,892**	$ 32,246	**$ 97,959**	$ 94,732
Amortization				
Harsco Environmental	**$ 1,619**	$ 1,997	**$ 5,161**	$ 6,080
Harsco Clean Earth	**6,071**	6,033	**18,277**	18,179
Corporate (a)	**848**	657	**2,167**	2,041
Total Amortization	**$ 8,538**	$ 8,687	**$ 25,605**	$ 26,300
Capital Expenditures				
Harsco Environmental	**$ 31,688**	$ 34,218	**$ 80,063**	$ 94,630
Harsco Clean Earth	**6,331**	5,707	**16,577**	12,962
Corporate	**1,373**	407	**3,511**	586
Total Capital Expenditures	**$ 39,392**	$ 40,332	**$ 100,151**	$ 108,178

(a) Amortization expense on Corporate relates to the amortization of deferred financing costs.

Reconciliation of Segment Operating Income to Income (Loss) From Continuing Operations Before Income Taxes and Equity Income

(In thousands)	Three Months Ended September 30 2022	Three Months Ended September 30 2021	Nine Months Ended September 30 2022	Nine Months Ended September 30 2021
Segment operating income (loss)	**$ 39,432**	$ 37,523	**$ (31,719)**	$ 104,245
General Corporate expense	**(9,309)**	(10,602)	**(27,413)**	(31,941)
Operating income (loss) from continuing operations	**30,123**	26,921	**(59,132)**	72,304
Interest income	**952**	544	**2,289**	1,668
Interest expense	**(19,751)**	(15,741)	**(51,535)**	(47,640)
Facility fees and debt-related income (expense)	**(2,511)**	(198)	**(894)**	(5,506)
Defined benefit pension income	**2,118**	3,887	**6,775**	11,777
Income (loss) from continuing operations before income taxes and equity income	**$ 10,931**	$ 15,413	**$ (102,497)**	$ 32,603

16. Revenue Recognition

The Company recognizes revenues to depict the transfer of promised services and products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services or products. Service revenues include the Harsco Clean Earth Segment revenue and the service components of the Harsco Environmental Segment. Product revenues include portions of the Harsco Environmental Segment.

A summary of the Company's revenues by primary geographical markets as well as by key product and service groups is as follows:

	Three Months Ended September 30, 2022		
(In thousands)	Harsco Environmental Segment	Harsco Clean Earth Segment	Consolidated Totals
Primary Geographical Markets (a):			
North America	$ 75,229	$ 222,197	$ 297,426
Western Europe	92,757	—	92,757
Latin America (b)	40,574	—	40,574
Asia-Pacific	31,402	—	31,402
Middle East and Africa	20,195	—	20,195
Eastern Europe	4,560	—	4,560
Total Revenues	$ 264,717	$ 222,197	$ 486,914
Key Product and Service Groups:			
Environmental services related to resource recovery for metals manufacturing and related logistical services	$ 220,578	$ —	$ 220,578
Ecoproducts	40,274	—	40,274
Environmental systems for aluminum dross and scrap processing	3,865	—	3,865
Waste processing, recycling, reuse and transportation solutions	—	222,197	222,197
Total Revenues	$ 264,717	$ 222,197	$ 486,914

	Three Months Ended September 30, 2021		
(In thousands)	Harsco Environmental Segment	Harsco Clean Earth Segment	Consolidated Totals
Primary Geographical Markets (a):			
North America	$ 71,479	$ 200,484	$ 271,963
Western Europe	106,859	—	106,859
Latin America (b)	35,072	—	35,072
Asia-Pacific	30,228	—	30,228
Middle East and Africa	20,804	—	20,804
Eastern Europe	5,459	—	5,459
Total Revenues	$ 269,901	$ 200,484	$ 470,385
Key Product and Service Groups:			
Environmental services related to resource recovery for metals manufacturing and related logistical services	$ 230,340	$ —	$ 230,340
Ecoproducts	36,091	—	36,091
Environmental systems for aluminum dross and scrap processing	3,470	—	3,470
Waste processing, recycling, reuse and transportation solutions	—	200,484	200,484
Total Revenues	$ 269,901	$ 200,484	$ 470,385

	Nine Months Ended September 30, 2022		
(In thousands)	Harsco Environmental Segment	Harsco Clean Earth Segment	Consolidated Totals
Primary Geographical Markets (a):			
North America	$ 227,017	$ 616,396	$ 843,413
Western Europe	294,427	—	294,427
Latin America (b)	115,581	—	115,581
Asia-Pacific	91,420	—	91,420
Middle East and Africa	60,843	—	60,843
Eastern Europe	15,079	—	15,079
Total Revenues	$ 804,367	$ 616,396	$ 1,420,763

(In thousands)	Nine Months Ended September 30, 2022 Harsco Environmental Segment	Harsco Clean Earth Segment	Consolidated Totals
Key Product and Service Groups:			
Environmental services related to resource recovery for metals manufacturing and related logistical services	**$ 684,432**	**$ —**	**$ 684,432**
Ecoproducts	**110,322**	**—**	**110,322**
Environmental systems for aluminum dross and scrap processing	**9,613**	**—**	**9,613**
Waste processing, recycling, reuse and transportation solutions	**—**	**616,396**	**616,396**
Total Revenues	**$ 804,367**	**$ 616,396**	**$ 1,420,763**

(In thousands)	Nine Months Ended September 30, 2021 Harsco Environmental Segment	Harsco Clean Earth Segment	Consolidated Totals
Primary Geographical Markets (a):			
North America	$ 208,395	$ 585,891	$ 794,286
Western Europe	336,011	—	336,011
Latin America (b)	99,524	—	99,524
Asia-Pacific	80,520	—	80,520
Middle East and Africa	60,798	—	60,798
Eastern Europe	15,185	—	15,185
Total Revenues	$ 800,433	$ 585,891	$ 1,386,324
Key Product and Service Groups:			
Environmental services related to resource recovery for metals manufacturing and related logistical services	$ 688,923	$ —	$ 688,923
Ecoproducts	100,706	—	100,706
Environmental systems for aluminum dross and scrap processing	10,804	—	10,804
Waste processing, recycling, reuse and transportation solutions	—	585,891	585,891
Total Revenues	$ 800,433	$ 585,891	$ 1,386,324

(a) Revenues are attributed to individual countries based on the location of the facility generating the revenue.
(b) Includes Mexico.

The Company may receive payments in advance of earning revenue (advances on contracts), which is included in Other current liabilities and Other liabilities on the Condensed Consolidated Balance Sheets. The Company may recognize revenue in advance of being able to contractually invoice the customer (contract assets), which is included in Other current assets on the Condensed Consolidated Balance Sheets. Contract assets are transferred to Trade accounts receivable, net, when the right to payment becomes unconditional. Contract assets and advances on contracts are reported as a net position, on a contract-by-contract basis, at the end of each reporting period.

The Company had contract assets totaling $3.5 million and $3.1 million at September 30, 2022 and December 31, 2021, respectively. The increase is due principally to additional contract assets recognized in excess of the transfer of contract assets to accounts receivable. The Company had advances on contracts totaling $3.7 million and $4.1 million at September 30, 2022 and December 31, 2021, respectively. During the three and nine months ended September 30, 2022, the Company recognized approximately $4 million and $14 million, respectively, of revenue related to amounts previously included in advances on contracts. During the three and nine months ended September 30, 2021, the Company recognized approximately $6 million and $12 million, respectively, of revenue related to amounts previously included in advances on contracts.

At September 30, 2022 the Harsco Environmental Segment had remaining, fixed, unsatisfied performance obligations where the expected contract duration exceeds one year totaling $74.5 million. Of this amount, $19.8 million is expected to be fulfilled by September 30, 2023, $19.4 million by September 30, 2024, $18.8 million by September 30, 2025, $8.1 million by September 30, 2026 and the remainder thereafter. These amounts exclude any variable fees, fixed fees subject to indexation and any performance obligations expected to be satisfied within one year.

17. Other (Income) Expenses, Net

The major components of this Condensed Consolidated Statements of Operations caption were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	2022	2021	2022	2021
Employee termination benefit costs	**$ 1,412**	$ (65)	**$ 1,707**	$ 1,102
Other costs to exit activities	**239**	(27)	**1,299**	611
Impaired asset write-downs	**4**	41	**359**	203
Net gains	**(1,077)**	(1,575)	**(2,981)**	(8,622)
Other	**(929)**	(1,209)	**131**	(1,287)
Other (income) expenses, net	**$ (351)**	$ (2,835)	**$ 515**	$ (7,993)

18. Components of Accumulated Other Comprehensive Loss

AOCI is included on the Condensed Consolidated Statements of Stockholders' Equity. The components of AOCI, net of the effect of income taxes, and activity for the nine months ended September 30, 2021 and 2022 was as follows:

	Components of AOCI, Net of Tax				
(In thousands)	Cumulative Foreign Exchange Translation Adjustments	Effective Portion of Derivatives Designated as Hedging Instruments	Cumulative Unrecognized Actuarial Losses on Pension Obligations	Unrealized Gain (Loss) on Marketable Securities	Total
Balance at December 31, 2020	$ (125,392)	$ (5,840)	$ (514,500)	$ (9)	$ (645,741)
OCI before reclassifications	(15,437) (a)	257 (b)	6,628 (a)	25	(8,527)
Amounts reclassified from AOCI, net of tax	—	1,488	17,184	—	18,672
Total OCI	(15,437)	1,745	23,812	25	10,145
Less: OCI attributable to noncontrolling interests	(837)	—	—	—	(837)
OCI attributable to Harsco Corporation	(14,600)	1,745	23,812	25	10,982
Balance at September 30, 2021	$ (139,992)	$ (4,095)	$ (490,688)	$ 16	$ (634,759)

	Components of AOCI, Net of Tax				
(In thousands)	Cumulative Foreign Exchange Translation Adjustments	Effective Portion of Derivatives Designated as Hedging Instruments	Cumulative Unrecognized Actuarial Losses on Pension Obligations	Unrealized Gain (Loss) on Marketable Securities	Total
Balance at December 31, 2021	$ (134,889)	$ (3,024)	$ (422,248)	$ 22	$ (560,139)
OCI before reclassifications	(116,407) (a)	2,971 (b)	57,768 (a)	(20)	(55,688)
Amounts reclassified from AOCI, net of tax	—	32	12,923	—	12,955
Total OCI	(116,407)	3,003	70,691	(20)	(42,733)
Less: OCI attributable to noncontrolling interests	(6,108)	—	—	—	(6,108)
OCI attributable to Harsco Corporation	(110,299)	3,003	70,691	(20)	(36,625)
Balance at September 30, 2022	**$ (245,188)**	**$ (21)**	**$ (351,557)**	**$ 2**	**$ (596,764)**

(a) Principally foreign currency fluctuation.
(b) Net change from periodic revaluations.

Amounts reclassified from AOCI were as follows:

	Three Months Ended September 30				Nine Months Ended September 30				Location on the Condensed Consolidated Statements of Operations
(In thousands)	2022		2021		2022		2021		
Amortization of cash flow hedging instruments:									
Foreign currency exchange forward contracts	**$**	**(1,101)**	$	(418)	**$**	**(2,687)**	$	(465)	Income (loss) from discontinued businesses
Interest rate swaps		**1,073**		872		**3,184**		2,599	Interest expense
Total before taxes		**(28)**		454		**497**		2,134	
Income taxes		**(108)**		(148)		**(465)**		(646)	
Total reclassification of cash flow hedging instruments, net of tax	**$**	**(136)**	$	306	**$**	**32**	$	1,488	
Amortization of defined benefit pension items (c):									
Actuarial losses	**$**	**4,298**	$	5,922	**$**	**13,521**	$	17,877	Defined benefit pension income
Prior service costs		**107**		125		**340**		381	Defined benefit pension income
Total before taxes		**4,405**		6,047		**13,861**		18,258	
Income taxes		**(313)**		(358)		**(938)**		(1,074)	
Total reclassification of defined benefit pension items, net of tax	**$**	**4,092**	$	5,689	**$**	**12,923**	$	17,184	

(c) These AOCI components are included in the computation of net periodic pension costs. See Note 10, Employee Benefit Plans, for additional details.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the accompanying unaudited condensed consolidated financial statements as well as the audited consolidated financial statements of the Company, including the notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 which includes additional information about the Company's critical accounting policies, contractual obligations, practices and the transactions that support the financial results, and provides a more comprehensive summary of the Company's outlook, trends and strategies for 2022 and beyond.

Certain amounts included in Item 2 of this Quarterly Report on Form 10-Q are rounded in millions and all percentages are calculated based on actual amounts. As a result, minor differences may exist due to rounding.

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

Factors that could cause actual results to differ, perhaps materially, from those implied by forward-looking statements include, but are not limited to: (1) changes in the worldwide business environment in which the Company operates, including changes in general economic conditions or changes due to COVID-19 and governmental and market reactions to COVID-19; (2) changes in currency exchange rates, interest rates, commodity and fuel costs and capital costs; (3) changes in the performance of equity and bond markets that could affect, among other things, the valuation of the assets in the Company's pension plans and the accounting for pension assets, liabilities and expenses; (4) changes in governmental laws and regulations, including environmental, occupational health and safety, tax and import tariff standards and amounts; (5) market and competitive changes, including pricing pressures, market demand and acceptance for new products, services and technologies; (6) the Company's inability or failure to protect its intellectual property rights from infringement in one or more of the many countries in which the Company operates; (7) failure to effectively prevent, detect or recover from breaches in the Company's cybersecurity infrastructure; (8) unforeseen business disruptions in one or more of the many countries in which the Company operates due to political instability, civil disobedience, armed hostilities, public health issues or other calamities; (9) disruptions associated with labor disputes and increased operating costs associated with union organization; (10) the seasonal nature of the Company's business; (11) the Company's ability to successfully enter into new contracts and complete new acquisitions or strategic ventures in the time-frame contemplated, or at all; (12) the Company's ability to negotiate, complete, and integrate strategic transactions; (13) failure to complete a process for the divestiture of the Rail division, as announced on November 2, 2021 on satisfactory terms, or at all; (14) potential severe volatility in the capital or commodity markets; (15) failure to retain key management and employees; (16) the outcome of any disputes with customers, contractors and subcontractors; (17) the financial condition of the Company's customers, including the ability of customers (especially those that may be highly leveraged, have inadequate liquidity or whose business is significantly impacted by COVID-19) to maintain their credit availability; (18) implementation of environmental remediation matters; (19) risk and uncertainty associated with intangible assets; (20) the risk that the Company may be unable to implement fully and successfully the expected incremental actions at the Harsco Clean Earth Segment due to market conditions or otherwise and may fail to deliver the expected resulting benefits; and (21) other risk factors listed from time to time in the Company's SEC reports. A further discussion of these, along with other potential risk factors, can be found in Part II, Item 1A, "Risk Factors," below, as well as Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended December 31, 2021. The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty to update forward-looking statements except as may be required by law.

Executive Overview

The Company is a market-leading, global provider of environmental solutions for industrial, retail and medical waste streams. The Company's operations consist of two reportable segments: Harsco Environmental and Harsco Clean Earth. The Harsco Environmental Segment operates primarily under long-term contracts, providing critical environmental services and material processing to the global steel and metals industries, including zero waste solutions for manufacturing byproducts within the metals industry. The Harsco Clean Earth Segment provides waste management services including transportation, specialty waste processing, recycling and beneficial reuse solutions for hazardous waste and soil and dredged materials. The Company has locations in approximately 30 countries, including the U.S. The Company was incorporated in 1956.

The Company maintains a positive long-term outlook across all businesses supported by favorable underlying growth characteristics in its businesses and investments by the Company to further supplement growth. The Company's view for the remainder of 2022 and beyond is supported by the below factors, which should be considered in the context of other risks, trends and strategies in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

- Harsco Environmental's 2022 results are expected to be below prior-year performance primarily due to the impacts of inflation, foreign exchange translation, exited contracts, lower service and ecoproducts volumes largely attributable to the energy-crisis in Europe and certain items recognized in the prior year such as the recovery of Brazil non-income tax expense and asset sale gains not repeating, partially offset by higher environmental services demand at certain sites. The global steel market is currently experiencing a period of volatility due to the Russian-Ukraine conflict and the resulting energy crisis in Europe, as well as a change to the economic conditions due to rising interest rates which is expected to impact Harsco Environmental's performance in the coming quarters. To mitigate the impact of the pressures, the Company is taking action through lowering overall spending and capital expenditures to support its financial results and cash flows. Over the longer-term, the Company expects that the Harsco Environmental Segment's growth will be driven by economic growth that supports higher global steel consumption as well as investments and innovation that support the environmental solutions needs of customers.

- Harsco Clean Earth results in 2022 are anticipated to be below prior-year levels due to unprecedented inflation in certain operating costs, including transportation, containers and disposal, and challenges related to labor availability. These impacts will be partially offset by commercial initiatives and cost-reduction actions. Clean Earth has implemented a number of actions that have improved profitability in the third quarter of 2022 and are expected to support financial results for the remainder of the year. These actions include price increases and additional cost and efficiency initiatives focused on mitigating the impact of these inflationary costs. Long-term, the Company expects this segment to benefit from positive underlying market trends, supported by increased environmental regulation, further growth opportunities and its attractive asset position, as well as from the less cyclical and recurring nature of this business.

Results of Operations

Segment Results

	Three Months Ended September 30		Nine Months Ended September 30	
(In millions, except percentages)	**2022**	**2021**	**2022**	**2021**
Revenues:				
Harsco Environmental	**$ 264.7**	$ 269.9	**$ 804.4**	$ 800.4
Harsco Clean Earth	**222.2**	200.5	**616.4**	585.9
Total Revenues	**$ 486.9**	$ 470.4	**$ 1,420.8**	$ 1,386.3
Operating Income (Loss):				
Harsco Environmental	**$ 22.1**	$ 27.6	**$ 63.9**	$ 83.8
Harsco Clean Earth	**17.3**	9.9	**(95.7)**	20.5
Corporate	**(9.3)**	(10.6)	**(27.4)**	(31.9)
Total Operating Income	**$ 30.1**	$ 26.9	**$ (59.2)**	$ 72.4
Operating Margins:				
Harsco Environmental	**8.4 %**	10.2 %	**7.9 %**	10.5 %
Harsco Clean Earth	**7.8 %**	4.9 %	**(15.5)%**	3.5 %
Consolidated Operating Margin	**6.2 %**	5.7 %	**(4.2)%**	5.2 %

Harsco Environmental Segment:

Significant Effects on Revenues (In millions)	September 30, 2022 Three Months Ended	Nine Months Ended
Revenues — 2021	$ 269.9	$ 800.4
Net effects of price/volume changes, primarily attributable to volume changes	19.3	65.1
Impact of foreign currency translation	(24.1)	(50.9)
Net impact of new and lost contracts	0.1	(8.7)
Other	(0.5)	(1.5)
Revenues — 2022	**$ 264.7**	**$ 804.4**

The following factors contributed to the changes in operating income during the three and nine months ended September 30, 2022.

Factors Positively Affecting Operating Income:

- Operating income was positively affected by increased revenue under environmental services contracts due, in part, to higher overall service levels at certain sites for the three and nine months ended September 30, 2022.

Factors Negatively Impacting Operating Income:

- Impact of cost increases relating to raw materials, labor, maintenance, and freight due to inflation, including the impact of increased fuel costs on existing contracts of $5.3 million and $14.3 million for the three and nine months ended September 30, 2022, respectively.
- Lower asset sale gains of $1.2 million and $7.0 million during the three and nine months ended September 30, 2022, respectively, as compared to the three and nine months ended September 30, 2021.
- Foreign currency translation reduced operating income by $2.8 million and $5.7 million during the three and nine months ended September 30, 2022, respectively.
- Lower recovery of Brazil non-income tax expense of $2.4 million during the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021.

Harsco Clean Earth Segment:

Significant Effects on Revenues (In millions)	September 30, 2022 Three Months Ended	Nine Months Ended
Revenues—2021	$ 200.5	$ 585.9
Net effects of price/volume changes	21.8	30.8
Other	(0.1)	(0.3)
Revenues — 2022	**$ 222.2**	**$ 616.4**

The following factors contributed to the changes in operating income (loss) during the three and nine months ended September 30, 2022.

Factors Positively Affecting Operating Income:

- Favorable changes in pricing and cost reductions, offset by the impact of cost inflation on transportation, disposal, container and fuel costs, in the hazardous waste business of $8.7 million during the three months ended September 30, 2022 .
- Lower selling, general and administrative expense ("SG&A") of $2.2 million and $4.3 million during the three and nine months ended September 30, 2022, respectively, due principally to lower incentive compensation expense and professional fees, when compared to the same periods in 2021.

Factors Negatively Impacting Operating Income:

- Goodwill impairment charge of $104.6 million recorded during the nine months ended September 30, 2022.
- The impact of cost inflation on transportation, disposal, container and fuel costs, in addition to lower volume, net of favorable changes due to price increases and cost reductions, decreased operating income by $7.3 million in the hazardous waste business for the nine months ended September 30, 2022.
- The impact of cost inflation on transportation, disposal and labor costs in the soil and dredged material business decreased operating income by $2.4 million and $3.7 million during the three and nine months ended September 30, 2022, respectively.

Consolidated Results

	September 30			
	Three Months Ended		Nine Months Ended	
(In millions, except per share amounts and percentages)	**2022**	**2021**	**2022**	**2021**
Total revenues	**$ 486.9**	$ 470.4	**$ 1,420.8**	$ 1,386.3
Cost of services and products sold	**392.8**	375.3	**1,173.0**	1,108.2
Selling, general and administrative expenses	**64.1**	70.6	**201.2**	213.0
Research and development expenses	**0.2**	0.3	**0.5**	0.8
Goodwill impairment charge	**—**	—	**104.6**	—
Other (income) expenses, net	**(0.4)**	(2.8)	**0.5**	(8.0)
Operating income (loss) from continuing operations	**30.1**	26.9	**(59.1)**	72.3
Interest income	**1.0**	0.5	**2.3**	1.7
Interest expense	**(19.8)**	(15.7)	**(51.5)**	(47.6)
Facility fees and debt-related income (expense)	**(2.5)**	(0.2)	**(0.9)**	(5.5)
Defined benefit pension income	**2.1**	3.9	**6.8**	11.8
Income (loss) from continuing operations before income taxes and equity income	**10.9**	15.4	**(102.5)**	32.6
Income tax benefit (expense) from continuing operations	**(9.4)**	(7.8)	**(7.5)**	(14.7)
Equity income (loss) of unconsolidated entities, net	**(0.1)**	(0.3)	**(0.4)**	(0.5)
Income (loss) from continuing operations	**1.4**	7.3	**(110.4)**	17.4
Income (loss) from discontinued businesses	**2.0**	1.3	**(35.2)**	12.9
Income tax benefit (expense) related to discontinued operations	**(0.5)**	1.2	**5.3**	(3.8)
Income (loss) from discontinued operations, net of tax	**1.5**	2.5	**(29.9)**	9.1
Net income (loss)	**2.9**	9.8	**(140.3)**	26.5
Total other comprehensive income (loss)	**(25.6)**	(9.0)	**(42.7)**	10.1
Total comprehensive income (loss)	**(22.7)**	0.8	**(183.0)**	36.6
Diluted earnings (loss) per common share from continuing operations attributable to Harsco Corporation common stockholders	**$ 0.01**	$ 0.06	**$ (1.43)**	$ 0.15
Effective income tax rate for continuing operations	**85.8 %**	50.7 %	**(7.3)%**	45.1 %

Comparative Analysis of Consolidated Results

Revenues

Revenues for the third quarter of 2022 increased $16.5 million, or 3.5%, from the third quarter of 2021. Revenues for the nine months ended September 30, 2022 increased $34.4 million, or 2.5%, from the six months ended September 30, 2021. Foreign currency translation decreased revenues by $24.1 million and $50.9 million for the third quarter and nine months ended September 30, 2022, respectively, compared with the same period in the prior year. Refer to the discussion of segment results above for information pertaining to factors positively affecting and negatively impacting revenues.

Cost of Services and Products Sold

Cost of services and products sold for the third quarter of 2022 increased $17.5 million, or 4.7%, from the third quarter of 2021. Costs of services and products sold for the nine months ended September 30, 2022 increased $64.8 million, or 5.9%, from the nine months ended September 30, 2021. The changes in cost of services and products sold were attributable to the following significant items:

	September 30, 2022	
(In millions)	**Three Months Ended**	**Nine Months Ended**
Change in costs due to changes in revenues volume	$ 13.3	$ 45.7
Changes in costs due to change in prices, including materials, labor, fuel, transportation and maintenance	23.1	54.7
Impact of foreign currency translation	(20.2)	(43.2)
Other	1.3	7.6
Total change in cost of services and products sold — 2022 vs. 2021	$ 17.5	$ 64.8

Selling, General and Administrative Expenses

SG&A for the third quarter of 2022 decreased $6.5 million, or 9.2%, from the third quarter of 2021. SG&A for the nine months ended September 30, 2022 decreased $11.8 million, or 5.5%, from the nine months ended September 30, 2021. The decreases include a $6.1 million reduction in compensation expense for the both three and nine months ended September 30, 2022, principally for incentive compensation. In addition, the nine months ended September 30, 2022 included a $5.1 million decrease in professional fees, principally in the Company's Clean Earth and Corporate segments.

Goodwill Impairment Charge

The Company recorded a goodwill impairment charge of $104.6 million in the Harsco Clean Earth Segment during the nine months ended September 30, 2022. See Note 8, Goodwill and Other Intangible Assets, in Part I, Item 1, Financial Statements for further discussion regarding the goodwill impairment charge.

Other (Income) Expenses, Net

The major components of this Condensed Consolidated Statements of Operations caption are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	**2022**	**2021**	**2022**	**2021**
Employee termination benefit costs	**$ 1,412**	$ (65)	**$ 1,707**	$ 1,102
Other costs to exit activities	**239**	(27)	**1,299**	611
Impaired asset write-downs	**4**	41	**359**	203
Net gains	**(1,077)**	(1,575)	**(2,981)**	(8,622)
Other	**(929)**	(1,209)	**131**	(1,287)
Other (income) expenses, net	**$ (351)**	$ (2,835)	**$ 515**	$ (7,993)

Interest Expense

Interest expense during the third quarter of 2022 increased by $4.0 million, compared to the third quarter of 2021. Interest expense during the nine months ended September 30, 2022 increased by $3.9 million, compared with the nine months ended September 30, 2021. The increase during the three and nine months ended September 30, 2022 primarily relates to higher weighted average interest rates, in addition to higher borrowings, related to the amended Senior Secured Credit Facilities.

Facility Fees and Debt-Related Income (Expense)

During the three and nine months ended September 30, 2022, the Company recognized expense of $2.5 million and $0.9 million, respectively, which included fees related to amending its Senior Secured Credit Facilities and fees related to the Company's Account Receivable Securitization Facility. A $2.3 million gain on the repurchase of $25.0 million of Senior Notes recognized during the nine months ended September 30, 2022 partially offset these expenses. See Note 9, Debt and Credit Agreements, in Part I, Item 1, Financial Statements.

During the three and nine months ended September 30, 2021, the Company recognized $0.2 million and $5.5 million, respectively, of fees and other costs primarily related to the amended Senior Secured Credit Facilities.

Defined Benefit Pension Income

Defined benefit pension income for the third quarter of 2022 was $2.1 million, compared with defined benefit pension income of $3.9 million during the third quarter of 2021. Defined benefit pension income for the nine months ended September 30, 2022 was $6.8 million, compared with defined benefit pension income of $11.8 million for the nine months ended September 30, 2021. The decrease is primarily the result of a lower assumed rate of return on plan assets at December 31, 2021.

Income Tax Benefit (Expense)

Income tax expense from continuing operations for the three and nine months ended September 30, 2022 was $9.4 million and $7.5 million, respectively, compared with $7.8 million and $14.7 million for the three and nine months ended September 30, 2021, respectively. Income tax expense from continuing operations for the three months ended September 30, 2022 compared with the three months ended September 30, 2021 increased primarily due to disallowed interest expense in U.S. due to lower taxable income, offset by lower operating income as a result of cost increases due to inflation. Income tax expense from continuing operations for the nine months ended September 30, 2022 compared with the nine months ended September 30, 2021 decreased primarily from lower operating income as a result of cost increases due to inflation and labor shortages, and the tax benefit on a portion of the Harsco Clean Earth Segment goodwill impairment.

Income (Loss) from Continuing Operations

Income (loss) from continuing operations was $1.4 million and $(110.4) million for the three and nine months ended September 30, 2022, respectively, compared to income from continuing operations of $7.3 million and $17.4 million for the three and nine months ended September 30, 2021, respectively. The primary drivers for these increases are noted above.

Income (Loss) from Discontinued Operations

The operating results of the former Harsco Rail Segment and costs directly attributable to the sale of the business, have been reflected as discontinued operations in the Company's Condensed Consolidated Statement of Operations for all periods presented. In addition, this caption includes costs directly attributable to retained contingent liabilities of other previously disposed businesses. The decrease in income during the nine months ended September 30, 2022 was related primarily to the recognition of additional forward estimated loss provisions of $35.9 million for certain contracts in the Rail business, as well lower business performance due to reduced revenue for railway track maintenance equipment, when compared to the nine months ended September 30, 2021. It is possible that the Company's overall estimate of liquidated damages, penalties and costs to complete these contracts may increase, which would result in an additional estimated forward loss provision at such time. See Note 3, Dispositions, in Part I, Item 1, Financial Statements.

Total Other Comprehensive Income (Loss)

Total other comprehensive loss was $25.6 million and $42.7 million in the three and nine months ended September 30, 2022, respectively, compared with total other comprehensive income of $9.0 million and $10.1 million in the three and nine months ended of September 30, 2021, respectively. The primary driver of these decreases is the strengthening of the U.S. dollar against certain currencies inclusive of the impact of foreign currency translation of cumulative unrecognized actuarial losses on the Company’s pension obligations, reflective of the strengthening of the U.S dollar during the nine months ended September 30, 2022.

Liquidity and Capital Resources

Cash Flow Summary

The Company currently expects to have sufficient financial liquidity and borrowing capacity to support the strategies within each of its businesses and its current operating and debt service needs. The Company currently expects operational and business needs to be met by cash provided by operations supplemented with borrowings from time to time, principally under the Senior Secured Credit Facilities. The Company supplements the cash provided by operations with borrowings from time to time due to historical patterns of seasonal cash flow and the funding of various projects. The Company regularly assesses capital needs in the context of operational trends and strategic initiatives.

The Company's cash flows from operating, investing and financing activities, as reflected on the Condensed Consolidated Statements of Cash Flows, are summarized in the following table:

(In millions)	Nine Months Ended September 30 2022	2021
Net cash provided (used) by:		
Operating activities	**$ 131.2**	$ 46.8
Investing activities	**(73.7)**	(88.8)
Financing activities	**(50.8)**	44.2
Effect of exchange rate changes on cash and cash equivalents, including restricted cash	**(8.8)**	(1.8)
Net change in cash and cash equivalents, including restricted cash	**$ (2.1)**	$ 0.4

Net cash provided by operating activities — Net cash provided by operating activities in the first nine months of 2022 was $131.2 million, an increase in cash flows of $84.4 million from the first nine months of 2021. The primary drivers of this increase is due to the sale of $145.0 million of its accounts receivable through its AR Facility with PNC, partially offset by lower cash net income.

Net cash used by investing activities — Net cash used by investing activities in the first nine months of 2022 was $73.7 million, an increase in cash flows of $15.1 million from the cash used in the first nine months of 2021. The increase is primarily due to decreased capital expenditure purchases and higher net proceeds received from the settlement of foreign currency forward exchange contracts, partially offset by a decrease in the proceeds from sales of assets in the Harsco Environmental Segment and payments made for settlements of interest rate swaps.

Net cash (used) provided by financing activities — Net cash used by financing activities in the first nine months of 2022 was $50.8 million, a decrease of $95.0 million from the first nine months of 2021. The decrease was primarily due to lower net cash borrowings of $98.9 million in the first nine months of 2022, resulting from the use of the AR Facility proceeds to reduce long-term debt.

Effect of exchange rate changes on cash and cash equivalents, including restricted cash — The decrease is due to the impact of the significant strengthening of the U.S. dollar against certain currencies during the first nine months of 2022 on the global cash balances held by the Company in these currencies, including balances held in the Company's multicurrency cash pool.

Sources and Uses of Cash

The Company's principal sources of liquidity are cash provided by operations on an annual basis and borrowings under the Senior Secured Credit Facilities, augmented by cash proceeds from asset sales. In addition, the Company has other bank credit facilities available throughout the world. The Company expects to continue to utilize all of these sources to meet future cash requirements for operations and growth initiatives.

AR Facility

The Company maintains a trade receivables securitization facility to accelerate cash flows from trade accounts receivable. Under the AR Facility, the Company and its designated subsidiaries continuously sell their trade receivables as they are originated to the wholly-owned bankruptcy-remote SPE. The SPE transfers ownership and control of qualifying receivables to PNC up to a maximum purchase commitment of $150.0 million. During the nine months ended September 30, 2022, the Company received proceeds of $145.0 million related to the facility.

Summary of Senior Secured Credit Facilities and Notes: (In millions)	September 30 2022	December 31 2021
By type:		
New Term Loan	**$ 493.8**	$ 497.5
Revolving Credit Facility	**353.0**	362.0
5.75% Senior Notes	**475.0**	500.0
Total	**$ 1,321.8**	$ 1,359.5
By classification:		
Current	**$ 5.0**	$ 5.0
Long-term	**1,316.8**	1,354.5
Total	**$ 1,321.8**	$ 1,359.5

(In millions)	September 30, 2022 Facility Limit	Outstanding Balance	Outstanding Letters of Credit	Available Credit
Revolving credit facility (a U.S.-based program)	$ 700.0	$ 353.0	$ 32.2	$ 314.8

Debt Covenants
The Senior Secured Credit Facilities contain a consolidated net debt to Consolidated Adjusted EBITDA ratio covenant, which is not to exceed 5.50x for the quarter ending September 30, 2022 and through and including the quarter ended December 31, 2023 and then decreasing quarterly until reaching 4.00x on December 31, 2024. The Company's required coverage of consolidated interest charges is set at a minimum of 2.75x. The total net leverage ratio covenant applicable to the third quarter of 2024 and earlier is subject to a 0.50x decrease upon divestiture of the former Harsco Rail segment. At September 30, 2022 the Company was in compliance with these covenants, as the total net debt to Consolidated Adjusted EBITDA ratio (as defined in the Credit Agreement) was 5.03x and total interest coverage ratio was 3.67x. Based on balances and covenants in effect at September 30, 2022 the Company could increase net debt by $120.3 million and remain in compliance with these debt covenants. Alternatively, Consolidated Adjusted EBITDA could decrease by $21.9 million, and the Company would remain in compliance with these covenants. The Company believes it will continue to maintain compliance with these covenants based on its current outlook. However, the Company’s estimates of compliance with these covenants could change in the future with a continued deterioration in economic conditions or an inability to successfully execute its plans to realize increased pricing and to implement cost reduction initiatives that substantially mitigate the impacts of inflation and other factors adversely impacting its realized operating margins.

Cash Management
The Company has various cash management systems throughout the world that centralize cash in various bank accounts where it is economically justifiable and legally permissible to do so. These centralized cash balances are then redeployed to other operations to reduce short-term borrowings and to finance working capital needs or capital expenditures. Due to the transitory nature of cash balances, they are normally invested in bank deposits that can be withdrawn at will or in very liquid short-term bank time deposits and government obligations. The Company's policy is to use the largest banks in the various countries in which the Company operates. The Company monitors the creditworthiness of banks and, when appropriate, will adjust banking operations to reduce or eliminate exposure to less creditworthy banks.

At September 30, 2022, the Company's consolidated cash and cash equivalents included $78.5 million held by non-U.S. subsidiaries and approximately 17% of the Company's consolidated cash and cash equivalents had regulatory restrictions that would preclude the transfer of funds with and among subsidiaries. Non-U.S. subsidiaries also held $16.4 million of cash and cash equivalents in consolidated strategic ventures. The strategic venture agreements may require strategic venture partner approval to transfer funds with and among subsidiaries. While the Company's remaining non-U.S. cash and cash equivalents can be transferred with and among subsidiaries, the majority of these non-U.S. cash balances will be used to support the ongoing working capital needs and continued growth of the Company's non-U.S. operations.

Recently Adopted and Recently Issued Accounting Standards

Information on recently adopted and recently issued accounting standards is included in Note 2, Recently Adopted and Recently Issued Accounting Standards, in Part I, Item 1, Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks have not changed significantly from those disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of September 30, 2022, an evaluation was performed, under the supervision and with the participation of the Company’s management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures pursuant to Rule 13a – 15 under the Securities and Exchange Act of 1934, as amended. Based upon that evaluation, such officers concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Securities and Exchange Act of 1934, as amended (1) is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (2) is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information on legal proceedings is included in Note 12, Commitments and Contingencies, in Part I, Item 1, Financial Statements.

ITEM 1A. RISK FACTORS

The Company's risk factors as of September 30, 2022 have not changed materially from those described in Part 1, Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 6. EXHIBITS

The following exhibits are included as part of this report by reference:

Exhibit Number	Description
3.1	Amended and Restated By-laws, dated October 19, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated October 25, 2022. Commission File Number 001-03970)
10.1	Offer Letter, dated August 11, 2022 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 12, 2022. Commission File Number 001-03970)
10.2	Amendment No. 12 to Third Amended and Restated Credit Agreement, dated as of August 29, 2022, among Harsco Corporation, the Subsidiary Guarantors party thereto, Bank of America, N.A., as administrative agent, and the lenders party thereto. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 29, 2022 Commission File 001-3970)
10.3	Amendment No. 11 to Third Amended and Restated Credit Agreement, dated as of August 19, 2022, among Harsco Corporation, the Subsidiary Guarantors party thereto, and Bank of America, N.A. as administrative agent. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated August 29, 2022. Commission File 001-3970)
31.1	Certification Pursuant to Rule 13a-14(a) or 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chairman, President and Chief Executive Officer).
31.2	Certification Pursuant to Rule 13a-14(a) or 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chairman, President and Chief Executive Officer and Chief Financial Officer).
101.Def	Definition Linkbase Document
101.Pre	Presentation Linkbase Document
101.Lab	Labels Linkbase Document
101.Cal	Calculation Linkbase Document
101.Sch	Schema Document
101.Ins	Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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.

		HARSCO CORPORATION
		(Registrant)
DATE	November 1, 2022	/s/ PETER F. MINAN
		Peter F. Minan *Senior Vice President and Chief Financial Officer* (On behalf of the registrant and as Principal Financial Officer)
DATE	November 1, 2022	/s/ SAMUEL C. FENICE
		Samuel C. Fenice *Vice President and Corporate Controller* (Principal Accounting Officer)

Exhibit 31.1

HARSCO CORPORATION
CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, F. Nicholas Grasberger, III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Harsco 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.

November 1, 2022

/s/ F. NICHOLAS GRASBERGER III

F. Nicholas Grasberger III

Chairman, President and Chief Executive Officer

Exhibit 31.2

HARSCO CORPORATION
CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter F. Minan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Harsco 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.

November 1, 2022

/s/ PETER F. MINAN

Peter F. Minan
Senior Vice President and Chief Financial Officer

Exhibit 32

HARSCO CORPORATION
CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Harsco Corporation (the "Company") on Form 10-Q for the period ending September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

November 1, 2022

/s/ F. NICHOLAS GRASBERGER III

F. Nicholas Grasberger III
Chairman, President and Chief Executive Officer

/s/ PETER F. MINAN

Peter F. Minan
Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Harsco Corporation and will be retained by Harsco Corporation and furnished to the Securities and Exchange Commission or its staff upon request.