Risk Factors Comparison 2023-03-01 to 2022-03-02 Form: 10-K

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Investing in our common stock involves a high degree of risk. You should carefully consider the following factors, as well as other information contained or incorporated by reference in this report, before deciding to invest in shares of our common stock. The risks and uncertainties described below are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of those risks actually occurs, our business, financial condition and results of operations would suffer. In that event, the trading price of our common stock could decline, and you may lose all or part of your investment. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward- looking statements. See " Cautionary Note Regarding Forward- Looking Statements " included elsewhere in this document. **The following is a summary of the risk factors that could adversely affect our Company and the value of an investment in our Company' s securities.** Risks ~~Relating~~ **Related** to ~~Our~~ **our** Business **Operations •** Our operating margins and profitability may be negatively impacted by the volatility in crude oil, solvent, fuel, energy, and commodity prices. **• Our used oil re- refinery may not operate at or near capacity and generate the operating results that we anticipate, which may lead to greater volatility in our revenue and earnings. • Our continued growth depends on our ability to recruit, train and retain sales and service personnel and we also depend on the service of key individuals, the loss of whom could materially harm our business. • We may not be able to service our customers and operate our business in an adequately safe manner. • Our operations are subject to numerous environmental, transportation, and other laws and regulations and, to the extent we are found to be in violation of any such laws and regulations, we may be subject to involuntary shutdowns and / or material financial penalties. • A failure in our support system for our branch network could delay or interrupt our ability to provide services and products and could increase our costs and reduce our revenue. • If current environmental laws and regulations are changed, we may be forced to materially alter our business model, which could have a material adverse effect on our financial performance. • We operate our business through many locations, and if we are unable to effectively oversee all of these locations, our business reputation and operating results could be materially adversely affected. • We face intense competition in the industrial and hazardous waste services industries and from other used oil re- refiners. • Consolidation and / or declines in the U. S. vehicle repair and U. S. manufacturing industries could cause us to experience lower sales volumes which could materially affect our growth and financial performance. • The portion of our customer base represented by small businesses causes us to be subject to the trends and downturns impacting small businesses, which could adversely affect our business. • We are dependent on third parties to supply us with the necessary components and materials to service our customers. We are also dependent on third party transport, including rail, recycling, and disposal contractors. • Our insurance policies do not cover all losses, costs, or liabilities that we may experience. • The operation of our antifreeze recycling centers and non- hazardous waste processing facilities expose us to risks that may be uninsurable. • We may not be able to protect our intellectual property adequately. • We may not be able to realize the anticipated benefits from our Acquisition of Patriot Environmental Services, Inc. (Patriot) • The successful integration of Patriot' s businesses into our company will present significant challenges. • Our level of indebtedness could harm our operating flexibility and competitive position. • We have financial assurance requirements, and increases in the costs of obtaining adequate financial assurance could negatively impact our business, financial condition or results of operations. • Expansion of our business may result in unanticipated adverse consequences. • We may be unable to manage our growth. • We carry inventory of used solvents generated by customers participating in our product reuse program for parts cleaning. • We are subject to potential liability claims relating to our services and products. • Litigation related to personal injury from exposure to solvents and the operation of our business may result in material liabilities and affect our profitability. • Our fixed cost structure may result in reduced earnings or a loss. • A decline in expected profitability of the Company or individual reporting units of the Company could result in the impairment of assets, including goodwill, other long- lived assets, and deferred tax assets. • Our future capital needs are uncertain and our ability to access additional financing may be negatively impacted by the volatility and disruption of the capital and credit markets and adverse changes in the global economy. Risks Related to our Common Stock • The price of our shares of common stock may be volatile. • The small public float for our shares may make it difficult to sell your shares and may cause volatility in our stock price. • There may be future sales or issuances of our common stock, which will dilute the ownership interests of stockholders and may adversely affect the market price of our common stock. • If securities or industry analysts do not publish research reports about our business or publish unfavorable research, or our results are below analysts' estimates, our stock price and trading volume could decline. • Heritage, the Fehsenfeld family trusts, and Mr. Fehsenfeld are affiliates of each other and have material influence over our company, and their influence could delay or deter a change of control or other business combination or otherwise cause us to take actions with which you may disagree. • We are required to evaluate our internal controls over financial reporting under Section 404 of the Sarbanes- Oxley Act of 2002 and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and could have an adverse effect on our stock price. • We do not currently intend to pay cash dividends on our common stock to our stockholders and any determination to pay cash dividends in the future will be at the discretion of our Board of Directors. • Provisions in our certificate of incorporation and bylaws and Delaware law could prevent or delay transactions that stockholders may favor. • Pandemics, epidemics or other**

disease outbreaks may negatively impact our business operations, financial condition, liquidity, and consolidated results of operations. General Risk Factors • Continued uncertain economic conditions, including inflation and the risk of a global recession could impair our ability to forecast and may harm our business, operating results, including our revenue growth and profitability, financial condition and cash flows. • A cyber incident could result in information theft, data corruption, operational disruption, and / or financial loss. • Climate change legislation or regulations restricting emissions of " Greenhouse Gases " could result in increased operating costs and reduced demand for our services. • We may become subject to various legal proceedings and investigations, which may have an adverse effect on our business. • We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability due to the ongoing military conflict between Russia and Ukraine. Our business, financial condition, and results of operations may be materially and adversely affected by any negative impact on the global economy and capital markets resulting from the conflict in Ukraine or any other geopolitical tensions. A more complete discussion of the material risks facing our business is included below. Risks Relating to Our Business The price at which we sell oil- based products in our Oil Business segment, such as re- refined base oil, hydrotreated fuel, VTAE, and RFO is affected by changes in certain oil indices, such as the price for crude oil. If the relevant oil indices rise or fall, we can typically expect a corresponding increase or decrease in prices for the oil products we sell to reflect the change in the relevant oil indices. However, there may be a lag between the time an oil index increases or decreases and the time when we are able to increase or decrease the price of the oil products we sell. The costs to collect used oil, including the amounts we must pay or charge to obtain used oil and the fuel costs of our **used** oil collection fleet, generally increases or decreases when the relevant index increases or decreases. As with the prices for the oil products we sell there may be a time lag between when an oil index increases or decreases and when we are able to adjust the amounts we pay or charge to obtain used oil. Further, even though the prices we can charge for the oil products we sell and the costs to collect and re- refine used oil generally correlate, they do not always increase or decrease by the same magnitude, and we cannot assure you that any increased costs we experience can be passed through to the prices we charge for the oil products we sell or that the costs to collect and re- refine used oil will decline when re- refined oil prices decline. Because of the competitive nature of the oil collection industry, we may not be able to adjust the amounts we pay or charge for used oil in a timely manner or to fully compensate for decreases in the prices for the oil products we sell which could materially and negatively impact our operating results and profitability. Any increases in our costs to collect used oil could adversely affect the profitability of our Oil Business segment. Increased costs of crude oil can materially increase our operating costs in our Environmental Services segment. Because solvent is a product of crude oil, we are also susceptible to increases in solvent costs when crude oil costs increase. During a period of rising crude oil costs, we typically experience increases in the cost of solvent, fuel, and other petroleum- based products. We have in the past been able to mitigate increased solvent and fuel costs through the imposition of price increases and energy surcharges to customers. However, because of the competitive nature of the industry, there can be no assurance that we will be able to pass on future price increases. Due to political instability in oil- producing countries, oil prices could increase materially in the future. A significant or sudden increase in solvent or fuel costs could lower our operating margins and negatively impact our profitability. We currently do not use financial instruments to hedge against fluctuations in oil, solvent, or energy prices. If this volatility continues, our operating results could be volatile and adversely affected. In addition, a material portion of our inventory consists of new and used solvents and oil products. Volatility in the price of crude oil has impacted the value of this inventory in the past and can materially impact the value of this inventory in the future. Further, because we apply a first- in first- out accounting method, volatility in oil prices and solvent can materially impact our operating margins. If volatility in the price of crude oil continues, our operating results will be difficult to predict and could be adversely affected. If we do not increase how much we charge to generators to acquire their used oil as quickly as the price for our oil products decline, the profitability of our Oil Business segment would be negatively impacted. Many small automotive repair shops and manufacturing companies burn used oil as a source of heat as an alternative to using natural gas. If the price of natural gas were to increase materially, these potential customers may choose to retain their used oil for fuel purposes rather than allowing us to collect their used oil. This could make it difficult to supply our re- refinery with internally collected feedstock at competitive prices. In addition, increases in the cost of natural gas may increase the cost to operate our used oil re- refinery ~~. Our used oil re- refinery may not operate at or near capacity and generate the operating results that we anticipate, which may lead to greater volatility in our revenue and earnings~~ . Our success in operating our re- refinery at capacity and realizing the anticipated benefits therefrom in a timely manner, or at all, may be affected by the following factors: l Operation of the Re- refinery- Operating at capacity depends on the ability of our employees and management to run the re- refinery at design rates safely and in compliance with all relevant regulations. Nameplate capacity includes the impact of periodic shutdowns for routine maintenance. We have experienced unplanned shutdowns in the past and any extended or unscheduled shutdowns in the future may inhibit our ability to operate the re- refinery at or near capacity. l Balance of Base Lube Oil Demand vs Supply- Operating at capacity depends on the demand for base lube oil in general and specifically the base lube oil produced at our re- refinery. If the supply of base lube oil production exceeds the demand for base lube oil then it is likely that there will be downward pressure on the price of base lube oil. In addition, we may experience increased downward pricing pressure when compared to suppliers of virgin lubricating base oil, which has historically sold at a premium to re- refined lubricating base oil. l Logistics- Operating at capacity depends in part on our ability to efficiently transport used oil to our re- refinery and to transport base lube oil and related products out of our re- refinery as well as on our access to adequate storage facilities for raw materials and products. Our ability to transport used oil and oil products efficiently is dependent on the third parties we utilize to help us execute these activities. lBase Lube Oil Pricing- The price at which we sell oil- based products from our used oil re- refinery is affected by changes in certain oil indices. If the relevant oil indices decline, we would typically reduce prices for our re- refined lubricating base oil, even if our costs do not experience a similar decline. If we reduce prices for our products, we may not realize expected results, and our operating margins may be adversely impacted. l Used Oil Feedstock- Operating at capacity depends on our ability to obtain the required volume from either company customers or third- party collectors and to acquire the feedstock at competitive rates. There can be no assurance that unforeseen market conditions, such as a material drop in crude oil prices, will not adversely impact the operation or profitability of our re- refinery or that our re- refinery will operating as anticipated, which could have a material adverse effect on our operating results. Our ~~continued growth depends on our ability to recruit, train and retain sales and service personnel and we also depend on the service of key individuals, the loss of whom could materially harm our business. Our~~ success will depend, in part, on the efforts of our executive officers and other key employees, including Brian Recatto, President, Chief Executive Officer, and Director ~~;~~ **and** Mark DeVita, our **Executive Vice President &** Chief Financial Officer ~~; Ellie Bruce, our Vice President of Business Management and Marketing; and Glenn Casbourne, our Vice President of Engineering~~ . These individuals possess extensive experience in our markets and are critical to the operation and growth of our business. If we lose or suffer an extended interruption in the services of one or more of our executive officers or other key employees, our business, results of operations, and financial condition may be negatively impacted. Moreover, the market for qualified individuals is highly competitive and we may not be able to attract and retain qualified personnel to succeed members of our management team or other key employees, should the need arise. We do not maintain key life insurance policies on any of our executive officers. In addition, our operations and growth strategy rely on the expansion of our business through the creation and growth of new and existing branches. In order for us to create and grow new and existing branches properly, we must continually recruit and train a pool of hardworking and motivated branch manager and sales and service representatives, or SSRs, to develop new customer leads as well as support our existing customer base. If we are not able to retain and recruit a sufficient number of branch managers and SSRs, or if we experience an increase in the turnover of existing branch managers and SSRs, we may not be able to support the continued growth of our business, which could have a material adverse impact on our financial performance. ~~We may not be able to service our customers and operate our business in an adequately safe manner.~~ In the operation of our facilities and in servicing our customers, our employees are exposed to potential hazards. If we are not able to provide a safe environment for our employees and properly train them to identify, avoid, report, and help rectify unsafe conditions, this may lead to an excessive number of recordable incidents, lost work time, etc. An excessive number of recordable incidents and lost work time can lead to excessive expense and a poor safety rating which could prevent us from achieving our profitability goals. A poor safety rating could potentially eliminate us from being able to service certain customers and further limit our chances of meeting our profitability goals ~~. Our operations are subject to numerous environmental, transportation, and other laws and regulations and, to the extent we are found to be in violation of any such laws and regulations, we may be subject to involuntary shutdowns and / or material financial penalties~~ . Our operations are subject to extensive federal, state, and local laws and regulations relating to the protection of the environment which, among other things: l regulate the collection, sale, transportation, handling, processing, and disposal of the hazardous and non- hazardous wastes that we collect from our customers; lregulate the treatment and processing of waste material that we collect from our customers and the discharge of treated material; l impose liability on persons involved in generating, handling, processing, transporting, or disposing hazardous materials; and l impose joint and several liability for the remediation and clean- up of environmental contamination. We are also subject to various transportation rules and regulations enforced by the DOT, Federal Railroad Administration (FRA), the Federal Motor Carrier Safety Administration, and the Department of Homeland Security. The breadth and complexity of these laws and regulations affecting our business make consistent compliance extremely difficult and often result in increased operating and compliance costs. Even with these programs, we and other companies in the industry are routinely faced with legal and administrative proceedings which can result in civil and criminal penalties (including the loss of certain licenses and permits that are required for our business), interruption of business operations, fines or other sanctions, and require expenditures for remedial work at our and third- party facilities. Under current law, we may be held liable for damage caused by conditions that existed before we acquired the assets or operations involved or if we arrange for the transportation, disposal, or treatment of hazardous substances that cause environmental contamination. We may also be held liable for the mishandling of waste streams resulting from the misrepresentations by a customer as to the nature of such waste streams. We may be subject to monetary fines, civil or criminal penalties, remediation, clean- up or stop orders, injunctions, orders to cease or suspend certain practices, or denial of permits we require to operate our facilities. We are also required to obtain and maintain permits, licenses, and approvals to conduct our operations in compliance with such laws and regulations. If we are unable to maintain our currently held permits, licenses, and approvals, we may not be able to continue certain of our operations. If we are unable to obtain additional permits, licenses, and approvals which may be required as we expand our operations, we may not be able to grow our business. We have in the past been subject to penalties and fines for noncompliance with environmental regulations and could be subject to penalties and fines in the future. In addition, the operation of our used oil re- refinery exposes us to risks related to the potential loss of permits, contamination of feedstock, adverse environmental impact of a spill or other release, the risk of explosion or fire or other hazards, the risk of injury to our employees or others, as well as the negative publicity due to public concerns regarding our operation. The occurrence of any of these events could result in reduced production rates, loss of inventory, operational inefficiencies, clean- up costs, or other items that might negatively affect our operating results. While these risks are in some respects similar to risks that we have experienced in our traditional service businesses, the magnitude of exposure may be greater due to the nature of the used oil re- refining industry and the greater volumes, temperatures, and pressures involved. While we may maintain some insurance that covers portions of these exposures, in many cases the risks are uninsurable or we will not choose to procure insurance at levels that will cover all potential exposure. CERCLA and similar state laws impose strict liability on current or former owners and operators of facilities that release hazardous substances into the environment, as well as on the businesses that generate those substances or transport them to the facilities. As a potentially responsible party, we may be liable under CERCLA for substantial investigation and cleanup costs even if we operate our business properly and comply with applicable federal and state laws and regulations. Liability under

CERCLA may be joint and several, which means that if we were found to be a business with responsibility for a particular CERCLA site, we could be required to pay the entire cost of the investigation and cleanup, even though we were not the party responsible for the release of the hazardous substance and even though other companies might also be liable. Even if we were able to identify who the other responsible parties might be, we may not be able to compel them to contribute to the remediation costs, or they might be insolvent or unable to contribute due to lack of financial resources. Our facilities and the facilities of our customers and third party contractors may have generated, used, handled and / or disposed of hazardous substances and other regulated wastes. Environmental liabilities could exist, including cleanup obligations at these facilities or at off- site locations where materials from our operations were disposed of, which could result in future expenditures that cannot be currently quantified and which could materially reduce our profits. It is also possible that government officials responsible for enforcing environmental laws may view an environmental liability as more material than we then currently estimate, or that we will fail to identify or fully appreciate an existing liability before we become legally responsible to address potential environmental liabilities. Our pollution liability insurance excludes certain liabilities under CERCLA. Thus, if we were to incur liability under CERCLA that was not covered by our insurance, and if we could not identify other parties responsible under the law whom we are able to compel to contribute to the liabilities, the cost to us could be substantial and could impair our profitability, reduce our liquidity, and have a material adverse effect on our business. Although our customer service agreements typically provide that the customer is responsible for ensuring that only appropriate materials are disposed of, we could be exposed to third party claims if customers dispose of improper waste, and we might not be successful in recovering our damages from those customers. In addition, new services or products offered by us could expose us to further environmental liabilities for which we have no historical experience and cannot estimate our potential exposure to liabilities. In addition, there currently exists a high level of public concern over hazardous waste operations, including with respect to the siting and operation of transfer, processing, storage, and disposal facilities. For example, under the DOT' s Compliance, Safety, Accountability (CSA) initiative, a compliance and enforcement initiative designed to monitor commercial motor vehicle safety, the fleets and drivers in our network are evaluated and ranked based on certain safety- related standards. A poor fleet ranking or a reduction in eligible drivers could impact our ability to service our customers and could cause our customers to use a competitor with higher fleet rankings than ours, which could have a material adverse effect on our business, financial condition and results of operations. Part of our business strategy is to increase revenues by adding branch operations in new geographies. This effort may require us to undergo a regulatory approval process that could be time consuming and impact the success of our business strategy. Zoning, permit, and licensing applications and proceedings, as well as regulatory enforcement proceedings, are all matters open to public scrutiny and comment. Accordingly, from time to time we have been, and may in the future be, subject to public opposition and publicity which may damage our reputation and delay or limit the expansion of our business or impair our ability to renew existing permits which could prevent us from implementing our growth strategy and have a material adverse effect on our business, financial condition or results of operations. ~~A failure in our support system for our branch network could delay or interrupt our ability to provide services and products and could increase our costs and reduce our revenue.~~ Our operations are dependent upon our ability to support our branch infrastructure. Our business operates through ~~four~~ **five** hubs that service our ~~91~~ **105** local branches **and industrial services locations** . Any damage or failure that causes interruptions in our operations could result in the loss of customers. To date, we have not experienced any material interruptions or delays which have affected our ability to provide services and products to our customers. The occurrence of a natural disaster, technological, transportation, or operational disruption or other unanticipated problem could cause interruptions in the services we provide and impair our ability to generate sales and achieve profits ~~. If current environmental laws and regulations are changed, we may be forced to materially alter our business model, which could have a material adverse effect on our financial performance~~ . Environmental laws and regulations are subject to change and may become increasingly stringent or relaxed. Interpretation or enforcement of existing laws and regulations, or the adoption of new laws and regulations, may require us to modify or curtail our operations or replace or upgrade our facilities or equipment at substantial costs which we may not be able to pass on to our customers. On the other hand, if new laws and regulations are less stringent, then our customers or competitors may be able to manage waste more effectively without reliance on our service, which could decrease the need for our services and / or increase competition which could adversely affect our revenues and profitability. For example, the EPA currently excludes waste used as an ingredient in the production of a product from being defined as hazardous waste. Our product reuse program for parts cleaning operates under this exclusion and provides an advantage by excluding our customers' used solvent from being regulated as hazardous waste. Similarly, under our non- hazardous program for parts cleaning, we provide our customers with a different solvent that has a higher flashpoint than traditional solvents. The resulting used solvent is not considered to be hazardous waste so long as our customers ensure that no inappropriate contaminants were contributed to the used solvent. If the EPA were to broaden the definition of hazardous waste to include used solvents generated by our customers under our product reuse and / or non- hazardous programs for parts cleaning, the value of our offerings may be materially reduced, which could have a material adverse effect on our financial performance. Examples of changes by the EPA that could adversely affect our services include, but are not limited to, the following: l elimination of the reuse exception to the definition of hazardous waste; l increase in the minimum flashpoint threshold at which solvent becomes included in the definition of hazardous waste; l increased requirements to test the used solvent that we pick up from our customers for the presence of toxic or more flammable contaminants; and l adoption of regulations similar to those enacted in some California air quality districts that prohibit the use of the solvents of the type that we sell for parts cleaning operations. Similarly, if current environmental laws were changed so as to ban the use of mineral spirits in parts cleaning, we may be forced to discontinue offering mineral spirits- based parts cleaning services. This could lead to a write- down in the value of our inventory of mineral spirits, mineral spirits drums, and our parts cleaning machines (both at our sites and customer locations) designed to utilize mineral spirits, as well as our mineral spirits distillation equipment. One of the products produced from our re- refining process is Vacuum Tower Asphalt Extender (" VTAE"). VTAE is sold for use as an ingredient in asphalt used in the construction of roadways. State Departments of Transportation may regulate the characteristics of materials that are used as ingredients in roadway asphalt. A number of states have banned the use of VTAE as an ingredient in asphalt used on roadways. We believe, when used in the proper proportion, the VTAE produced at our re- refinery can be used in a paving asphalt formulation that meets all relevant performance standards. Regulatory restrictions on the use of VTAE have negatively impacted the marketability of this product and the profitability of our oil business. Regulatory restrictions from additional states could lead to additional negative impact on the marketability of our VTAE product. In addition, new laws and regulations, new interpretations of existing laws and regulations, increased governmental enforcement, or other developments could require us to make additional unforeseen expenditures. We are not able to predict the impact of new or changed laws or regulations or changes in the ways that such laws or regulations are administered, interpreted, or enforced. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. To the extent that our costs associated with meeting any of these requirements are substantial and cannot adequately be passed through to our customers, our earnings and cash flows could suffer. ~~We~~ **Because we rely on our extended network of 105 branch and industrial service locations to** operate **independently to carry out** our business ~~through many~~ **plan, we are subject to risks related to our ability to oversee these** locations ~~, and if~~ **. If in the future** we are unable to effectively oversee ~~all of these~~ **our branch and industrial service** locations, our ~~business reputation and operating~~ results **of operations** could be materially adversely affected **,** ~~. Because~~ we **could fail** ~~rely on our extended network of 91 branch locations~~ to ~~operate independently to carry out~~ **comply with environmental regulations, we could lose customers, we could lose control of inventory and other assets, and** our business ~~plan, we are subject to risks related to our ability to oversee these locations. If in the future we are unable to effectively oversee our branch locations, our results of operations~~ could be materially adversely affected ~~, we could fail to comply with environmental regulations, we could lose customers, we could lose control of inventory and other assets, and our business could be materially adversely affected. We face intense competition in the industrial and hazardous waste services industries and from other used oil re- refiners~~ . The markets for parts cleaning, containerized waste management, used oil collection, wastewater vacuum services, antifreeze recycling, and field services are intensely competitive. Numerous small companies provide these services at a regional or local level and may be able to compete with lower overhead and operating costs. In addition, Safety- Kleen, a wholly- owned subsidiary of Clean Harbors, Inc. and our largest competitor, has held substantial market share in the full- service parts cleaning industry for the last five decades and has developed a material market share in used oil services, including used oil collection, vacuum services and containerized waste management. Safety- Kleen has greater financial and other resources and greater name recognition than us. Our business growth, financial performance, and prospects may be adversely affected if we cannot effectively compete against these competitors, or if any of our competitors develop products or services superior to those offered by us. We could lose a material number of customers if Safety- Kleen or other competitors materially lower their prices, improve service quality, or develop more competitive product and service offerings. In addition, companies involved in the waste management industry, including waste hauling, separation, recovery, and recycling, may have the expertise, access to customers, and financial resources that would encourage them to develop and market services and products competitive with those offered by us. We also face competition from alternative services that provide similar benefits to our customers as those provided by us. In addition, new technology regarding the treatment and recycling of used solvent may lead to functionally equivalent or superior products or services becoming available, which may decrease the demand for our services and products or cause our products and services to become obsolete. In the past many of our competitors announced plans to enter the used oil re- refining or base oil production business or expand their existing used oil re- refining or base oil producing businesses by adding additional capacity. If the price of crude oil and the price for re- refined oil products increases, competitors may again consider these plans. The additional competition may make it harder for us to sell our re- refined base lube oil. In addition, extra competition in the collection of used oil feedstock may increase our cost to collect used oil or prevent us from collecting enough feedstock to operate the used oil re- refinery at capacity. ~~Consolidation and /~~ **A portion of** ~~or~~ **our traditional branch** ~~declines in the U. S. vehicle repair and U. S. manufacturing industries could cause us to experience lower sales volumes which could materially affect our growth and financial performance. Our~~ business relies on continued demand for our parts cleaning and waste management services in the U. S. vehicle repair and U. S. manufacturing industries, which may suffer from declining market size and number of locations, due in part to the uncertainty of economic conditions, international competition, and consolidation in U. S. markets. **In the past** ~~Industry~~ **industry** trends affecting our customers have caused our customers' businesses to contract. Additional decline could reduce the demand for our products and services and have a material adverse impact on our business. As a result, we may not be able to continue to grow our business by increasing penetration into the industries which we serve, and our ability to retain our market share and base of sales could become more difficult. Also, the increase in the percentage of electric vehicles in use in the U. S. could negatively impact the demand for several of our services since we believe electric vehicles create less demand for our services compared to gasoline or diesel powered vehicles. **A portion of** ~~Our focus on small business customers causes us to be subject to the trends and downturns impacting small businesses, which could adversely affect~~ our ~~business. Our~~ customer base is ~~primarily~~ composed of small companies in the vehicle repair and manufacturing industries. The **portion** ~~high concentration~~ of our customers that are small businesses exposes us to some of the broad characteristics of small businesses across the U. S. Small businesses start, close, relocate, and get purchased or sold frequently. In addition, small businesses tend to be more materially affected by economic recessions than larger businesses. This leads to a certain amount of ongoing turnover in the market. As a result, we must continually identify new customers and expand our business with existing customers in order to sustain our growth. If we experience a rise in levels of customer turnover, it may have a negative impact on the profitability of our business. ~~We are dependent on third parties to supply us with the necessary components and materials to service our customers. We are also dependent on third party transport, including rail, recycling, and disposal contractors.~~ In the operation of our business, we supply a large amount of virgin solvent and parts cleaning equipment to our customers. We do not maintain extensive inventories for most of these products. If we become unable to obtain, or experience delays in the transportation of adequate supplies and components in a timely and / or cost- effective manner, we may be unable to provide sufficient quantities of our services and products to our customers, which could have a material adverse effect on our financial condition and results of operations. We are dependent on third parties for the disposal of most of our customers' non- used oil, and non- wastewater waste streams, and also utilize subcontractors to perform a material portion of our field services work **in the central and eastern U. S** . We and our third party transporters ship waste collected from our customers to a number of third party recycling and disposal facilities, including incinerators, landfill operators, and waste- to- energy facilities. We generally do not have long- term fixed price contracts with our third party contractors. If our current disposal vendors or subcontractors cannot perform up to our standards, our reputation with our customers could be damaged, and we may be required to replace these vendors. Although we believe there are a number of potential replacement disposal vendors and subcontractors that could provide such services, we may incur additional costs and delays in identifying and qualifying such replacements. **During fiscal 2021 and 2022 we experienced increased cost and lost revenue due to limited industry capacity for disposal services such as incineration and other waste processing.** In addition, any mishandling of our customers' waste streams by disposal vendors or subcontractors could expose both us and our customers to liability. Any failure by disposal vendors or subcontractors to properly collect, transport, handle or dispose of our customers' waste streams, or any insolvency or business closure of disposal vendors or subcontractors, could expose us to liability, damage our reputation and generally have a material adverse effect on our business, financial condition, or results of operations ~~. Our insurance policies do not cover all losses, costs, or liabilities that we may experience~~ . We maintain insurance coverage, but these policies do not cover all of our potential losses, costs, or liabilities. We could suffer losses for uninsurable or uninsured risks or in amounts in excess of our existing insurance coverage which would materially affect our financial performance. For example, our pollution legal liability insurance excludes costs related to fines, penalties, or assessments. Our insurance policies also have deductibles and self- retention limits that could expose us to material financial expense. Our ability to obtain and maintain adequate insurance may be affected by conditions in the insurance market over which we have no control. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition, and results of operations. In addition, our business requires that we maintain various types of insurance. If such insurance is not available or not available on economically acceptable terms, our business could be materially and adversely affected. ~~The operation of our antifreeze recycling centers, wastewater and non- hazardous containerized waste processing facilities expose us to risks that may be uninsurable.~~ Similar to our re- refining operation, the operations of our antifreeze recycling centers ~~, wastewater~~ and **our** non- hazardous ~~containerized~~ waste processing facilities expose us to risks related to the potential contamination of feedstock, adverse environmental impact of a spill or other release, or the risk of injury to our employees or others. While we may maintain some insurance that covers portions of these exposures, in many cases the risks are uninsurable, or we will not choose to procure insurance at levels that will cover all potential exposure. We ~~may not be able to protect our intellectual property adequately. We~~ rely upon our experience and technological innovation and other trade secrets to develop and maintain our competitive position. We also rely on trade secrets, confidentiality agreements, and other contractual provisions to protect our proprietary technology, and such agreements may not adequately protect us. Our competitors could gain knowledge of our know- how or trade secrets, either directly or through one or more of our employees or other third parties. Although we do not regard any single trade secret or component of our proprietary expertise to be material to our operations as a whole, if one or more of our competitors were to use or independently develop such expertise or trade secrets, our market share, sales volumes and profit margins could be adversely affected. In the event we become involved in defending or pursuing intellectual property litigation, such action may increase our costs and divert management' s time and attention from our business. In addition, any potential intellectual property litigation could force us to take specific actions, including, but not limited to, the following: l cease selling products that use the challenged intellectual property; l obtain from the owner of the infringed intellectual property a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all; or l redesign those products that use infringing intellectual property. We ~~have~~ **may not be able to realize the anticipated benefits from our Acquisition of Patriot. Achieving those benefits depends on the timely, efficient and successful execution of a number of events, including integrating Patriot' s businesses into our company. Factors that could affect our ability to achieve these benefits include: • The failure of Patriot' s businesses to perform in accordance with our expectations; • Difficulties in integrating and managing personnel,** financial **reporting** ~~assurance requirements,~~ and ~~increases in the~~ **other** ~~costs~~ **systems used by Patriot' s businesses into our company; • Any future goodwill impairment charges that we may incur with respect to the assets** of ~~obtaining adequate financial assurance~~ **Patriot; • Failure to achieve anticipated synergies between our business units and the business units of Patriot; • The loss of Patriot' s customers or our customers; and • The loss of any of the key employees of Patriot or our company. If Patriot' s businesses do not operate as we anticipate, it** could ~~negatively impact~~ **materially harm** our business, financial condition ~~or~~ **and** results of operations **. As part of the Acquisition, we assumed all of Patriot' s liabilities. We may learn additional information about Patriot' s business that adversely affects us, such as unknown or contingent liabilities, issues relating to internal controls over financial reporting and issues relating to compliance with the Sarbanes- Oxley Act or other applicable laws. As a result, there can be no assurance that the Acquisition will be successful or will not, in fact, harm our business. Among other things, if Patriot' s liabilities are greater than projected, or if there are obligations of Patriot of which we are not aware at the time of completion of the Acquisition, our business could be materially adversely affected. We anticipate that the integration of Patriot will place significant demands on our administrative, operational and financial resources, and we cannot assure you that we will be able to successfully integrate Patriot' s businesses into our company. Our failure to successfully integrate Patriot with our company, and to manage the challenges presented by the integration process successfully, may prevent us from achieving the anticipated benefits of the acquisition and could**

have a material adverse effect on our business. We initially drew approximately $ 115 million of indebtedness to finance the Acquisition pursuant to our Credit Agreement and as of December 31, 2022, we had $ 90 million of indebtedness outstanding under our Credit Agreement as a result of the acquisition of Patriot. The terms of this indebtedness contain limitations on the amount of additional indebtedness that we and our subsidiaries may incur and places other restrictions on the operation of our business. The indebtedness requires interest and principal payments. Our level of debt as a result of the Acquisition and the limitations imposed on us by our Credit Agreement could adversely affect our operating flexibility and put us at a competitive disadvantage. Our debt level may adversely affect our future performance, because, among other things: • We may be placed at a competitive disadvantage relative to our competitors, some of which may have lower debt service obligations and greater financial resources than we do; • Our ability to finance future acquisitions may be limited; • We will have to use a portion of our cash flow for debt service rather than for operations; • We may not be able to obtain further debt financing beyond our Credit Agreement; • We may not be able to take advantage of future business opportunities; • The indebtedness bears interest at variable interest rates, making us vulnerable to increases in interest rates; and • We may be more vulnerable to adverse economic conditions. Our ability to make scheduled payments of principal, to pay interest on, or to refinance our indebtedness and to satisfy our finance lease obligations will depend upon our future operating performance, which may be affected by factors beyond our control. In addition, there can be no assurance that future borrowings or equity financing will be available to us on favorable terms or at all for the payment or refinancing of our indebtedness. If we are unable to service our indebtedness, our business, financial condition and results of operations would be materially adversely affected . We are required to provide financial assurance that funds will be available, if needed, to cover various environmental, insurance and other obligations. The costs of these obligations could be material. We typically have several options to demonstrate satisfactory financial assurance requirements, including letters of credit, surety bonds, trust funds, and a financial net worth test. The financial assurance instrument is provided for the benefit of the insurance underwriter, permitting authority, or other entity and is not available for use at our discretion. The amount of financial assurance required varies based on the specific obligations it is designed to satisfy and it may change based on the requesting parties assessment of risk related to each obligation. The cost of financial assurance instruments is difficult to accurately predict and depends on many factors, some of which are outside of our control, including the availability of instruments in the marketplace, the amount and form of financial assurance required by a state, our creditworthiness and our operating history. General economic factors, including developments within the insurance industry, may adversely affect the cost of our current financial assurance instruments and changes in regulations may impose stricter requirements on the types of financial assurance that will be accepted. In the event the cost of financial assurance instruments we are required to provide increases, or if we are otherwise unable to obtain sufficient coverage, our business, financial condition, or results of operations could be materially adversely affected. Our ability to continue conducting our industrial waste management operations could be adversely affected if we should become unable to obtain sufficient insurance and / or financial assurance to meet our business and regulatory requirements in the future. ~~Expansion of our business may result in unanticipated adverse consequences.~~ In the future, we may seek to grow our business by investing in new or existing facilities, making acquisitions, entering into partnerships and joint ventures, or constructing or expanding facilities such as the used oil re- refinery. Acquisitions, partnerships, joint ventures, investments, or construction projects may require material managerial attention, which may divert our management from our other activities and may impair the operation of our existing businesses. Any future acquisitions of businesses or facilities or the development of a new business line could entail a number of additional risks. We may not be able to effectively integrate the ~~business~~ **businesses** ~~that~~ we acquire or realize the expected benefits from any recent or future acquisitions, new facility developments, partnerships, joint ventures or other investments, which could have a material and adverse effect on our business and operating results ~~. We may be unable to manage our growth~~ . Our growth to date has placed and may continue to place material strain on our management and operational and financial resources. We anticipate that continued growth will require us to recruit, hire, and retain new managerial, finance, sales, marketing, and operational personnel. We cannot be certain that we will be successful in recruiting, hiring, or retaining those personnel. Our ability to compete effectively and to manage our future growth, if any, will depend on our ability to maintain and improve operational, financial, and management information systems on a timely basis and to expand, train, motivate, and manage our work force. If we continue to grow, we cannot be certain that our personnel, systems, procedures, and controls will be adequate to support our operations. ~~We carry inventory of used solvents generated by customers participating in our product reuse program for parts cleaning.~~ Our inventory of used solvent has fluctuated and it may continue to fluctuate. If we are unable to sell our reuse inventory, we may be required to write down the value of the inventory, and we may incur additional costs for storage and / or disposal which would adversely impact our operating results. In addition, while we sold enough used solvent to satisfy speculative accumulation requirements of the EPA for fiscal ~~2021~~ **2022** and prior years, we may not be able to do so in future years **or we may be forced to do so at prices which are lower than anticipated either of** which could materially impact our operating results ~~. We are subject to potential liability claims relating to our services and products~~ . We offer our customers specific guarantees that we will be responsible for all expenses resulting from any spill that occurs while we are transporting, processing, or disposing of customers' used solvent and other waste. Accordingly, we may be required to indemnify our customers for any liability under CERCLA or other environmental, employment, health and safety laws and regulations. We may also be exposed to product liability claims by our customers, users of our parts cleaning products, or third parties claiming damages stemming from the mechanical failure of parts cleaned with solvents and / or equipment provided by us. Although we maintain product liability insurance coverage, if our insurance coverage proves inadequate or adequate insurance becomes unreasonably costly or otherwise unavailable, future claims may be only partially insured or not insured. An uninsured or partially insured successful claim against us could have a material adverse effect on our business, financial condition, and results of operations. ~~Litigation related to personal injury from exposure to solvents and the operation of~~

~~our business may result in material liabilities and affect our profitability.~~ We have been, and in the future may be, involved in claims and litigation filed on behalf of persons alleging injury predominantly as a result of exposure to hazardous chemicals that are a part of the solvents we provide. In addition, the hazards and risks associated with the use, transport, storage, handling, and disposal of our customers' waste by us and our customers (such as fires, natural disasters, explosions, and accidents) and our customers' improper or negligent use or misuse of aqueous parts cleaning equipment to heat our aqueous cleaning solution, or solvent to clean parts may also expose us to personal injury claims, property damage claims, and / or product liability claims from our customers or third parties. As protection against such claims and operating hazards, we maintain insurance coverage against some, but not all, potential losses. However, we could sustain losses for uninsurable or uninsured risks, or in amounts in excess of existing insurance coverage. Due to the unpredictable nature of personal injury litigation, it is not possible to predict the ultimate outcome of these claims and lawsuits, and we may be held liable for material personal injury or damage to property or third parties, or other losses, that are not fully covered by our insurance in whole or in part, which could have a material adverse effect on our business. Our ~~fixed cost structure may result in reduced earnings or a loss. Our~~ network, including our re-refinery, other operating facilities, fleet, and personnel, subjects us to fixed costs, which makes our margins and earnings sensitive to changes in revenues. In periods of declining demand, our fixed cost structure may limit our ability to cut costs, which may put us at a competitive disadvantage to firms with lower cost structures, or may result in reduced operating margins and operating losses. ~~The phasing out of LIBOR after 2021 could adversely affect our financial results On July 27, 2017, the Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out the London Interbank Offered Rate by the end of 2021. Subsequently the phase out deadline has been extended to June 30, 2023.~~ We **hold** ~~expect that widespread use of LIBOR will transition to alternative interest rates in the near future. Since loans made under our Credit Agreement (as defined below) may be based on LIBOR based loans, the phasing out of LIBOR may adversely affect interest rates that could result in higher borrowing costs and higher interest expense. As the Company does not have any outstanding borrowings under the financial instruments impacted by LIBOR, the effect on the financial statements is not~~ material **amounts** ~~. A decline in expected profitability~~ of ~~the Company or individual reporting units of the Company could result in the impairment of assets, including~~ goodwill, other long- lived assets, and deferred tax assets ~~. We hold material amounts of goodwill, other long- lived assets, and deferred tax assets~~ on our balance sheet. A decline in expected profitability of one of our operating segments or a decline in the global economy, could call into question the recoverability of our related goodwill, other long- lived tangible and intangible assets, or deferred tax assets and require us to write down or write off these assets or, in the case of deferred tax assets, recognize a valuation allowance through a charge to income. Such an occurrence could have a material adverse effect on our annual results of operations and financial position ~~. Our future capital needs are uncertain and our ability to access additional financing may be negatively impacted by the volatility and disruption of the capital and credit markets and adverse changes in the global economy~~ . Our capital requirements in the future will depend on many factors, including, but not limited to: • acceptance of and demand for, and pricing of our products and services; • the extent to which we invest in new technology and product development; • the extent to which we vertically integrate our business and expand our waste processing capabilities; • the costs of developing new products, services or technologies; • the costs associated with the growth of our business, if any. If global economic conditions worsen, we could experience a decrease in cash flows from operations and may need additional financing to fund operations and access to additional debt or equity may not be available on acceptable terms or at all. In addition, the terms of the Credit Agreement restrict our ability to incur additional indebtedness. If we cannot raise funds on acceptable terms when necessary, we may not be able to develop or enhance products and services, execute our business plan, take advantage of future opportunities or respond to competitive pressures or unanticipated customer requirements. ~~Risks Related to our Common Stock The price of our shares of common stock may be volatile.~~ The trading price of shares of our common stock may fluctuate substantially. In particular, it is possible that our operating results may be below the expectations of public market analysts and investors, and, as a result, the price of our common stock may decline. These fluctuations could cause you to lose part or all of your investment in shares of our common stock. Factors that could cause fluctuations include, but are not limited to, the following: l variations in our operating results, including variations due to changes in the price of crude oil or base lubricating oil; l announcements by us, our competitors, or others of material business developments, changes in customer relationships, acquisitions, or expansion plans; l analysts' earnings estimates, ratings, and research reports; l the depth and liquidity of the market for our common stock; l speculation in the press; l strategic actions by us or our competitors, such as sales promotions or acquisitions; l actions by our large stockholders or by institutional and other stockholders; lmaterial litigation; l conditions in the industrial and hazardous waste services industry as a whole and in the geographic markets served by our branches; and l domestic and international economic factors unrelated to our performance. The stock markets, in general, periodically experience volatility that is sometimes unrelated to the operating performance of particular companies. These broad market fluctuations may cause the trading price of our common stock to decline ~~. The small public float for our shares may make it difficult to sell your shares and may cause volatility in our stock price~~ . A substantial portion of our shares of common stock are closely held by certain inside investors, and our common stock has experienced limited trading volume since our initial public offering. As of ~~January 1~~ **December 31** , 2022, our directors and executive officers, and stockholders affiliated with our directors and executive officers, beneficially owned ~~37~~ **36** . 3 % of our common stock. In addition, under a participation rights agreement between us and The Heritage Group, an affiliate of our Chairman Fred Fehsenfeld (" Heritage"), Heritage has the right, except in limited circumstances, to purchase shares from us when we issue common stock so that its percentage ownership interest in our common stock does not decrease. Therefore, if Heritage purchases all of the shares reserved for sale to Heritage when we issue common stock, Heritage will maintain its ownership interests in our common stock. Consequently, our public float is small for a public company, the availability of our shares may be limited, and you may encounter difficulty selling your shares or obtaining a suitable price at which to sell your shares. In addition, as a result of the small float, you could experience meaningful volatility in the trading price of our common stock. ~~There may be future sales or issuances of our common stock,~~

~~which will dilute the ownership interests of stockholders and may adversely affect the market price of our common stock.~~ We may issue additional common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or substantially similar securities, which may result in dilution to our stockholders. In addition, our stockholders may be further diluted by future issuances, or exercises or vesting of outstanding equity awards, under our equity incentive plans. Sales of substantial amounts of common stock by us or our stockholders in the public market could adversely affect the market price of the common stock. The market price of our common stock could decline as a result of sales or issuances of a large number of our common stock or similar securities in the market after this offering or the perception that such sales or issuances could occur. In addition, in February 2022, we filed a resale registration statement with the Securities and Exchange Commission which registers the resale of common stock held by the Heritage Stockholders, which ~~represents~~ **represented** ~~32~~ **31** . ~~3~~ **2** % of our outstanding common stock. The sale of substantial amounts of shares of our common stock in the public market by the Heritage Stockholders, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, could depress the price of our common stock or make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate ~~. If securities or industry analysts do not publish research reports about our business or publish unfavorable research, or our results are below analysts' estimates, our stock price and trading volume could decline~~ . The trading market for our common stock may depend on the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our stock or our results are below analysts' estimates, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if our operating results do not meet the expectations of the investor community, it is possible that the analysts who cover us may change their recommendations regarding our company, and our stock price could decline. ~~Heritage, the Fehsenfeld family trusts, and Mr. Fehsenfeld are affiliates of each other and have material influence over our company, and their influence could delay or deter a change of control or other business combination or otherwise cause us to take actions with which you may disagree.~~ As of ~~January 1~~ **December 31** , 2022, Heritage, the Fehsenfeld family trusts and Mr. Fehsenfeld, who are all affiliates of each other (collectively, the " Heritage Stockholders "), collectively beneficially own over ~~32~~ **31** . ~~3~~ **2** % of our common stock. As a result, the Heritage Stockholders have material influence over the outcome of matters requiring a stockholder vote, including the election of directors and the approval of material matters and their interests may not align with the interest of other stockholders. This concentration of voting power could have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to our stockholders. ~~We are required to evaluate our internal controls over financial reporting under Section 404 of the Sarbanes- Oxley Act of 2002 and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and could have an adverse effect on our stock price.~~ Pursuant to Section 404 of the Sarbanes- Oxley Act of 2002, we are required to furnish a report by our management on our internal control over financial reporting. Such report contains, among other matters, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. Each year we must prepare or update the process documentation and perform the evaluation needed to comply with Section 404. During this process, if our management identifies one or more material weaknesses in our internal control over financial reporting, we will be unable to assert such internal control is effective. Ensuring that we have adequate internal financial and accounting controls and procedures in place is a costly and time- consuming effort that needs to be re- evaluated frequently. We and our independent auditors may in the future discover areas of our internal controls that need further attention and improvement, particularly with respect to any other businesses that we decide to acquire in the future. Implementing any appropriate changes to our internal controls may require specific compliance training of our directors, officers, and employees, entail substantial costs in order to modify our existing accounting systems, and take a material period of time to complete. However, such changes may not be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and could harm our ability to operate our business. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. Investor perception that our internal controls are inadequate or that we are unable to produce accurate financial statements on a timely, consistent basis may adversely affect our stock price. Failure to comply with Section 404 could also potentially subject us to sanctions or investigations by the Securities and Exchange Commission (" SEC"), NASDAQ, or other regulatory authorities. We ~~do not currently intend to pay cash dividends on our common stock to our stockholders and any determination to pay cash dividends in the future will be at the discretion of our Board of Directors. We~~ currently intend to retain any profits to provide capacity for general corporate uses and growth of our business. Our Board of Directors does not intend to declare cash dividends in the foreseeable future. Any determination to pay dividends to our stockholders in the future will be at the discretion of our Board of Directors and will depend on our results of operations, financial condition, and other factors deemed relevant by our Board of Directors. Further, our Credit Agreement restricts the amount of dividends which can be paid in a given year. Consequently, it is uncertain when, if ever, we will declare dividends to our stockholders. If we do not pay dividends, investors will only obtain a return on their investment if the value of our shares of common stock appreciates. In addition, the terms of our existing or future borrowing arrangements may limit our ability to declare and pay dividends ~~. Provisions in our certificate of incorporation and bylaws and Delaware law could prevent or delay transactions that stockholders may favor~~ . Our company is incorporated in Delaware. Our certificate of incorporation and bylaws, as well as Delaware corporate law, contain provisions that could delay or prevent a change of control or changes in our management that a stockholder might consider favorable, including a provision that authorizes our Board of Directors to issue preferred stock with such voting rights, dividend rates, liquidation, redemption, conversion, and other rights as our Board of Directors may fix and without further stockholder action. The issuance of preferred stock with voting rights could make it more difficult for a third party to acquire a majority of our outstanding voting stock. This could frustrate a change in the composition of our Board of Directors, which could result in entrenchment of current management. Takeover attempts generally include offering stockholders a premium for their stock. Therefore, preventing a takeover attempt may cause you to lose an opportunity to sell your shares at a premium. If a change of control or change in management is delayed or prevented, the market price of our common stock could decline. Delaware law also prohibits a corporation from engaging in a business combination with any holder of 15 % or more of its capital stock until the holder has held the stock for three years unless, among other possibilities, the Board of Directors approves the transaction. This provision may prevent changes in our management or corporate structure. Also, under applicable Delaware law, our Board of Directors is permitted to and may adopt additional anti- takeover measures in the future. Our certificate of incorporation provides that the affirmative vote of at least seventy- five percent (75 %) of our total voting power is required to amend our certificate of incorporation or to approve mergers, consolidations, conversions, or the sale of all or substantially all of our assets. Given the voting power of the Heritage Stockholders, we would need the approval of two of the Heritage Stockholders for any of these transactions to occur. Our bylaws provide for the division of our Board of Directors into three classes with staggered three year terms. The classification of our Board of Directors could have the effect of making it more difficult for a third party to acquire, or discourage a third party from attempting to acquire, control of us. ~~Pandemics, epidemics or other disease outbreaks may negatively impact our business operations, financial condition, liquidity, and consolidated results of operations.~~ A widespread outbreak of disease ~~,~~ can adversely affect the operation of our customers' businesses which could lead to a material decline in demand for our products and services and our customers' ability to pay us for the products and services we have provided to them. A pandemic could also have material negative impact on the operation of our vendors' and suppliers' businesses and effect their ability to provide us the products and services we rely on to conduct our business and provide products and services to our customers. A widespread outbreak could potentially result in the infection of the company' s employees and diminish our ability to operate our business, service our customers or produce and sell our products. These potential negative impacts to our business could negatively impact our financial results and thereby reduce our borrowing capacity which could limit our ability to operate our business. These situations can also lead to a general downturn in the equity markets **,** which could negatively impact the value of the ~~company~~ **Company** ' s shares as well as increase the cost to the company to raise equity capital. Any and all of the above situations could have a material adverse impact on our business, financial results of operations, and cash flows. During 2020 and in 2021, we have felt the impact of the COVID- 19 pandemic and related shelter- in- place orders which materially reduced the demand for many of our customers products and services which consequently negatively impacted the demand for our products and services. The pandemic also resulted in thousands of hours of lost work time for our employees due to illness or steps taken to reduce the spread of the COVID- 19 virus. As a result our revenue and profitability were materially negatively impacted for fiscal ~~2020~~ **2021** and early ~~2021~~ **2022** . While our customers appear to have resumed business operations that are similar to pre- COVID activities in fiscal ~~2021~~ **2022** , we cannot predict whether future variants of COVID- 19 might cause further slowdowns of cessation of business activities. As a result, we cannot predict the impact that the COVID- 19 pandemic might have on our business and operating results in the future. **Continued global economic uncertainty, political** ~~General Risk Factors Our results of operations and financial condition~~ **conditions and fiscal challenges in the U. S. and abroad, such as inflation and potential economic recession,** have ~~been~~ , **among** ~~and could in the~~ **other things, limited our ability to forecast** future ~~be~~ **demand for our products and services** , **contributed to increased periodic volatility in customer demand, impacted availability of supplies and could constrain future access to capital for our suppliers, customers and partners. The impacts of these circumstances are global and pervasive, and the timing and nature of any ultimate resolution of these matters remain highly uncertain. Adverse macroeconomic conditions, including inflation, slower growth or recession, new or increased trade sanctions, tariffs or other barriers to global trade, changes to fiscal and monetary policy and higher interest rates, could** materially adversely ~~impacted~~ -- **impact** ~~by~~ **the demand for our products** ~~an~~ **and** ~~economic downturn~~ **our operating results. In particular, in fiscal 2022, we experienced inflationary pressure and other constraints in our supply chain. Consequently, these concerns have challenged our business and we expect them to continue to challenge our business for the foreseeable future, which could cause harm to our operating results. Such conditions may result in the failure to meet our forecasted financial expectations and to achieve historical levels of revenue growth** . The overall levels of demand for our products and services are influenced by fluctuations in levels of end- user demand, which depend in large part on general macroeconomic conditions in the U. S. and the regional economic conditions affecting our branches. Our customers and suppliers may face severe financial difficulties, causing them to cease some or all their business operations or to reduce the volume of products or services they purchase from us, or provide to us in the future. We may have accounts receivable from customers who may not be able to honor their obligations to us. Failure to collect a material portion of amounts due on those receivables could have a material adverse effect on our results of operations and financial condition. Many of our customers are heavily dependent on general economic conditions, including the availability of affordable energy sources, employment levels, interest rates, financial credit availability, consumer confidence, and housing demand. Downturns in these general economic conditions **, including inflationary pressures,** can materially affect the business of our customers, which in turn affects demand, volumes, pricing, and operating margins for our services and products. In past economic downturns, demand from our services has declined as our customers ~~'~~ reduced their costs which in turn reduced their demand for our services. During 2015- 2016, we felt the impact of a downturn in economic activity in the oil industry due to the continued decline in the price of crude oil. Such downturns in the oil industry negatively impacted the operating results of our Oil Business segment during fiscal 2015 and our Environmental Services segment during fiscal 2016. In addition, adverse economic and financial market conditions may cause our suppliers to be unable to provide materials and components to us or may cause suppliers to materially increase the prices they charge us for their products and services or make our suppliers change the credit terms they extend to us, such as shortening the required payment period for amounts owed to them or reducing the maximum amount of trade credit available to us. Such changes could negatively impact the profitability of our business if we are not able to pass along price increases to our customers in an equal or higher magnitude or these changes could adversely affect our liquidity and could have a material adverse effect on our results of operations and financial condition. If we are unable to successfully anticipate changing economic and financial market conditions, we could be adversely affected ~~. A cyber incident could result in information theft, data corruption, operational disruption, and / or financial loss~~ . We are increasingly dependent on digital technology, including information systems and related infrastructure, to process and record financial and operating data, and communicate with our employees and business partners. Cyber incidents, including deliberate attacks or unintentional events, have increased. A cyberattack could include gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption or result in denial of service on websites. Our technologies, systems, networks, and those of our business partners may become the target of cyberattacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss, or destruction of proprietary and other information, or other disruption of our business operations. Any cyberattack on our business could materially harm our business and operating results. While we carry insurance for cyber security and network interruption risks there is no guarantee that any losses we may suffer in the future will not exceed coverage amounts or that all cyber incidents will be covered by our insurance. As cyber threats continue to evolve, we may be required to expend material additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. ~~Climate change legislation or regulations restricting emissions of " Greenhouse Gases " could result in increased operating costs and reduced demand for our services.~~ In 2009, the EPA published its findings that emissions of carbon dioxide, methane, and other greenhouse gases (" GHGs "), present an endangerment to public health and the environment because emissions of such gases are, according to the EPA, contributing to the warming of the earth' s atmosphere and other climate changes. These findings allow the EPA to adopt and implement regulations that would restrict emissions of GHGs under existing provisions of the federal Clean Air Act. The EPA has adopted two sets of regulations under the existing Clean Air Act that would require a reduction in emissions of GHGs from motor vehicles and could trigger permit review for GHG emissions from certain stationary sources. In addition, both houses of Congress have actively considered legislation to reduce emissions of GHGs, and almost one- half of the states have taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and / or regional GHG cap and trade programs. Most of these cap and trade programs work by requiring either major sources of emissions or major producers of fuels to acquire and surrender emission allowances, with the number of allowances available for purchase reduced each year until the overall GHG emission reduction goal is achieved. The adoption and implementation of any regulations imposing GHG reporting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to monitor emissions and to reduce emissions of GHGs associated with our operations. We may ~~become subject to various legal proceedings and investigations, which may have an adverse effect on our business. We may~~ from time to time become a party to legal proceedings and investigations, in the normal course of business activities. Responding to investigations or defending these actions, especially purported class actions, can be costly and can distract management. During 2019 we settled a class action lawsuit related to fuel surcharges and recorded an $ 11. 0 million charge during the fourth quarter of 2019 as a result of this settlement (the actual payout in the following year was less and we recorded a credit of $ 6. 5 million to income). There is also the possibility that we, or customers on whom we rely, may become involved in future investigations or suits, including, for example, those being brought by communities against fossil fuel producers relating to climate change, which are beginning to gain prevalence in the courts. There is the potential that the costs of defending litigation, or the impact on us as a result of customers losing such suits, could have an adverse effect on our cash flows, results of operations or financial position. **U. S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. On February 24, 2022, Russian troops began a full- scale military invasion of Ukraine. In response, many nations, including the United States, imposed economic, financial and other sanctions on Russia, certain of its allies, and certain individuals. Although the length and impact of the ongoing military conflict and associated sanctions regime is highly unpredictable, the conflict in Ukraine has, and may continue to lead to market disruptions, including significant volatility in commodity prices, energy, credit and capital markets, as well as supply chain interruptions. We are continuing to monitor the situation in Ukraine and prepare for any implications on our business. In addition, Russian military actions and the resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, potentially making it more difficult for us to obtain additional capital.**