Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

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In addition to the other information in this Annual Report on Form 10- K and our other filings with the SEC, the following risk factors should be carefully considered in evaluating us and our business before investing in our common stock. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties, not presently known to us or otherwise, may also impair our business. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. You should not interpret the disclosure of any risk factor to imply that the risk has not already materialized. If any of the risks actually occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline, and investors may lose all or part of their investment. Risks Related to our Business Volatile metals prices can cause significant fluctuations in our operating results. Our sales and operating income could decrease if we are unable to pass producer price increases on to our customers or if metals prices decline. Our principal raw materials are carbon and stainless steel and aluminum flat- rolled coil, sheet, plate, prime tin mill, pipe and tube that we typically purchase from multiple primary metals producers. The metals industry as a whole is cyclical and, at times, pricing and availability of metals can be volatile due to numerous factors beyond our control, including general domestic and international economic conditions, sales levels, competition, levels of inventory held by other metals service centers, producer lead times, higher raw material costs for the producers of metals, imports, import duties and tariffs and currency exchange rates. ~~For example, starting in August 2020, metals prices increased significantly and reached record levels during 2021 before beginning to decline in October 2021. Metals prices for all segments continued to decrease through December 2022.~~ This volatility can significantly affect the availability and cost of raw materials to us **. During 2022, metals prices decreased 57 % throughout the year, whereas during 2023, metals prices decreased 45 % from April to September and increased 66 % from October to December** . Similar to many other metals service centers, we maintain substantial inventories of metals to accommodate the short lead times and just - in - time delivery requirements of our customers. Accordingly, we purchase metals in an effort to maintain our inventory at levels that we believe to be appropriate to satisfy the anticipated needs of our customers based upon historic buying practices, supply agreements with customers and market conditions. Our commitments to purchase metals are generally at prevailing market prices in effect at the time we place our orders. We have no long - term, fixed - price metals purchase contracts. When metals prices increase, competitive conditions will influence how much of the price increase we can pass on to our customers. To the extent we are unable to pass on future price increases in our raw materials to our customers, the net sales and profitability of our business could be adversely affected. Declining metals prices, customer demand for lower prices and our competitors' responses to those demands could result in lower sale prices and, consequently, lower gross profits ~~and potentially inventory lower of cost or net realizable value adjustments~~ as we use existing inventory. Significant or rapid declines in metals prices or reductions in sales volumes could adversely impact our ability to remain in compliance with certain financial covenants in our credit facility, as well as result in us incurring inventory or asset impairment charges. Changing metals prices therefore could significantly impact our net sales, gross profit, operating income and net income, and could impair or adversely impact the carrying value of any of our assets **.An interruption in the sources of our metals supply could have a material adverse effect on our results of operations.We purchased approximately 40 % and 39 % of our total metals requirements from our three largest suppliers in 2023 and 2022,respectively.Over the past years,supplier consolidation,decreased mill production due to the pandemic and import tariffs decreased steel availability and increased mill lead times and steel prices.Fewer available suppliers increases the risk of supply disruption through both scheduled and unscheduled supplier outages.Conversely,the addition of new mill production and decreased domestic demand could lead to domestic over capacity,which could lead to a decrease in steel prices,which could have a material adverse effect on our business,financial condition,results of operations and cash flows** .We have no long- term supply commitments with our metals suppliers.If,in the future,we are unable to obtain sufficient amounts of metals on a timely basis,we may not be able to obtain metals from alternate sources at competitive prices.In addition,late deliveries,interruptions or reductions in our supply of metals could make it difficult to satisfy our customers' just- in- time delivery requirements,which could have a material adverse effect on our business,financial condition,results of operations and cash flows.We service industries that are highly cyclical,and any fluctuation in our customers' demand could impact our sales,gross profits and profitability.We sell our products in a variety of industries,including capital equipment manufacturers for industrial,agricultural and construction use,the automotive industry,the utilities industry,and manufacturers of fabricated metals products.Numerous factors,such as general economic conditions,fluctuations in the U.S.dollar,government stimulus or regulation,availability of adequate credit and financing, **interest rates,** consumer confidence,significant business interruptions,labor shortages or work stoppages,energy prices,seasonality,customer inventory levels and other factors beyond our control,may cause significant demand fluctuations from one or more of these industries.Any fluctuation in demand within one or more of these industries may be significant and may last for a lengthy period of time.In periods of economic slowdown or recession in the United States,excess customer or service center inventory or a decrease in the prices that we can realize from sales of our products to customers in any of these industries could result in lower sales,gross profits and profitability.Approximately **48 % and** 52 % ~~and 47 %~~ of our **2023 and** 2022 ~~and 2021~~ consolidated net sales,respectively,were to industrial machinery and equipment manufacturers and their fabricators.Due to the concentration of customers in the industrial machinery and equipment industry,a decline in production levels in that industry could result in lower sales,gross profits and profitability ~~.Approximately 2 % and 7 % of our 2022 and 2021 consolidated net sales,respectively,were to~~

~~automotive manufacturers or manufacturers of automotive components and parts,whom we refer to as automotive customers.Historically,due to the concentration of customers in the automotive industry,our gross profits on these sales have generally been less than our gross profits on sales to customers in other industries.On September 17,2021,we sold substantially all of the assets related to our Detroit,Michigan operation.The Detroit operation was primarily focused on the distribution of carbon flat- rolled steel to domestic automotive manufacturers and their suppliers.After the sale,less than 3 % of our sales were to automotive manufacturers or manufacturers of automotive components and parts.Supply chain disruptions and inflationary pressures~~ . Our business is dependent on transportation and labor. Increases in the cost or availability of transportation or labor could adversely affect our business and operations, as we may be unable to pass cost increases on to our customers. We ship products throughout the United States via our ~~owned~~ truck fleet, our dedicated carrier fleet or by third- party trucking firms. Our business depends on the daily transportation of a large number of products. We depend to a certain extent on third parties for transportation of our products to customers as well as inbound delivery of our raw materials. If any of these providers were to fail to deliver materials to us in a timely manner, we may be unable to process and deliver our products in response to customer demand. If any of these third parties were to cease operations or cease doing business with us, we may be unable to replace them at a reasonable cost. Failure of a third- party transportation provider to provide transportation services, or our inability to hire drivers for our in- house truck fleet, could harm our reputation, negatively affect our customer relationships and have a material adverse effect on our financial position and results of operations. The continued demand for skilled labor has resulted in the need to increase pay rates in certain markets. In addition, we have seen a decline in the skilled labor applicant pool since the start of the ~~COVID- 19~~ pandemic and increased competition for skilled labor. Our operations are dependent on the labor used to operate our equipment and deliver products to our customers. Decreased availability of labor could harm our reputation, negatively affect our customer relationships and have a material adverse effect on our financial position and results of operations. The availability of drivers and labor is integral to our operations, and increases in our cost of transportation or labor may have a material adverse effect on our financial position and results of operations. Increases in energy prices would increase our...... the increases on to our customers. Labor disruptions at any of our facilities or those of major customers could adversely affect our business, results of operations and financial condition. At December 31, ~~2022~~ **2023** , we employed approximately ~~1~~ **2** , ~~668~~ **168** people. Approximately ~~179~~ **244** of the hourly plant personnel are represented by seven separate collective bargaining units. Any prolonged work stoppages by our personnel represented by collective bargaining units could have a material adverse impact on our business, financial condition, results of operations and cash flows. In addition, many of our larger customers have unionized workforces and some have experienced significant labor disruptions in the past such as work stoppages, slow- downs and strikes. A labor disruption at one or more of our major customers could interrupt production or sales by that customer and cause that customer to halt or limit orders for our products. Any such reduction in the demand for our products could ~~adversely affect our business, financial condition, results of operations and cash flows. An interruption in the sources of our metals supply could~~ have a material adverse effect on our results of operations. We purchased approximately...... have a material adverse effect on our business, financial condition, results of operations and cash flows . We have no long- term...... that we are not aware of currently . Our success is dependent upon our relationships with certain key customers. We have derived and expect to continue to derive a significant portion of our revenues from a relatively limited number of customers. Collectively, our top three customers accounted for approximately **8 % and** 7 ~~% and 6~~ % of our consolidated net sales in **2023 and** 2022 ~~and 2021~~ , respectively. Approximately **48 % and** 52 ~~% and 47~~ % of our consolidated net sales during **2023 and** 2022 ~~and 2021~~ , respectively, were directly related to industrial machinery and equipment manufacturers and their fabricators. Due to the large concentration of customers in few segments, changes to demand of product by customers in the industrial machinery and equipment manufacturers and their fabricators could have a material adverse effect on our business, our results of operations and our cash flows. Many of our larger customers commit to purchase on a regular basis at agreed upon prices over periods from three to twelve months. We generally do not have long- term contracts with our customers. As a result, the relationship, as well as particular orders, can generally be terminated with relatively little advance notice. The loss of any one of our major customers or decrease in demand by those customers or credit constraints placed on them could have a material adverse effect on our business, our results of operations and our cash flows. ~~computer- based systems in the operation of our business and we depend on these~~ systems to a significant degree,particularly for inventory management.These systems are vulnerable to,among other things,damage or interruption from fire,flood,tornado and other natural disasters,power loss,computer system and network failures,operator negligence,physical and electronic loss of data or security breaches and computer viruses.Although we have secure back- up systems off- site,the destruction or failure of any one of our computer- based systems for any significant period of time could materially adversely affect our business,financial condition,results of operations and cash flows. ~~Supply chain disruptions~~ **Our implementation of information systems could adversely affect our results of operations** and ~~inflationary pressures,caused by~~ **cash flows.We are in** the ~~pandemic,increases in energy prices~~ **process** ~~,~~ **of implementing information systems** and **eliminating our legacy operating systems.The** Capital deployed for acquisitions and capital investments at our existing locations may be unable to achieve expected results, or sustain our growth and events or circumstances that could adversely impact operations could have a material adverse effect on our results of operations. We have grown through acquisitions and by increasing sales and services to our existing customers, aggressively pursuing new customers and services, building or purchasing new facilities, acquiring and upgrading processing equipment and expanding our product mix in order to expand the range of customer services and products that we offer. We intend to actively pursue our growth strategy in the future. Future expansion or construction projects, could have adverse effects on our results of operations due to the impact of the associated start- up costs and the potential for underutilization in the start- up phase of a facility. We continue to pursue potential acquisition targets; however, we are unable to predict whether or when any prospective acquisition candidate will become available ~~or~~ **,** the likelihood that any acquisition will be completed **or the ability to successfully integrate acquisitions into our business** . Moreover, in pursuing acquisition opportunities, we may compete for acquisition targets with other companies with similar growth strategies that may be larger and have greater financial and other resources than we have. Competition among potential acquirers could result in increased prices for acquisition targets. As a result, we may not be able to consummate acquisitions on terms satisfactory to us, or at all. The pursuit of acquisitions and other growth initiatives may divert management' s time and attention away from day- to- day operations. In order to achieve growth through acquisitions, expansion of current facilities, greenfield construction or otherwise, additional funding sources may be needed and we may not be able to obtain the additional capital necessary to pursue our growth strategy on terms that are satisfactory to us, or at all. We continue to invest in processing equipment to support customer demand. Although we have successfully installed new and used processing equipment in the past, we can provide no assurance that future installations will be successful, or achieve expected results. Risks associated with the installations include, but are not limited to: ● a significant use of management and employee time; ● the possibility that the performance of the equipment does not meet expectations; and ● the possibility that delays from the installations may make it difficult for us to maintain relationships with our customers, employees or suppliers. Difficulties and delays associated with the installation of new processing equipment could adversely affect our business, our customer service, our results of operations and our cash flows. Customer and third- party credit constraints and credit losses could have a material adverse effect on our results of operations. Some of our customers may experience difficulty obtaining and / or maintaining credit availability. In particular, certain customers that are highly leveraged represent an increased credit risk. Interest rate volatility may further amplify this credit risk. Some customers have reduced their purchases because of these credit constraints. Moreover, our disciplined credit policies have, in some instances, resulted in lost sales. If we have misjudged our credit estimations and they result in future credit losses, lost sales or lost customers, there could be a material adverse effect on our business, financial condition, results of operations, cash flows and our allowance for credit losses. **Our implementation** ~~Impairment in the carrying value~~ of **information systems** ~~intangible assets could result in the incurrence of impairment charges~~ and **software** negatively impact our results of operations....... by factors outside our control, such as increased competitive pricing pressures, lower than...... and those of our third- party service ~~providers may be vulnerable to security breaches. This could lead to disclosure, modification or destruction of proprietary and other key information, ransom payments, production downtimes and operational disruptions, which in turn~~ could adversely affect our ~~business, financial condition,~~ results of operations and cash flows. ~~The failure of our key computer~~ **As we implement information systems and cloud** - based **software as** ~~systems could have~~ a **service agreements,** ~~material adverse effect on our business. We maintain separate regional legacy computer- based systems in the operation of our business and we depend on these~~ -- **the** systems to a significant degree, particularly...... eliminating our legacy operating systems. The objective is to standardize and streamline business processes and improve support **, reporting capabilities and functionality** for our **employees** ~~service center~~ and ~~fabrication business~~ **sales and administrative management teams** . Risks associated with the phased implementation include, but are not limited to: ● a significant deployment of capital and a significant use of management and employee time; ● the possibility that the timelines, costs or complexities related to the new system implementation will be greater than expected; ● limitations on the availability and adequacy of proprietary software or consulting, training and project management services, as well as our ability to retain key personnel; ● the possibility that the software, once fully implemented, does not function as planned; ● the possibility that software and implementation vendors may not be able to support the project as planned; ● the possibility that benefits from the systems may be less or take longer to realize than expected; and ● the possibility that disruptions from the implementation may make it difficult for us to maintain relationships with our customers, employees or suppliers. Although we have successfully initiated use of the systems at most of our locations, we can provide no assurance that the rollout to the remaining locations will be successful or will occur as planned and without disruption to operations. Difficulties associated with the design and implementation of new information systems could adversely affect our business, our customer service, our results of operations and our cash flows. We depend on our senior management team and the loss of any member could prevent us from implementing our business strategy. Our success is dependent upon the management and leadership skills of our senior management team. Michael D. Siegal has served as our Executive Chairman of the Board since January 1, 2019, after serving as our Chief Executive Officer since 1984. Richard T. Marabito has served as our Chief Executive Officer since January 1, 2019, after serving as our Chief Financial Officer since 2010, and Richard A. Manson has served as our Chief Financial Officer since January 1, 2019, after serving as our Vice President and Treasurer since 2013. Andrew S. Greiff has served as our President and Chief Operating Officer since January 1, 2020 after serving as our Executive Vice President and Chief Operating Officer since 2016. The loss of any member of our senior management team or the failure to attract and retain additional qualified personnel could prevent us from implementing our business strategy. We have employment agreements, which include non- competition provisions, with our ~~Chief Executive Officer, our~~ President and Chief Operating Officer, and our Chief Financial Officer that expire on January 1, ~~2024, January 1,~~ 2025 ~~,~~ and January 1, 2027, respectively. Participation in multiemployer pension plans carry withdrawal liability risks, which could impact our results of operations and financial condition. Through our **Chicago Tube and Iron, or** CTI **,** subsidiary, we contribute to one multiemployer pension plan. The risks of participating in the multiemployer plan are different from a single- employer plan in that (i) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and (iii) if CTI chooses to stop participating in the multiemployer plan, CTI may be required to pay the plan an amount based on the unfunded status of the plan, referred to as a withdrawal liability. Any future withdrawal liability could adversely affect our business, financial condition, results of operations and cash flows. Our insurance coverage, customer indemnifications or other liability protections may be unavailable or inadequate to cover all of our significant risks, which could have a material adverse effect on our results of operations. From time to time, we may be subject to litigation incidental to our businesses, including claims for damages arising out of use of our products, claims involving employment matters, cyber security claims and commercial disputes. We currently carry insurance from financially strong, highly rated counterparties in established markets to cover significant risks and liabilities. However, our insurance coverage may be inadequate if such claims do arise and any liability not covered by insurance could have a material adverse effect on our business. Disputes with insurance carriers, including over policy terms, reservation of rights, the applicability of coverage (including exclusions), compliance with provisions (including notice) and / or the insolvency of one or more of our insurers may significantly affect the amount or timing of recovery. Although we have been able to obtain insurance in amounts we believe to be appropriate to cover such liability to date, our insurance premiums may increase in the future as a consequence of conditions in the insurance business generally or our situation in particular. Any such increase could result in lower net income or cause the need to reduce our insurance coverage. In addition, a future claim may be brought against us that could have a material adverse ~~effect~~ **impact** on us. In some circumstances, we may be entitled to certain legal protections or indemnifications from our customers through contractual provisions, laws, regulations or otherwise. However, these protections are not always available, are typically subject to certain terms or limitations, including the availability of funds, and may not be sufficient to cover all losses or liabilities incurred. If insurance coverage, customer indemnifications and / or other legal protections are not available or are not sufficient to cover our risks or losses, it could have a material adverse effect on our results of operations. Risks Related to Our Industry Our business is highly competitive, and increased competition could reduce our market share and harm our financial performance. Our business is highly competitive. We compete with metals service centers and, to a certain degree, metals producers and intermediate metals processors, on a regular basis, primarily on quality, price, inventory availability and the ability to meet the delivery schedules and service requirements of our customers. We have different competitors for each of our products and within each region. Certain of these competitors have financial and operating resources in excess of ours. Increased competition could lower our gross profits or reduce our market share and have a material adverse effect on our financial performance. Risks Related to Our Debt Although we expect to finance our growth initiatives through borrowings under our ABL Credit Facility, we may have to find additional sources of funding, which could be difficult. Additionally, increased leverage and borrowing rates could adversely impact our business and results of operations. We expect to finance our growth initiatives through borrowings under our ABL Credit Facility, which matures on June 16, 2026. However, our ABL Credit Facility may not be sufficient or available to finance our growth initiatives, and we may have to find additional sources of financing. It may be difficult for us in the future to obtain the necessary funds and liquidity on terms acceptable to us, or at all, to run and expand our business. The borrowings under our ABL Credit Facility are primarily at variable interest rates. If interest rates ~~in the future~~ , which may be highly volatile, were to increase 100 basis points (1. 0 %) from December 31, ~~2022~~ **2023** rates and, assuming no change in total debt from December 31, ~~2022~~ **2023** levels, the additional annual interest expense to us would be approximately $ ~~0~~ **1** . 9 million. ~~The discontinuance of the London Interbank Offered Rate, or LIBOR, and adoption of the Secured Overnight Funding Rate, or SOFR, may adversely affected interest expense related to our outstanding debt, including amounts borrowed under the ABL Credit Facility. As of December 31, 2022, we had approximately $ 165. 7 million of borrowings outstanding that was indexed to LIBOR. On January 3, 2023, the Company entered into a Sixth Amendment to Third Amended and Restated Loan and Security Agreement, which amened our existing ABL Credit Facility. This amendment updated the refence rate on these borrowings from LIBOR to SOFR. These changes may result in interest obligations that do not otherwise correlate exactly over time with the payments that would have been made on such debt if LIBOR had been used. We cannot be sure that this change will be without any adverse impacts, but we believe there will be no material impact on our financial position or results of operations~~ Regulatory and Environmental Risks Quotas and tariffs imposed or removed as a result of government actions can cause significant fluctuations in our operating results. Global demand and global metals pricing, supply and demand are impacted by quotas and tariffs imposed as a result of government actions. The tariffs initiated by the U. S. government in 2018 under Section 232 of the Trade Expansion Act of 1962 (section 232 tariffs) resulted in increased metals prices in the United States. Effective January 1, 2022, the United States and the European Union replaced the existing 25 percent tariff on EU steel products and 10 percent tariff on EU aluminum products with a tariff- rate quota, or TRQ. Under the TRQ arrangement, historically based volumes of EU steel and aluminum products will enter the U. S. without application of Section 232 duties subject to certain conditions. The removal and addition of country- specific tariffs has caused uncertainty in the metals marketplace. Any additional future tariffs or quotas imposed on steel and aluminum imports may increase the price of metal, which may impact our sales, gross margin and profitability if we are unable to pass the increased prices onto our customers. The prolonged imposition of tariffs could also lead to additional trade disputes that could impact the global demand for metals and impact our sales, gross margin and profitability. Conversely, the removal of existing tariffs could cause the price of metal to decline, which may impact our sales, gross margin and profitability. Changes in laws or regulations, including tax reform legislation, or the manner of their interpretation or enforcement could adversely impact our financial performance and restrict our ability to operate our business or execute our strategies. New laws or regulations, or changes in existing laws or regulations, or the manner of their interpretation or enforcement, could increase our cost of doing business and restrict our ability to operate our business or execute our strategies. In particular, there may be significant changes in U. S. laws and regulations and existing international trade agreements by the current U. S. presidential administration that could affect a wide variety of industries and businesses, including those businesses we own and operate. If the U. S. presidential administration materially modifies U. S. laws and regulations and international trade agreements, our business, financial condition, and results of operations could be affected. We are subject to significant environmental, health and safety laws and regulations and related compliance expenditures and liabilities. Our businesses are subject to many federal, state and local environmental, health and safety laws and regulations, particularly with respect to the use, handling, treatment, and disposal of substances and waste used or generated in our manufacturing processes. We have incurred and expect to continue to incur expenditures to comply with applicable environmental laws and regulations. Our failure to comply with applicable environmental laws and regulations and permit requirements could result in civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of pollution control equipment or remedial actions. We may in the future be required to incur costs relating to the investigation or remediation of property, and for addressing environmental conditions. Some environmental laws and regulations impose liability and responsibility on present and former owners, operators or users of facilities and sites for contamination at such facilities and sites without regard to causation or knowledge of contamination. Consequently, we cannot assure you that existing or future circumstances, the development of new facts or the failure of third parties to address contamination at current or former facilities or properties will not require significant expenditures by us. We expect to continue to be subject to environmental and health and safety laws and regulations. It is difficult to predict the future interpretation and development of environmental and health and safety laws and regulations or their impact on our future earnings and operations. We anticipate that compliance will continue to require increased capital expenditures and operating costs. Any increase in these costs, or unanticipated liabilities arising for example, out of discovery of previously unknown conditions or more aggressive enforcement actions, could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may be exposed to certain regulatory and financial risks related to climate change. Growing concerns about climate change may result in the imposition of additional regulations or restrictions to which we may become subject. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to climate change, including regulating greenhouse gas emissions. The outcome of new legislation or regulation in the United States may result in new or additional requirements, additional charges to fund energy efficient activities, and fees or restrictions on certain activities. Compliance with these climate change initiatives may also result in additional costs to us, including, among other things, increased production costs, additional taxes, reduced emission allowances or additional restrictions on production or operations. Any adopted future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Even without such regulation, increased public awareness and adverse publicity about potential impacts on climate change emanating from us or our industry could harm us. We may not be able to recover the cost of compliance with new or more stringent laws and regulations, which could adversely affect our results of operations, cash flow or financial condition. Expectations relating to environmental, social and governance considerations expose us to potential liabilities, increased costs, reputational harm and other adverse effects on our business. Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on ~~environmental, social and governance (~~ ESG ~~)~~ considerations relating to businesses, including climate change and greenhouse gas emissions, human capital and diversity, equity and inclusion. We make statements about our ESG goals and initiatives through information provided on our website, press statements and other communications. Responding to these ESG considerations and implementation of these goals and initiatives involves risks and uncertainties, requires investments, which could be material, and are impacted by factors that may be outside of our control. In addition, some stakeholders may disagree with our goals and initiatives and the focus of stakeholders may change and evolve over time. Stakeholders also may have very different views on where ESG focus should be placed, including differing views of regulators in various jurisdictions in which we operate. Any failure, or perceived failure, by us to achieve our goals, further our initiatives, adhere to our public statements, comply with federal, state or international ESG laws and regulations, or meet evolving and varied stakeholder expectations and standards could result in legal and regulatory proceedings against us and materially adversely affect our business, reputation, results of operations, financial condition and stock price. Risks Related to Our Common Stock The market price for our common stock may be volatile. Historically, there has been volatility in the market price for our common stock. Furthermore, the market price of our common stock could fluctuate substantially in the future in response to a number of factors, including, but not limited to, the risk factors described herein. Examples include: ● changes in commodity prices, especially metals; ● changes in financial estimates or recommendations by stock market analysts regarding us or our competitors; ● the operating and stock performance of other companies that investors may deem comparable; ● developments affecting us, our customers or our suppliers; ● press releases, earnings releases or publicity relating to us or our competitors or relating to trends in the metals service center industry; ● inability to meet securities analysts' and investors' quarterly or annual estimates or targets of our performance; ● sales of our common stock by large shareholders; ● the amount of shares acquired for short- term investments; ● general domestic or international economic, market and political conditions; ● fluctuations in the value of the U. S. dollar **; ● changes in (or changes in expectation) related to interest rates and the Federal Funds Rates** ; ● changes in the legal or regulatory environment affecting our business; and ● announcements by us or our competitors of significant acquisitions, dispositions or joint ventures, or other material events impacting the domestic or global metals industry. In the past, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to their specific operating performance. These factors may adversely affect the trading price of our common stock, regardless of actual operating performance. In addition, stock markets from time to time experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies. In the past, some shareholders have brought securities class action lawsuits against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation, regardless of whether our defense is ultimately successful, could result in substantial costs and divert management' s attention and resources. Our quarterly results may be volatile. Our operating results have varied on a quarterly basis during our operating history and are likely to fluctuate significantly in the future. Our operating results may be below the expectations of our investors or stock market analysts as a result of a variety of factors, including the impact of LIFO ~~expense~~ estimates, many of which are outside of our control. Factors that may affect our quarterly operating results include, but are not limited to, the risk factors listed above. Many factors could cause our revenues and operating results to vary significantly in the future. Accordingly, we believe that quarter- to- quarter comparisons of our operating results are not necessarily meaningful. Investors should not rely on the results of one quarter as an indication of our future performance. Further, it is our practice not to provide forward- looking sales or earnings guidance and not to endorse any analyst' s sales or earnings estimates. Nonetheless, if our results of operations in any quarter do not meet analysts' expectations, our stock price could materially decrease. Certain provisions in our charter documents and Ohio law could delay or prevent a change in management or a takeover attempt that you may consider to be in your best interest. We are subject to Chapter 1704 of the Ohio Revised Code, which prohibits certain business combinations and transactions between an " issuing public corporation " and an " Ohio law interested shareholder " for at least three years after the Ohio law interested shareholder attains 10 % ownership, unless the Board of Directors of the issuing public corporation approves the transaction before the Ohio law interest shareholder attains 10 % ownership. We are also subject to Section 1701. 831 of the Ohio Revised Code, which provides that certain notice and informational filings and special shareholder meeting and voting procedures must be followed prior to consummation of a proposed " control share acquisition. " Assuming compliance with the notice and information filings prescribed by the statute, a proposed control share acquisition may be made only if the acquisition is approved by a majority of the voting power of the issuer represented at the meeting and at least a majority of the voting power remaining after excluding the combined voting power of the " interested shares. " Certain provisions contained in our Amended and Restated Articles of Incorporation and Amended and Restated Code of Regulations and Ohio law could delay or prevent the removal of directors and other management and could make a merger, tender offer or proxy contest involving us that you may consider to be in your best interest more difficult. For example, these provisions: ● allow our Board of Directors to issue preferred stock without shareholder approval; ● provide for our Board of Directors to be divided into two classes of directors serving staggered terms; ● limit who can call a special meeting of shareholders; and ● establish advance notice requirements for nomination for election to the Board of Directors or for proposing matters to be acted upon at shareholder meetings. These provisions may discourage potential takeover attempts, discourage bids for our common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors other than the candidates nominated by our Board of Directors. Principal shareholders who own a significant number of shares of our common stock may have interests that conflict with yours. Michael D. Siegal, our Executive Chairman of the Board and one of our largest shareholders, owned approximately ~~10~~ **9** . 9 % of our outstanding common stock as of December 31, ~~2022~~ **2023** . Mr. Siegal may have the ability to significantly influence matters requiring shareholder approval. In deciding how to vote on such matters, Mr. Siegal may be influenced by interests that conflict with yours. General Risks Climate change may cause changes in weather patterns and increase the frequency or severity of weather events and flooding. An increase in severe weather events, including those caused by climate change, may adversely impact us, our operations, and our ability to procure raw materials and process and transport our products and could result in an adverse effect on our business, financial condition and results of operations. Extreme weather conditions may increase our costs, temporarily impact our production capabilities or cause damage to our facilities. Severe weather may also adversely impact our suppliers and our customers and their ability to deliver and / or purchase and transport our products.