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

Form 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Year Ended December 31, 2021

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Transition Period From ____________ To ____________

Commission File Number 0-23320

OLYMPIC STEEL, INC.

(Exact name of registrant as specified in its charter)

Ohio	34-1245650
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
22901 Millcreek Boulevard, Suite 650, Highland Hills, OH	44122
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (216) 292-3800

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, without par value	ZEUS	The NASDAQ Stock Market, LLC.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No X

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No X

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes X No ☐

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

Large accelerated filer ☐	Small reporting company ☐
Accelerated filer X	Emerging growth company ☐
	Non-accelerated filer ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. X

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

As of June 30, 2021, the aggregate market value of voting stock held by non-affiliates of the registrant based on the closing price at which such stock was sold on the Nasdaq Global Select Market on such date approximated $273,520,889.

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

Class	Outstanding as of February 25, 2022
Common stock, without par value	11,123,700

DOCUMENTS INCORPORATED BY REFERENCE

The registrant intends to file with the Securities and Exchange Commission a definitive Proxy Statement pursuant to Regulation 14A of the Securities Exchange Act of 1934 within 120 days of the close of its fiscal year ended December 31, 2021, portions of which document shall be deemed to be incorporated by reference in Part III of this Annual Report on Form 10-K from the date such document is filed.

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

The Company

We are a leading metals service center that operates in three reportable segments; specialty metals flat products, carbon flat products, and tubular and pipe products. We provide metals processing and distribution services for a wide range of customers. Our specialty metals flat products segment's focus is on the direct sale and distribution of processed aluminum and stainless flat-rolled sheet and coil products, flat bar products, prime tin mill products and fabricated parts. Through the acquisition of Shaw Stainless & Alloy, Inc., or Shaw, on October 1, 2021 and Action Stainless & Alloys, Inc., or Action Stainless, on December 14, 2020, our specialty metals flat products segment expanded its geographic footprint and enhanced its product offerings in stainless steel and aluminum plate, sheet, angles, rounds, flat bar, tubing and pipe. Shaw also manufactures and distributes stainless steel bollards and water treatment systems. Action Stainless offers a range of processing capabilities, including plasma, laser and waterjet cutting and computer numerical control, or CNC machining. Our carbon flat products segment's focus is on the direct sale and distribution of large volumes of processed carbon and coated flat-rolled sheet, coil and plate products and fabricated parts. Through the acquisitions of McCullough Industries, or McCullough, and certain assets related to the manufacturing of the EZ Dumper® hydraulic dump inserts, or EZ Dumper, in 2019, our carbon flat products segment expanded its product offerings to include self-dumping metal hoppers and steel and stainless-steel dump inserts for pickup truck and service truck beds. In addition, we distribute metal tubing, pipe, bar, valves and fittings and fabricate parts supplied to various industrial markets through our tubular and pipe products segment. Products that require more value-added processing generally have a higher gross profit. Accordingly, our overall gross profit is affected by, among other things, product mix, the amount of processing performed, the demand for and availability of metals, and volatility in selling prices and material purchase costs. We also perform toll processing of customer-owned metals. We sell certain products internationally, primarily in Canada and Mexico. International sales are immaterial to our consolidated financial results and to the individual segments' results.

We are incorporated under the laws of the State of Ohio. Our executive offices are located at 22901 Millcreek Boulevard, Suite 650, Highland Hills, Ohio 44122. Our telephone number is (216) 292-3800, and our website address is www.olysteel.com. We are not including the information on our website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K.

Industry Overview

The metals industry is comprised of three types of entities: metals producers, intermediate metals processors and metals service centers. Metals producers have historically emphasized the sale of metals to volume purchasers and have generally viewed intermediate metals processors and metals service centers as part of their customer base. However, all three types of entities can compete for certain customers who purchase large quantities of metals. Intermediate metals processors tend to serve as processors in large quantities for metals producers and major industrial consumers of processed metals, including automobile and appliance manufacturers.

Services provided by metals service centers can range from storage and distribution of unprocessed metal products to complex, precision value-added metals processing. Metals service centers respond directly to customer needs and emphasize value-added processing of metals pursuant to specific customer demands, such as cutting-to-length, slitting, shearing, roll forming, shape correction and surface improvement, blanking, tempering, plate burning and stamping. These processes produce metals to specified lengths, widths, shapes and surface characteristics through the use of specialized equipment. Metals service centers typically have lower cost structures than, and provide services and value-added processing not otherwise available from, metals producers.

End product manufacturers and other metals users seek to purchase metals on shorter lead times and with more frequent and reliable deliveries than can normally be provided by metals producers. Metals service centers generally have lower labor costs than metals producers and consequently process metals on a more cost-effective basis. In addition, due to this lower cost structure, metals service centers are able to handle orders in quantities smaller than would be economical for metals producers. The benefits to customers purchasing products from metals service centers include lower inventory levels, lower overall cost of raw materials, more timely response and decreased manufacturing time and expense. Customers also benefit from a lower investment in production labor, buildings and equipment, which allows them to focus on the engineering, assembly and marketing of their products. We believe that customers' demands for just-in-time delivery have made the value-added inventory, processing and delivery functions performed by metals service centers increasingly important.

Corporate History

Our company was founded in 1954 by the Siegal family as a general steel service center. In the late 1980s, our business strategy changed from a focus on warehousing and distributing steel from a single facility with no major processing equipment to a focus on geographic and product growth, customer diversity and value-added processing. An integral part of our growth has been the acquisition and start-up of processing and sales operations, and the investment in processing equipment. In 1994, we completed an initial public offering and, in 1996, we completed a follow-on offering of our common stock.

Over the past ten years, our company has expanded into new product offerings through multiple acquisitions. Our tubular and pipe products segment was established in 2011 after the acquisition of Chicago Tube and Iron, or CTI, a private leading distributor of tubing, pipe, bar, valves, and fittings. Our specialty metals flat products segment has expanded since its creation, most recently with the acquisitions of Berlin Metals, in 2018, Action Stainless in 2020 and Shaw in 2021, and our carbon flat products segment expanded into manufacturing metal intensive branded products with the acquisitions of McCullough and EZ Dumper in 2019.

Michael Siegal, the son of one of our founders, began his career with us in the early 1970s and serves as our Executive Chairman of the Board of Directors. Mr. Siegal served as our Chief Executive Officer from 1984 through 2018. Richard T. Marabito has served as our Chief Executive Officer since January 2019. Mr. Marabito joined us in 1994 and served as our Chief Financial Officer from 2000 until the end of 2018. Richard A. Manson has served as our Chief Financial Officer since January 2019. Mr. Manson has served in various capacities at our company since 1996, most recently serving as our Vice President and Treasurer. Andrew S. Greiff has served as our President and Chief Operating Officer since January 2020. Mr. Greiff joined us in 2009 to lead our specialty metals business and most recently served as our Executive Vice President and Chief Operating Officer.

Business Strategy and Objectives

We believe that the metals service center and processing industry is driven by the following primary trends: (i) shift by customers to fewer suppliers that are larger and financially strong; (ii) increased customer demand for more frequent deliveries, higher quality products and services; and (iii) localization of metals industry participants.

In recognition of these industry trends, our focus has been on achieving profitable geographic and product growth through the start-up and acquisition of service centers, processors, fabricators and related businesses, and investments in people, information systems, higher value-added processing equipment and services, while continuing our commitment to expanding and improving our operating efficiencies, sales and servicing efforts.

We are focused on specific operating objectives including: (i) improving safety performance; (ii) managing inventory turnover; (iii) managing operating expenses; (iv) providing on-time delivery and quality performance for our customers; (v) diversifying product offerings; (vi) profitably growing our market share; (vii) increasing and providing more consistent returns; (viii) maintaining targeted cash turnover rates and (ix) investing in technology and business information systems.

These operating objectives are supported by:

- A set of core values, which are communicated, practiced and measured throughout the Company.
- An internal communications program designed to engage and motivate employees to support our strategy, values and culture.
- Our “flawless execution” program (Fe), an internal continuous improvement program that rewards employees who achieve profitable growth by delivering superior customer service and exceeding customer expectations.
- Operational initiatives designed to improve efficiencies and reduce costs by improving processes and creating an environment to facilitate change and improve the way we work and create value.
- Information systems and key metric reporting to focus managers on achieving specific operating objectives.
- Alignment of compensation with the financial objectives and performance of the Company and the achievement of specific financial and operating objectives.

We believe our depth of management experiences, facilities, locations, processing capabilities, inventory, focus on safety, quality and customer service, extensive and experienced sales force, and the strength of our customer and supplier relationships provide a strong foundation for implementation of our strategy and achievement of our objectives. Certain elements of our strategy are set forth in more detail below.

Investments and Acquisitions. During the past three years, we have accelerated our growth through acquisitions and capital investments in facilities and processing equipment. Our Vice President of Strategic Development focuses on profitable growth opportunities, including acquisitions.

On October 1, 2021, we acquired substantially all of the net assets of Shaw, based outside of Atlanta, Georgia. Shaw is a full-line distributor of stainless steel sheet, pipe, tube, bar and angles. Shaw also manufactures and distributes stainless steel bollards and water treatment systems. The acquisition expanded our stainless-steel distribution and fabrication capabilities, as well as our entry into architectural and barrier defense bollards.

On December 14, 2020, we acquired substantially all of the net assets of Action Stainless, based outside of Dallas, Texas. Action Stainless is a full-line distributor of stainless steel and aluminum plate, sheet, angles, rounds, flat bar, tubing and pipe and offers a range of processing capabilities, including plasma, laser and waterjet cutting and CNC machining. The acquisition expanded the geographic footprint of our specialty metals flat products segment with locations in Texas, Arkansas, South Carolina and Missouri.

On June 1, 2020, we opened a 120,000-square-foot metal processing facility, located in Buford, Georgia. The location expanded our southeastern region footprint, which also includes facilities in Locust, North Carolina; Winder, Georgia; and Hanceville, Alabama. The Buford facility acts as the region's primary flat-rolled fabrication hub, with first-stage metal processing anchored in the Winder facility, metal distribution in both the Winder, Georgia and Hanceville, Alabama locations, and pipe and tube laser fabrication and bending and welding at the Locust, North Carolina location. As part of the expansion, we added a new Mitsubishi fiber optic laser and a 600-ton Verson stamping press with a COE coil feed system. The additional equipment and processing capacity complement the region's existing value-added fabrication capabilities and support the Company's commitment to automotive original equipment manufacturers, or OEMs, and their tier 1 and 2 parts makers, as well as responds to increasing demand from other OEM customers.

On August 5, 2019, we acquired certain assets related to the manufacturing of the EZ-Dumper® hydraulic dump inserts. The dump inserts are sold through a network of more than 100 dealers across the United States and Canada from our processing facilities in Chambersburg, Pennsylvania. On January 2, 2019, we acquired substantially all of the net assets of McCullough, based in Kenton, Ohio. McCullough is a manufacturer of self-dumping hoppers used in a variety of industrial applications. The downstream vertical integration of McCullough represents our first acquisition of a manufacturer of metal-intensive branded products, which allows us to deploy our purchasing, logistics and processing expertise to achieve synergies, expand margins and increase returns.

In addition to the acquisitions noted above, our capital investments during the past three years have primarily consisted of additional processing equipment for all three of our segments.

When the results of sales and marketing efforts and our financial justifications indicate that there is sufficient customer demand for a particular product, process or service, we may purchase equipment to satisfy that demand. We also evaluate our existing equipment to ensure that it remains productive, and we upgrade, replace, redeploy or dispose of equipment when necessary. We invest in processing equipment to support customer demand and to respond to the growing trend among OEMs (our customers) to outsource non-core production processes, such as plate processing, machining, welding and fabrication, in order to concentrate on engineering, design and assembly.

Disposition of Assets: On September 17, 2021, we sold substantially all of the assets related to our Detroit, Michigan operation to Venture Steel (U.S.), Inc. The proceeds of the sale were used for working capital needs as well as future acquisitions and investments in organic growth opportunities. The Detroit operation was primarily focused on the distribution of carbon flat-rolled steel to domestic automotive manufacturers and their suppliers.

Sales and Marketing. We believe that our commitments to quality, service, just-in-time delivery and field sales personnel have enabled us to build and maintain strong customer relationships. We continuously analyze our customer base to ensure that strategic customers are properly targeted and serviced, while focusing our efforts to supply and successfully service multi-location customers from multiple Olympic Steel facilities. We service certain customers with carbon and specialty metals flat products and tubular and pipe products through cross-stocking of products in certain facilities.

We offer business solutions to our customers through value-added and value-engineered services. We also provide inventory stocking programs and in-plant Olympic Steel employees located at certain customer locations to help reduce customers' costs. Our truck fleet further enhances our just-in-time deliveries based on our customers' requirements.

Our Fe program is a commitment to provide superior customer service while striving to exceed customer expectations. This program includes tracking on-time delivery and quality performance against objectives, and recognition of employee initiatives to improve efficiencies, streamline processes or reduce operating expenses at each operation.

We believe our large and experienced sales force provides strategic advantages. Our sales force makes direct daily sales calls to customers throughout the continental United States, and parts of Canada and Mexico. The continuous interaction between our sales force and active and prospective customers provides us with valuable market information and sales opportunities, including opportunities for outsourcing, improving customer service and increasing sales.

Our sales efforts are further supported by metallurgists, engineers, technical and quality service personnel and product specialists who have specific expertise in carbon and stainless steel, aluminum, alloy plate and steel fabrication as well as tubular and pipe products. Our services for certain customers also include integration into our internal business systems to provide cost efficiencies for both Olympic and our customers.

Management. We believe one of our strengths is the depth, knowledge and experience of our management team. In addition to our executive officers, members of our senior management team have a diversity of backgrounds within the metals industry, including management positions at metals producers and other metals service centers. They average 28 years of experience in the metals industry and 19 years with our company. We have a succession planning process in place, which allows us to further enhance our management team by the promotions of employees to executive management positions within the organization.

Products, Processing Services and Quality Standards

We carry a wide selection of metals products and grades, ranging from commercial quality to ultra-high strength steel and specialty metals including;

- Specialty metals includes a variety of stainless steel and aluminum coil and sheet products, angles, rounds and flat bar;
- Alloy, heat treated and abrasion resistant coil, sheet and plate;
- Coated metals including galvanized, galvannealed, electro galvanized, advanced high strength steels, aluminized, and automotive grades of steel;
- Cold rolled carbon including commercial quality, advanced high strength steel, drawing steel and automotive grades cold rolled steel coil and sheet products;
- Hot rolled carbon includes a broad range of hot rolled coil, sheet and plate steel products including hot roll dry and pickled and oiled, automotive grades, advanced high strength steels, and high strength low alloys;
- Tube, pipe & bar products including round, square, and rectangular mechanical and structural tubing; hydraulic and stainless tubing; boiler tubing; carbon, stainless, and aluminum pipe; and valves and fittings; and
- Tin mill products including electrolytic tinplate, electrolytic chromium coated steel and black plate.

With the acquisitions of EZ Dumper and McCullough, we also manufacture hydraulic dump inserts and self-dumping hoppers. With the acquisition of Shaw, we also manufacture and distribute stainless steel bollards and water treatment systems.

Customer orders are entered or electronically transmitted into computerized order entry systems, and appropriate inventory is selected and scheduled for processing in accordance with the customer's specified delivery date. We attempt to maximize yield and equipment efficiency through the use of computer software and by combining customer orders for processing each coil, plate, tube or pipe to the fullest extent practicable.

Our traditional service center and higher value-added processes include;

- Cut-to-length - cutting metal along the width of the coil, or to desired lengths;
- Slitting - cutting metal to specified widths along the length of the coil;
- Shearing - the process of cutting sheet metal;
- Blanking - cutting metal into specific shapes with close tolerances;
- Tempering - cold rolling process that improves the uniformity of the thickness and flatness of the metals;
- Stretcher-leveling - stretching process that improves the uniformity of the thickness and flatness of the metals;
- Plate and laser processing - cutting metal into specific shapes and sizes;

- Forming and machining - bending, drilling, milling, tapping, boring and sawing metal;
- Tube processing - tube bending and end finishing;
- Finishing - shot blasting, grinding, edging and polishing;
- Fabrication - machining, welding, assembly and painting of component parts; and
- Value added services, including saw cutting, laser cutting, beveling, threading and grooving.

The flat products segment is separated into two reportable segments; specialty metals flat products and carbon flat products. The flat products segments' assets and resources are shared by the specialty metals and carbon flat products segments and both segments' products are, in some instances, stored in the shared facilities and processed on the shared equipment.

The following table sets forth, as of December 31, 2021, the major pieces of processing equipment in operation by segment:

Processing Equipment	Consolidated Flat Products	Tubular and Pipe Products	Total
Cut-to-length	18	14	32
Slitting	12	-	12
Shearing	9	-	9
Blanking	2	-	2
Tempering	3	-	3
Stretcher-leveling	2	-	2
Plate processing	26	-	26
Laser processing	30	10	40
Forming	23	-	23
Machining	39	82	121
Tube processing	2	35	37
Finishing	30	3	33
Painting	1	1	2
Total	197	145	342

Our quality assurance system, led by certified specialists and engineers, establishes controls and procedures covering all aspects of our products from the time the material is ordered through receipt, processing and shipment to the customer. These controls and procedures encompass periodic supplier and customer audits, workshops with customers, inspection equipment and criteria, preventative actions, material traceability and certification. We have quality testing labs at several of our facilities, including at our temper mill facilities in Cleveland, Ohio and Bettendorf, Iowa.

In addition, 28 of our facilities have earned International Organization for Standardization (ISO) 9001:2015 certifications. Our Romeoville, Illinois and Locust, North Carolina facilities have earned the American Society of Mechanical Engineers S Certification and our Locust, North Carolina facility has earned the National Board of Boiler & Pressure Vessel Inspectors R and U Certifications.

Our office building in Winder, Georgia has received Leadership in Energy and Environmental Design (LEED) certification.

Customers and Distribution

We have a diverse customer and geographic base, which helps to reduce the inherent risk and cyclicality of our business. Net sales to our top three customers, in the aggregate, approximated 6%, 6% and 10% of our consolidated net sales in 2021, 2020 and 2019, respectively. We serve customers in metals consuming industries, including manufacturers and fabricators of transportation and material handling lift equipment, construction, mining and farm equipment, storage tanks, environmental and energy generation equipment, automobiles, food service and electrical equipment, as well as general and plate fabricators and metals service centers.

The table below shows the percentage of our consolidated net sales to the largest industries for the past three years.

Industry	2021	2020	2019
Industrial machinery and equipment manufacturers and their fabricators	47%	45%	46%
Metals service centers	11%	10%	8%
Residential and commercial construction	8%	9%	13%
Automobile manufacturers and their suppliers	7%	11%	11%
Transportation equipment manufacturers	6%	6%	8%
All others <5%	21%	19%	14%

While we ship products throughout the United States, most of our customers are located in the midwestern, eastern and southern regions of the United States. Most customers are located within a 250-mile radius of one of our processing facilities, thus enabling an efficient delivery system capable of handling a high frequency of short lead time orders. We transport our products directly to customers via our in-house truck fleet, which further supports the just-in-time delivery requirements of our customers, and third-party trucking firms. Products sold to foreign customers, which have been immaterial to our consolidated results, are shipped either directly from metals producers to the customer or to an intermediate processor, and then to the customer by rail, truck or ocean carrier.

We process our metals to specific customer orders as well as for stocking programs. Many of our larger customers commit to purchase on a regular basis at agreed upon or indexed prices for periods ranging from three to twelve months. To help mitigate price volatility risks, these price commitments are generally matched with corresponding supply arrangements, or to a lesser degree by commodities hedging. Customers notify us of specific release dates as processed products are required. Customers typically notify us of release dates anywhere from a just-in-time basis to one month before the release date. Therefore, we are required to carry sufficient inventory to meet the short lead time and just-in-time delivery requirements of our customers.

The current global economic environment has resulted in increased supply chain scrutiny by our customers and potential customers. Supply chain disruptions experienced during 2021 may result in increased reliance on closer domestic sourcing. We believe our size, geographic footprint, financial position, dedication to a field sales force, and our focus on quality and customer service are advantageous in maintaining our customer base and in securing new customers.

Raw Materials

Our principal raw materials are carbon, coated, and stainless steel and aluminum, in the forms of pipe, tube, flat-rolled sheet, coil and plate that we typically purchase from multiple primary metals producers. The metals industry as a whole is cyclical and at times pricing and availability of material can be volatile due to numerous factors beyond our control, including general domestic and global economic conditions; domestic and global supply and demand imbalance; competition; quickly changing lead times and late deliveries from metals producers; fluctuations in the costs of raw materials necessary to produce metals; import duties; tariffs and quotas; and currency exchange rates. This volatility can significantly affect the availability and cost of raw materials to us.

Inventory management is a key profitability driver in the metals service center industry. 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, purchase commitments with customers, supplier lead times and market conditions.

Our commitments to purchase metals are generally at prevailing market prices in effect at the time we place our orders. We entered into pass through nickel swaps at the request of our customers in order to mitigate our customers' risk of volatility in the price of metals. The swaps are settled with the brokers at maturity and the economic benefit or loss arising from the changes in fair value of the swaps is contractually passed through to the customer.

We have some fixed priced purchase agreements that support fixed priced sales agreements; however, in general we have no long-term, fixed-price metals purchase contracts, except for commodity hedges. When metals prices decline, customer demands for lower prices and our competitors' responses to those demands could result in lower sale prices and, consequently, lower gross profits and earnings as we use existing metals inventory. When metals prices increase, competitive conditions will influence how much of the price increase we can pass on to our customers.

Suppliers

We concentrate on developing supply relationships with reliable high-quality domestic and international metals producers, using a coordinated effort to be the customer of choice for business critical suppliers. We employ sourcing strategies that maximize the quality, production lead times and transportation economies of a global supply base. We are an important customer of flat-rolled coil and plate, pipe and tube for many of our principal suppliers, but we are not dependent on any one supplier. We purchase in bulk from metals producers in quantities that are efficient for such producers. This enables us to maintain a continued source of supply at what we believe is competitively priced. We believe the access to our facilities and equipment, and our high quality customer services and solutions, combined with our long-standing prompt pay practices, will continue to be an important factor in maintaining strong relationships with metals suppliers.

The metals producing supply base has experienced significant consolidation, with a few suppliers accounting for a majority of the domestic carbon flat-rolled steel market. We purchased approximately 51% and 56% of our total metals requirements from our three largest suppliers in 2021 and 2020, respectively. Although we have no long-term supply commitments, we believe we have good relationships 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, 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.

Competition

Our principal markets are highly competitive. We compete with other public and private regional and national metals service centers, single location service centers and, to a certain degree, metals producers and intermediate metals processors on a regional basis. We have different competitors for each of our products and within each region. We compete on the basis of price, product selection and availability, customer service, value-added capabilities, quality, financial strength and geographic proximity. Certain of our competitors have greater financial and operating resources than we have.

With the exception of certain Canadian or Mexican operations, foreign-located metals service centers are generally not a material competitive factor in our principal domestic markets.

Management Information Systems

Information systems are an important component of our strategy. We have invested in technologies and related personnel as a foundation for growth. We depend on our Enterprise Resource Planning, or ERP, systems for financial reporting, management decision-making, inventory management, order tracking and fulfillment and production optimization. We continue to upgrade and consolidate our systems for optimal use of resources and to assure we are taking advantage of the latest technology offerings.

Our information systems focus on the following core application areas:

Inventory Management. Our information systems track the status, quantity and cost of inventories by product, location and process on a daily basis. This information is essential to optimize inventory management.

Differentiated Services To Customers. Our information systems support value-added services to customers, including quality control and on-time delivery monitoring and reporting, just-in-time inventory management and shipping services.

E-Commerce and Advanced Customer Interaction. We are actively participating in electronic commerce initiatives to reduce processing cost and time. In addition to full electronic data interchange, or EDI, capabilities with our customers and vendors, we also have implemented extranet sites for specific customers.

System and Process Enhancements. We have completed development of business system solutions to replace our legacy information systems and have successfully implemented new ERP systems at most of our locations. We continue to implement these systems to provide standardized business processes, enhanced inventory management, production cost, sales administrative controls and reduced technical support requirements. Our business analysts work with our quality team to identify opportunities for efficiency and improved customer service. We collaborate across the metal supply chain, working with metals producers, service providers, customers, and industry-sponsored organizations to develop industry processing standards to drive cost out of the supply chain.

Information security and continuous availability of information processing are of highest priority. Our information professionals employ proven security and monitoring practices and tools to mitigate cyber-security risks and threats. In case of physical emergency or threat, our ERP systems, accounting systems, internet and communications systems are duplicated at a secure off-site computing facility or through secure, multi-site cloud providers, with migration of our other systems, which are in progress.

Human Capital Management

Our employees are our most valued resource. We work to attract a diverse, qualified workforce through an inclusive and accessible recruiting process that utilizes online recruiting, campus outreach, internships and job fairs. We seek to retain employees by offering competitive wages, benefits and training opportunities, as well as promoting a safe and healthy workplace culture. We comply with all applicable state, local and international laws governing nondiscrimination in employment in every location in which we operate. All applicants and employees are treated with the same high level of respect regardless of their gender, ethnicity, religion, national origin, age, marital status, political affiliation, sexual orientation, gender identity, disability, veteran or other protected status. Our core values (Accountability, Corporate Citizenship, Customer Satisfaction, Employee Development, Financial Stability, Integrity, Respect, Safety and Teamwork) guide our decisions and behavior and set a standard of excellence that rewards our employees.

At December 31, 2021, we employed approximately 1,642 people. Approximately 182 of the hourly plant personnel are represented by seven separate collective bargaining units. The table below shows the expiration dates of the collective bargaining agreements.

Facility	Expiration date
Minneapolis (plate), Minnesota	March 31, 2022
Hammond, Indiana	November 30, 2024
Locust, North Carolina	March 4, 2025
St. Paul, Minnesota	May 25, 2025
Romeoville, Illinois	May 31, 2025
Minneapolis (coil), Minnesota	September 30, 2025
Indianapolis, Indiana	January 29, 2026

We have never experienced a work stoppage and we believe that our relationship with employees is strong. However, 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.

Service Marks, Trade Names and Patents

We conduct our business under the name “Olympic Steel.” A provision of federal law grants exclusive rights to the word “Olympic” to the U.S. Olympic Committee. The U.S. Supreme Court has recognized, however, that certain users may continue to use the word based on long-term and continuous use. We have used the name Olympic Steel since 1954, but are prevented from registering the name “Olympic” and from being qualified to do business as a foreign corporation under that name in certain states. In such states, we have registered under different names, including “Oly Steel” and “Olympia Steel.” Our wholly-owned subsidiary, Olympic Steel Iowa, Inc., does business in certain states under the name “Oly Steel Iowa, Inc.” Our Integrity Stainless operation conducts business under the name “Integrity Stainless.” Our CTI operation conducts business under the name “CTI Power.” Our operation in Monterrey, Mexico operates under the name “Metales de Olympic S. de R.L. de C.V.” Our wholly owned subsidiary, B Metals, Inc., does business under the name “Berlin Metals.” Our wholly owned subsidiary, MCI, Inc., does business under the name “McCullough Industries” and we conduct business under the name “EZ Dumper” for certain of our products. Our wholly owned subsidiary, ACT Acquisition, Inc., does business under the name “Action Stainless & Alloys.” Our wholly-owned subsidiary, SHAQ, Inc., does business under the name “Shaw Stainless & Alloys”.

We hold a trademark for our stainless steel sheet and plate product “OLY-FLATBRITE,” which has a unique combination of surface finish and flatness and for our “WRIGHT” self-dumping metal hoppers produced by McCullough. The registered trademark “ACTION STAINLESS” was acquired in conjunction with the asset acquisition of Action Stainless.

The “EZ DUMPER®” tradename was acquired by us in conjunction with the acquisition of certain assets related to the manufacturing of the EZ Dumper hydraulic dump inserts.

Government Regulation

Our operations are governed by many laws and regulations, including those relating to workplace safety and worker health, principally the Occupational Safety and Health Act and regulations thereunder. We believe that we are in material compliance with these laws and regulations and do not believe that future compliance with such laws and regulations will have a material adverse effect on our business, financial condition, results of operations and cash flows.

Environmental

We are committed to responsible environmental management practices and commit to the prevention of pollution by continually identifying opportunities and improving environmental performance in all aspects of our business. Our facilities are subject to certain federal, state and local requirements relating to the protection of the environment. We believe that we are in material compliance with all environmental laws, do not anticipate any material expenditures to meet environmental requirements and do not believe that compliance with such laws and regulations will have a material adverse effect on our business, financial condition, results of operations and cash flows.

Seasonality

Seasonal factors may cause demand fluctuations within the year, which could impact our results of operations. Typically, demand in the first half of the year is stronger than the second half of the year, as it contains more ship days and is not impacted by the seasonal customer shut-downs in July, November and December due to holidays.

Effects of Inflation

Inflation generally affects us by increasing the cost of employee wages and benefits, transportation services, processing equipment, purchased metals, energy and borrowings under our credit facility. General inflation, excluding increases in the price of metals and increased labor and distribution expense, has not had a material effect on our financial results during the past three years, but may have a significant impact in future years.

Backlog

Because we conduct our operations generally on the basis of short-term orders, we do not believe that backlog is a material or meaningful indicator of future performance.

Available Information

We file annual, quarterly, and current reports, proxy statements, and other documents with the Securities and Exchange Commission, or SEC, under the Securities Exchange Act of 1934. The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The public can obtain any documents that are filed by the Company at http://www.sec.gov.

In addition, our annual reports on Form 10-K, as well as our quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to all of the foregoing reports, are made available free of charge on or through the “Investor Relations” section of our website at www.olysteel.com as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC.

Information relating to our corporate governance at Olympic Steel, including our environmental, social and governance, or ESG, commitments to operating responsibly, our Business Ethics Policy, information concerning our executive officers, directors and Board committees (including committee charters), and transactions in our securities by directors and officers, is available free of charge on or through the "Investor Relations" section of our website at www.olysteel.com. We are not including the information on our website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K.

Forward-Looking Information

This Annual Report on Form 10-K and other documents we file with the SEC contain various forward-looking statements that are based on current expectations, estimates, forecasts and projections about our future performance, business, our beliefs and our management's assumptions. In addition, we, or others on our behalf, may make forward-looking statements in press releases or written statements, or in our communications and discussions with investors and analysts in the normal course of business through meetings, conferences, webcasts, phone calls and conference calls. Words such as "may," "will," "anticipate," "should," "intend," "expect," "believe," "estimate," "project," "plan," "potential," and "continue," as well as the negative of these terms or similar expressions are intended to identify forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those implied by such statements including, but not limited to, those set forth in Item 1A (Risk Factors) below and the following:

- risks of falling metals prices and inventory devaluation;
- risks associated with supply chain disruption resulting from the imbalance of metal supply and end-user demands related to the novel coronavirus, or COVID-19, pandemic and other factors;
- supply disruptions and inflationary pressures, including the availability and rising costs of transportation and logistical services and labor;
- increased customer demand without corresponding increase in metal supply could lead to an inability to meet customer demand and result in lower sales and profits;
- risks associated with the COVID-19 pandemic, including, but not limited to customer closures, reduced sales and profit levels, slower payment of accounts receivable and potential increases in uncollectible accounts receivable, falling metals prices that could lead to lower of cost or net realizable value inventory adjustments and the impairment of intangible and long-lived assets, reduced availability and productivity of our employees, increased operational risks as a result of remote work arrangements, including the potential effects on internal controls, as well as cybersecurity risks and increased vulnerability to security breaches, information technology disruptions and other similar events, negative impacts on our liquidity position, inability to access our traditional financing sources on the same or reasonably similar terms as were available before the COVID-19 pandemic and increased costs associated with and less ability to access funds under our asset-based credit facility, or ABL Credit Facility, and the capital markets;
- general and global business, economic, financial and political conditions, including legislation passed under the new administration;
- competitive factors such as the availability, and global pricing of metals and production levels, industry shipping and inventory levels and rapid fluctuations in customer demand and metals pricing;
- supplier consolidation or addition of capacity;
- customer, supplier and competitor consolidation, bankruptcy or insolvency;
- reduced production schedules, layoffs or work stoppages by our own, our suppliers' or customers' personnel;
- the levels of imported steel in the United States and the tariffs initiated by the U.S. government in 2018 under Section 232 of the Trade Expansion Act of 1962 and imposed tariffs and duties on exported steel or other products, U.S. trade policy and its impact on the U.S. manufacturing industry;
- cyclicality and volatility within the metals industry;
- the adequacy of our efforts to mitigate cyber security risks and threats, especially with employees working remotely due to the COVID-19 pandemic;
- fluctuations in the value of the U.S. dollar and the related impact on foreign steel pricing, U.S. exports, and foreign imports to the United States;
- the successes of our efforts and initiatives to improve working capital turnover and cash flows, and achieve cost savings;
- our ability to further diversify our business, deliver consistent profitability and enhance shareholder value, including, without limitation, our ability to successfully redeploy the proceeds from the sale of our Detroit operation and other capital;
- our ability to generate free cash flow through operations and repay debt;
- our ability to sell shares of our common stock under the at-the-market equity program;
- the adequacy of our existing information technology and business system software, including duplication and security processes;
- the amounts, successes and our ability to continue our capital investments and strategic growth initiatives, including acquisitions and our business information system implementations;

- our ability to successfully integrate recent acquisitions into our business and risks inherent with the acquisitions in the achievement of expected results, including whether an acquisition will be accretive and within the expected timeframe;
- events or circumstances that could adversely impact the successful operation of our processing equipment and operations;
- rising interest rates and their impacts on our variable interest rate debt;
- the impacts of union organizing activities and the success of union contract renewals;
- changes in laws or regulations or the manner of their interpretation or enforcement could impact our financial performance and restrict our ability to operate our business or execute our strategies;
- events or circumstances that could impair or adversely impact the carrying value of any of our assets;
- risks and uncertainties associated with intangible assets, including impairment charges related to indefinite lived intangible assets;
- the timing and outcomes of inventory lower of cost or net realizable value adjustments and last-in, first-out, or LIFO, income or expense;
- the inflation or deflation existing within the metals industry, as well as product mix and inventory levels on hand, which can impact our cost of materials sold as a result of the fluctuations in the LIFO inventory valuation;
- our ability to pay regular quarterly cash dividends and the amounts and timing of any future dividends;
- our ability to repurchase shares of our common stock and the amounts and timing of repurchases, if any; and
- unanticipated developments that could occur with respect to contingencies such as litigation, arbitration and environmental matters, including any developments that would require any increase in our costs for such contingencies.

Should one or more of these or other risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, intended, expected, believed, estimated, projected or planned. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to republish revised forward-looking statements to reflect the occurrence of unanticipated events or circumstances after the date hereof, except as otherwise required by law.

ITEM 1A. RISK FACTORS

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. This volatility can significantly affect the availability and cost of raw materials to us.

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.

Supply chain disruptions and inflationary pressures caused by the COVID-19 pandemic, and other factors, has had, and could continue to have an adverse effect on our business, financial condition and liquidity.

On March 11, 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic. Olympic Steel is an essential business and has remained open in all locations, adhering to all health guidelines to operate safely provided by the Center for Disease Control and Prevention and local authorities.

We are dependent on our suppliers to provide us with metal. During 2021, we experienced increased supply chain disruptions resulting from the imbalance of metal supply and end-user demands as customer demand increased without a corresponding increase in metal supply, as businesses reopened after the COVID-19 pandemic. Our inability to meet customer demand as a result of supply disruptions and inflationary pressures could result in lower sales and profits.

Although it is not possible to predict the ultimate impact of the COVID-19 pandemic, including on our business, financial position or liquidity, such impacts that may be material include, but are not limited to: (i) reduced sales and profit levels, (ii) the slower payment of accounts receivable and potential increases in uncollectible accounts receivable, (iii) falling metals prices that could lead to lower of cost or market inventory adjustments and the impairment of intangible and long-lived assets, (v) reduced availability and productivity of our employees, (vi) increased operational risks as a result of remote work arrangements, including the potential effects on internal controls, as well as cybersecurity risks and increased vulnerability to security breaches, information technology disruptions and other similar events, (vii) negative impacts on our liquidity position, (viii) inability to access our traditional financing sources on the same or reasonably similar terms as were available before the COVID-19 pandemic, and (ix) increased costs and less ability to access funds under our ABL Credit Facility and the capital markets. To the extent the duration of any of these conditions extends for a longer period of time, the impact will generally be a more severe adverse impact.

We cannot predict the impact that the COVID-19 pandemic ultimately will have on our customers, suppliers, vendors, and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us. The situation is changing rapidly and additional impacts may arise that we are not aware of currently.

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 in-house truck 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. The COVID-19 pandemic impacted the availability of drivers and third-party trucks and increased the price of transportation services in the United States. Failure of a third-party transportation provider to provide transportation services 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.

An interruption in the sources of our metals supply could have a material adverse effect on our results of operations.

We purchased approximately 51% and 56% of our total metals requirements from our three largest suppliers in 2021 and 2020, respectively. Over the past year, supplier consolidation, decreased mill production due to the COVID-19 pandemic and import tariffs decreased steel availability and increased mill lead times and increased steel prices. Fewer available suppliers increases the risk of supply disruption through both scheduled and unscheduled supplier outages. Conversely, the addition of new mill sources 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.

Our information technology systems could be negatively affected by cyber security threats.

Increased global information technology security requirements, vulnerabilities, threats and a rise in sophisticated and targeted cybercrime pose a risk to the security of our systems, networks and the confidentiality, availability and integrity of our data. The risk has been further enhanced with an increased remote workforce due to the COVID-19 pandemic. Despite our efforts to protect sensitive information and confidential and personal data, our facilities and systems 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.

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, 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 47% and 45% of our 2021 and 2020 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 7% and 11% of our 2021 and 2020 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.

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 6% of our consolidated net sales in both 2021 and 2020. Approximately 47% and 45% of our consolidated net sales during 2021 and 2020, 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.

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 expanded 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. 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 disruptions from the installations may make it difficult for us to maintain relationships with our customers, employees or suppliers.

Difficulties 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.

The failure of our key computer-based systems could have a 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 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.

Our implementation of information systems could adversely affect our results of operations and cash flows.

We are in the process of implementing information systems and eliminating our legacy operating systems. The objective is to standardize and streamline business processes and improve support for our service center and fabrication business. 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 software and implementation vendors may not be able to support the project as planned;
- the possibility that the timelines, costs or complexities related to the new system implementation will be greater than expected;
- the possibility that the software, once fully implemented, does not function as planned;
- the possibility that benefits from the systems may be less or take longer to realize than expected;
- the possibility that disruptions from the implementation may make it difficult for us to maintain relationships with our customers, employees or suppliers; and
- 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.

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.

Increases in energy prices would increase our operating costs, and we may be unable to pass all these increases on to our customers in the form of higher prices.

If our energy costs increase disproportionately to our revenues, our earnings could be reduced. We use energy to process and transport our products. Our operating costs increase if energy costs, including electricity, diesel fuel and natural gas, rise. During periods of higher energy costs, we may not be able to recover our operating cost increases through price increases without reducing demand for our products. In addition, we generally do not hedge our exposure to higher prices via energy futures contracts. Increases in energy and fuel prices will increase our operating costs and may reduce our profitability if we are unable to pass all of the increases on to our customers.

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 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 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.

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, 2021, we employed approximately 1,642 people. Approximately 182 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, including those in the automotive industry, 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.

Participation in multiemployer pension plans carry withdrawal liability risks, which could impact our results of operations and financial condition.

Through our 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 1) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and 3) 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.

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 solid, 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 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.

Impairment in the carrying value of intangible assets could result in the incurrence of impairment charges and negatively impact our results of operations.

The net carrying value of intangibles represents non-amortizable goodwill and trade names, covenant not to compete and customer relationships, net of accumulated amortization, related to recent acquisitions. Indefinitely lived assets are evaluated for impairment annually or whenever events or changes in circumstance indicate that the carrying amounts of these assets may not be recoverable. Amortizable intangible assets are evaluated for impairment whenever events or changes in circumstance indicate that the carrying amounts of these assets may not be recoverable. Impairments to intangible assets may be caused by factors outside our control, such as increased competitive pricing pressures, lower than expected revenue and profit growth rates, changes in discount rates based on changes in the cost of capital (interest rates, etc.), or the loss of a significant customer and could result in the incurrence of impairment charges and negatively impact 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, 2021 rates and, assuming no change in total debt from December 31, 2021 levels, the additional annual interest expense to us would be approximately $2.5 million.

Uncertainty relating to the calculation of London Interbank Offered Rate, or LIBOR and other reference rates and their potential discontinuance may adversely affect interest expense related to our outstanding debt, including amounts borrowed under our ABL Credit Facility.

National and international regulators and law enforcement agencies have conducted investigations into a number of rates or indices, which are deemed to be “reference rates.” Actions by such regulators and law enforcement agencies may result in changes to the manner in which certain reference rates are determined, their discontinuance, or the establishment of alternative reference rates. The Federal Reserve Bank of New York has begun publishing a Secured Overnight Funding Rate, or SOFR, which is intended to replace U.S. dollar LIBOR, and central banks in several other jurisdictions have also announced plans for alternative reference rates for other currencies. These reforms may cause LIBOR to perform differently than in the past or to disappear entirely. The consequences of these developments with respect to LIBOR cannot be entirely predicted but may result in an increase in the interest cost of our variable rate indebtedness. In the future, we may need to renegotiate our outstanding indebtedness or incur other indebtedness, and the phase-out of LIBOR may negatively impact the terms of such indebtedness. In addition, the overall financial market may be disrupted as a result of the phase-out or replacement of LIBOR. Disruption in the financial market could have a material adverse effect on our financial position, results of operations, and liquidity.

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 on 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.

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 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 11.1% of our outstanding common stock as of December 31, 2021. 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We believe that our properties are strategically situated relative to our domestic suppliers, our customers and each other, allowing us to support customers from multiple locations. Product is shipped from the most advantageous facility, regardless of where the customer order is taken. The facilities are located in the hubs of major metals consumption markets, and within a 250-mile radius of most of our customers, a distance approximating the one-day driving and delivery limit for truck shipments.

The following table sets forth certain information concerning our principal properties including which segment's products are serviced out of each location:

					Segment		
Operation	**Location**	**Square Feet**	**Function**	**Owned or Leased**	**Carbon Flat**	**Specialty Metals Flat**	**Tube and Pipe**
Cleveland	Bedford Heights, Ohio (1)	127,000	Corporate offices, coil processing and distribution center	Owned	✔	✔	
	Bedford Heights, Ohio (1)	121,500	Coil and plate processing, distribution center and offices	Owned	✔	✔	✔
	Bedford Heights, Ohio (1)	59,500	Plate processing, distribution center and offices	Leased (2)	✔		
	Dover, Ohio	62,000	Plate processing, fabrication and distribution center	Owned	✔		
Minneapolis	Plymouth, Minnesota	196,800	Coil and plate processing, distribution center and offices	Owned	✔	✔	
	Plymouth, Minnesota	112,200	Plate processing, fabrication, distribution center and offices	Owned	✔		
Chambersburg	Chambersburg, Pennsylvania	157,000	Plate processing, distribution center and offices	Owned	✔		
	Chambersburg, Pennsylvania	150,000	Plate processing, fabrication, manufacturing, distribution center and offices	Owned	✔		
Iowa	Bettendorf, Iowa	244,000	Coil and plate processing, fabrication, distribution center and offices	Owned	✔	✔	
Winder	Winder, Georgia	285,000	Coil and plate processing, fabrication, distribution center and offices	Owned	✔	✔	✔
	Buford, Georgia	120,000	Coil and plate processing, fabrication, and distribution center	Leased (3)	✔	✔	
Kentucky	Mt. Sterling, Kentucky	100,000	Plate processing, fabrication and distribution center	Owned	✔		
	Mt. Sterling, Kentucky	107,000	Distribution center and offices	Owned	✔		✔
Gary	Gary, Indiana	183,000	Coil processing, distribution center and offices	Owned	✔	✔	
Connecticut	Milford, Connecticut	134,000	Coil processing, distribution center and offices	Owned	✔	✔	
Chicago	Schaumburg, Illinois	122,500	Coil and sheet processing, distribution center and offices	Owned	✔	✔	
Berlin Metals	Hammond, Indiana	117,950	Coil processing, distribution center and offices	Leased (4)		✔	
McCullough Industries	Kenton, Ohio	75,000	Manufacturing facility	Owned	✔	✔	
Streetsboro	Streetsboro, Ohio	66,200	Coil and sheet processing, distribution center and offices	Owned		✔	
	Latrobe, Pennsylvania	43,200	Coil and sheet processing, distribution center	Leased (5)		✔	
Rock Hill	Rock Hill, South Carolina	45,075	Distribution, processing center and offices	Owned		✔	
Dallas	Carrollton, Texas	44,480	Distribution, processing center and offices	Owned		✔	
Houston	Houston, Texas	30,000	Distribution, processing center and offices	Leased (6)		✔	

Operation	Location	Square Feet	Function	Owned or Leased	Carbon Flat	Specialty Metals Flat	Tube and Pipe
Springdale	Springdale, Arkansas	12,200	Distribution, processing center and offices	Leased (7)		✔	
Kansas City	Riverside, Missouri	11,300	Distribution, processing center and offices	Leased (8)		✔	
Powder Springs	Powder Springs, Georgia	11,275	Fabrication and offices	Leased (9)		✔	
	Powder Springs, Georgia	17,766	Fabrication	Leased (10)		✔	
	Powder Springs, Georgia	22,200	Fabrication	Leased (11)		✔	
Marietta	Marietta, Georgia	11,300	Distribution and offices	Leased (12)		✔	
	Marietta, Georgia	26,880	Distribution and offices	Leased (13)		✔	
Hiram	Hiram, Georgia	16,000	Fabrication and offices	Leased (14)		✔	
Albany	Albany, Georgia	12,000	Distribution	Leased (15)		✔	
Chicago	Romeoville, Illinois	363,000	Corporate offices, fabrication and distribution center	Owned			✔
St. Paul	St. Paul, Minnesota	132,000	Distribution center and offices	Owned			✔
Charlotte	Locust, North Carolina	127,600	Distribution center, fabrication and offices	Owned			✔
Fond du Lac	Fond du Lac, Wisconsin	117,000	Distribution center and offices	Owned	✔		✔
Indianapolis	Indianapolis, Indiana	79,000	Distribution center and offices	Owned			✔
Des Moines	Ankeny, Iowa	50,000	Distribution center and offices	Owned			✔
Owatonna	Owatonna, Minnesota	23,000	Production cutting center	Owned			✔

(1) The Bedford Heights facilities are all adjacent properties.
(2) This facility is leased from a related party. The lease expires on December 31, 2023, with renewal options.
(3) The lease on this facility expires on July 1, 2027.
(4) The lease on this facility expires on August 31, 2024, with renewal options.
(5) The lease on this facility expires on May 1, 2024.
(6) The lease on this facility expires on October 31, 2022, with renewal options.
(7) The lease on this facility expires on July 1, 2022, with renewal options.
(8) The lease on this facility expires on January 31, 2023, with renewal options
(9) The lease on this facility expires on June 30, 2029.
(10) The lease on this facility expires on June 30, 2029.
(11) The lease on this facility expires on June 30, 2029.
(12) The lease on this facility expires on June 30, 2029.
(13) The lease on this facility expires on June 30, 2029.
(14) The lease on this facility expires on June 30, 2029.
(15) The lease on this facility expires on January 1, 2029.

In addition to the facilities listed above, our executive office is leased and located in Highland Hills, Ohio and we have leased offices located in Media, Pennsylvania, Bonita Springs, Florida, San Antonio, Texas and Monterrey, Mexico. Management believes we will be able to accommodate our capacity needs for the immediate future at our existing facilities.

ITEM 3. LEGAL PROCEEDINGS

We are party to various legal actions that we believe are ordinary in nature and incidental to the operation of our business. In the opinion of management, the outcome of the proceedings to which we are currently a party will not have a material adverse effect upon our results of operations, financial condition or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

This information is included in this Annual Report on Form 10-K pursuant to Instruction 3 of Item 401(b) of Regulation S-K. The following is a list of our executive officers and a brief description of their business experience. Each executive officer will hold office until his or her successor is chosen and qualified.

Michael D. Siegal, age 69, has served as the Executive Chairman of our Board of Directors since January 2019. He previously served as our Chief Executive Officer from 1984 until December 2018 and as Chairman of our Board of Directors from 1994 until December 2018. From 1984 until January 2001, he also served as our President. He has been employed by us in a variety of capacities since 1974. Mr. Siegal serves on the Board of Directors of Twin City Fan Companies, Ltd. He is currently on the Board of the Development Corporation for Israel and the Chair of the Board of Trustees of the Jewish Agency for Israel.

Richard T. Marabito, age 58, has served as our Chief Executive Officer since January 2019. From March 2000 through December 2018, he served as our Chief Financial Officer. He joined us in 1994 as Corporate Controller and served in this capacity until March 2000. He also served as Treasurer from 1994 through 2002 and again from 2010 through 2012. Prior to joining us, Mr. Marabito served as Corporate Controller for a publicly traded wholesale distribution company and was employed by a national accounting firm in its audit department. Mr. Marabito is the Chair of the Metals Service Center Institute (MSCI), a North American metals industry trade association. He serves on the Board of Trustees for the University of Mount Union and has been a Board and Audit Committee member of CBIZ (CBZ: NYSE), one of the nation's top providers of accounting, tax and advisory services, since August 2021. He served as a board member of the Make-A-Wish Foundation of Ohio, Kentucky and Indiana and was past Chair of its Northeast Ohio regional board.

Richard A. Manson, age 53, has served as our Chief Financial Officer since January 2019, and has been employed by us since 1996. From January 2013 through December 2018, he served as our Vice President and Treasurer. From March 2010 through December 2012, he served as our Vice President of Human Resources and Administration. From January 2003 through March 2010, he served as our Treasurer and Corporate Controller. From 1996 through 2002, he served as our Director of Taxes and Risk Management. Prior to joining us, Mr. Manson was employed for seven years by a national accounting firm in its tax department. Mr. Manson is a member of the Advisory Board of Seeds for Literacy. Mr. Manson is a certified public accountant and member of the Ohio Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Andrew S. Greiff, age 60, has served as our President and Chief Operating Officer since January 2020. From August 2016 through December 2019, he served as Executive Vice President and Chief Operating Officer. He previously served as President, Specialty Metals from 2011 to 2016 after having joined us in 2009 as Vice President of Specialty Metals. Prior thereto, Mr. Greiff spent 24 years in various positions within the steel industry and served as the President and CEO of his own steel trading company. Mr. Greiff served as a Board Member of the MSCI and a past director of Jewish Big Brother Big Sister and the Anti-Defamation League.

Lisa K. Christen, age 45, has served as our Treasurer and Corporate Controller since January 2019, and has been employed by us since 1999. From March 2010 through December 2018, she served as our Corporate Controller. From 1999 through 2010 she served in various positions within the accounting department. Ms. Christen serves as the Treasurer and is a Board Member of Seton Catholic School in Hudson, Ohio and serves on the finance committee of Walsh Jesuit High School, in Cuyahoga Falls, Ohio. Ms. Christen is a certified public accountant and member of the Ohio Society of Certified Public Accountants.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

Our common stock trades on the Nasdaq Global Select Market under the symbol “ZEUS.”

Holders of Record

As of January 31, 2022, we estimate there were approximately 85 holders of record of our common stock.

Dividends

We expect to continue to make regular quarterly dividend distributions in the future, subject to the continuing determination by our Board of Directors that the dividend remains in the best interest of our shareholders. Our ABL Credit Facility restricts the aggregate amount of dividends and common stock repurchases that we can pay to $5.0 million annually without limitations. Dividend distributions in excess of $5.0 million require us to (i) maintain availability in excess of 20.0% of the aggregate revolver commitments or (ii) to maintain availability equal to or greater than 15.0% of the aggregate revolver commitments, and we must maintain a pro-forma ratio of Earnings before Interest, Taxes, Depreciation and Amortization, or EBITDA, minus certain capital expenditures and cash taxes paid to fixed charges of at least 1.00 to 1.00. Any determinations by the Board of Directors to pay cash dividends in the future will take into account various factors, including our financial condition, results of operations, current and anticipated cash needs, plans for expansion and restrictions under our credit agreement and any agreements governing our future debt. We cannot assure you that dividends will be paid in the future or that, if paid, the dividends will be at the same amount or frequency.

Issuer Purchases of Equity Securities

We did not purchase any of our equity securities during the quarter ended December 31, 2021.

On October 2, 2015, we announced that our Board of Directors authorized a stock repurchase program of up to 550,000 shares of the Company’s issued and outstanding common stock, which could include open market repurchases, negotiated block transactions, accelerated stock repurchases or open market solicitations for shares, all or some of which may be effected through Rule 10b5-1 plans. Any of the repurchased shares will be held in our treasury, or canceled and retired as our Board may determine from time to time. Any repurchases of common stock are subject to the covenants contained in the ABL Credit Facility. Our ABL Credit Facility restricts the aggregate amount of dividends and common stock repurchases that we can pay to $5.0 million annually without limitations. Purchases in excess of $5.0 million require us to (i) maintain availability in excess of 20.0% of the aggregate revolver commitments or (ii) to maintain availability equal to or greater than 15.0% of the aggregate revolver commitments and we must maintain a pro-forma ratio of EBITDA minus certain capital expenditures and cash taxes paid to fixed charges of at least 1.00 to 1.00. The timing and amount of any repurchases under the stock repurchase program will depend upon several factors, including market and business conditions, and limitations under the ABL Credit Facility, and repurchases may be discontinued at any time. As of December 31, 2021, 360,212 shares remain authorized for repurchase under the program.

Recent Sales of Unregistered Securities

We did not have any unregistered sales of equity securities during the quarter ended December 31, 2021.

ITEM 6. [RESERVED]

The following table sets forth selected financial and other data for each of the five years in the period ended December 31, 2021. The data presented should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

	For the Years Ended December 31,				
	2021	2020	2019	2018	2017
	(in thousands, except per share data)				
Income Statement Data:					
Net sales	$ 2,312,253	$ 1,234,144	$ 1,579,040	$ 1,715,081	$ 1,330,696
Cost of materials sold	1,802,052	979,099	1,280,110	1,372,954	1,055,212
Gross profit (a)	510,201	255,045	298,930	342,127	275,484
Operating expenses (b)	337,735	254,472	282,320	285,075	251,498
Operating income	172,466	573	16,610	57,052	23,986
Interest and other expense on debt	7,631	7,411	11,289	10,681	7,518
Income (loss) before income taxes	164,799	(6,911)	5,289	46,064	16,350
Net income (loss) (c)	$ 121,051	$ (5,595)	$ 3,856	$ 33,759	$ 18,963
Per Share Data:					
Net income (loss) - basic (d)	$ 10.53	$ (0.49)	$ 0.34	$ 2.95	$ 1.67
Net income (loss) - diluted (e)	$ 10.52	$ (0.49)	$ 0.34	$ 2.95	$ 1.67
Dividends paid	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.08
Shares Outstanding:					
Weighted average shares - basic	11,492	11,447	11,509	11,432	11,381
Weighted average shares - diluted	11,503	11,447	11,509	11,440	11,381
Balance Sheet Data (as of December 31):					
Current assets	$ 789,400	$ 402,204	$ 419,842	$ 562,769	$ 420,136
Current liabilities	224,336	126,725	101,087	128,427	111,147
Working capital (f)	565,064	275,479	318,755	434,342	308,989
Total assets	1,023,572	640,605	649,555	760,740	604,158
Total debt	327,764	160,609	192,925	302,530	197,165
Shareholders' equity	$ 424,439	$ 301,010	$ 308,352	$ 306,991	$ 272,583

(a) Gross profit is calculated as net sales less the cost of materials sold (includes LIFO expense of $21,850 in 2021, LIFO income of $1,517 and $3,669 in 2020 and 2019, respectively, and LIFO expense of $8,408 and $2,707 in 2018 and 2017, respectively).
(b) Operating expenses are calculated as total costs and expenses less the cost of materials sold.
(c) The year ended December 31, 2017, includes a $6.2 million benefit related to the Tax Cuts and Jobs Act.
(d) Calculated by dividing net income (loss) by weighted average basic shares outstanding.
(e) Calculated by dividing net income (loss) by weighted average diluted shares outstanding.
(f) Calculated as current assets less current liabilities.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause a difference include, but are not limited to, those discussed under Item 1A, Risk Factors in this Annual Report on Form 10-K. The following section is qualified in its entirety by the more detailed information, including our financial statements and the notes thereto, which appears elsewhere in this Annual Report.

Overview

We are a leading metals service center that operates in three reportable segments; specialty metals flat products, carbon flat products, and tubular and pipe products. We provide metals processing and distribution services for a wide range of customers. Our specialty metals flat products segment's focus is on the direct sale and distribution of processed aluminum and stainless flat-rolled sheet and coil products, flat bar products, prime tin mill products and fabricated parts. Through the acquisition of Shaw Stainless & Alloy, Inc., or Shaw, on October 1, 2021 and Action Stainless & Alloys, Inc., or Action Stainless, on December 14, 2020, our specialty metals flat products segment expanded its geographic footprint and enhanced its product offerings in stainless steel and aluminum plate, sheet, angles, rounds, flat bar, tubing and pipe. Action Stainless offers a range of processing, including plasma, laser and waterjet cutting and machining. Our carbon flat products segment's focus is on the direct sale and distribution of large volumes of processed carbon and coated flat-rolled sheet, coil and plate products and fabricated parts. Through the acquisitions of McCullough Industries, or McCullough, and the EZ Dumper® hydraulic dump inserts, or EZ Dumper, in 2019, our carbon flat products segment expanded its product offerings to include self-dumping metal hoppers and carbon and stainless-steel dump inserts for pickup truck and service truck beds. On September 17, 2021, the Company sold substantially all of the assets related to its Detroit operation. The Detroit operation was primarily focused on the distribution of carbon flat-rolled steel to domestic automotive manufacturers and their suppliers and primarily included in the carbon flat-rolled segment. In addition, we distribute metal tubing, pipe, bar, valves and fittings and fabricate pressure parts supplied to various industrial markets through our tubular and pipe products segment. Products that require more value-added processing generally have a higher gross profit. Accordingly, our overall gross profit is affected by, among other things, product mix, the amount of processing performed, the demand for and availability of metals, and volatility in selling prices and material purchase costs. We also perform toll processing of customer-owned metals. We sell certain products internationally, primarily in Canada and Mexico. International sales are immaterial to our consolidated financial results and to the individual segments' results.

Our results of operations are affected by numerous external factors including, but not limited to: general and global business, economic, financial, banking and political conditions; fluctuations in the value of the U.S. dollar to foreign currencies, competition; metals pricing, demand and availability; transportation and energy costs; pricing and availability of raw materials used in the production of metals; global supply, the level of metals imported into the United States, tariffs, and inventory held in the supply chain; the availability, and increased costs of labor; customers' ability to manage their credit line availability; and layoffs or work stoppages by our own, our suppliers' or our customers' personnel. The metals industry also continues to be affected by the global consolidation of our suppliers, competitors and end-use customers.

Like 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 customer forecasts, 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. From time to time, we have entered into nickel swaps at the request of our customers in order to mitigate our customers' risk of volatility in the price of metals, and we have entered into metals hedges to mitigate our risk of volatility in the price of metals. We have no long-term, fixed-price metals purchase contracts. When metals prices decline, customer demands for lower prices and our competitors' responses to those demands could result in lower sale prices and, consequently, lower gross profits and earnings as we use existing metals inventory. 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 gross profits of our business could be adversely affected.

Reportable Segments

We operate in three reportable segments: specialty metals flat products, carbon flat products and tubular and pipe products. The specialty metals flat products segment and the carbon flat products segment are at times consolidated and referred to as the flat products segment. Some of the flat products segments' assets and resources are shared by the specialty metals and carbon flat products segments and both segments' products are stored in the shared facilities and, in some locations, processed on shared equipment. As such, total assets and capital expenditures are reported in the aggregate for the flat products segments. Due to the shared assets and resources, certain of the flat products segment expenses are allocated between the specialty metals flat products segment and the carbon flat products segment based upon an established allocation methodology.

We follow the accounting guidance that requires the utilization of a "management approach" to define and report the financial results of operating segments. The management approach defines operating segments along the lines used by the chief operating decision maker, or CODM, to assess performance and make operating and resource allocation decisions. Our CODM evaluates performance and allocates resources based primarily on operating income. Our operating segments are based primarily on internal management reporting.

Due to the nature of the products sold in each segment, there are significant differences in the segments' average selling price and the cost of materials sold. The tubular and pipe products segment generally has the highest average selling price among the three segments followed by the specialty metals flat products and carbon flat products segments. Due to the nature of the tubular and pipe products, we do not report tons sold or per ton information. Gross profit per ton is generally higher in the specialty metals flat products segment than the carbon flat products segment. Gross profit as a percentage of net sales is generally highest in the tubular and pipe products segment, followed by the carbon and specialty metals flat products segments. Due to the differences in average selling prices, gross profit and gross profit percentage among the segments, a change in the mix of sales could impact total net sales, gross profit, and gross profit percentage. In addition, certain inventory in the tubular and pipe products segment is valued under the last-in, first-out, or LIFO, method. Adjustments to the LIFO inventory value are recorded to cost of materials sold and may impact the gross margin and gross margin percentage at the consolidated Company and tubular and pipe products segment levels.

Specialty metals flat products

The primary focus of our specialty metals flat products segment is on the direct sale and distribution of processed stainless and aluminum flat-rolled sheet and coil products, flat bar products and fabricated parts. Through the acquisition of Shaw on October 1, 2021 and Action Stainless on December 14, 2020, our specialty metals flat products segment expanded its geographic footprint and enhanced its product offerings in stainless steel and aluminum plate, sheet, angles, rounds, flat bar, tubing and pipe. Through the acquisition of Berlin Metals, LLC, or Berlin Metals, on April 2, 2018, our specialty metals flat products segment expanded its product offerings to include differing types of stainless flat-rolled sheet and coil and prime tin mill products. We act as an intermediary between metals producers and manufacturers that require processed metals for their operations. We serve customers in various industries, including manufacturers of food service and commercial appliances, agriculture equipment, transportation and automotive equipment. We distribute these products primarily through a direct sales force.

Carbon flat products

The primary focus of our carbon flat products segment is on the direct sale and distribution of large volumes of processed carbon and coated flat-rolled sheet, coil and plate products and fabricated parts. We act as an intermediary between metals producers and manufacturers that require processed metals for their operations. We serve customers in most metals consuming industries, including manufacturers and fabricators of transportation and material handling equipment, construction and farm machinery, storage tanks, environmental and energy generation equipment, automobiles, military vehicles and equipment, as well as general and plate fabricators and metals service centers. We distribute these products primarily through a direct sales force.

Combined, the carbon and specialty metals flat products segments have 33 strategically-located processing and distribution facilities in the United States and one in Monterrey, Mexico. Many of our facilities service both the carbon and the specialty metals flat products segments, and certain assets and resources are shared by the segments. Our geographic footprint allows us to focus on regional customers and larger national and multi-national accounts, primarily located throughout the midwestern, eastern and southern United States.

Tubular and pipe products

The tubular and pipe products segment consists of the Chicago Tube and Iron, or CTI, business, acquired in 2011. Through our tubular and pipe products segment, we distribute metal tubing, pipe, bar, valve and fittings and fabricate pressure parts supplied to various industrial markets. Founded in 1914, CTI operates from seven locations in the Midwestern and southeastern United States. The tubular and pipe products segment distributes its products primarily through a direct sales force.

Corporate expenses

Corporate expenses are reported as a separate line item for segment reporting purposes. Corporate expenses include the unallocated expenses related to managing the entire Company (i.e., all three segments), including compensation for certain personnel, expenses related to being a publicly traded entity such as board of directors' expenses, audit expenses, and various other professional fees.

Results of Operations

This section of this Annual Report on Form 10-K generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. Discussions of 2019 items and year-to-year comparisons between 2020 and 2019 that are not included in this Annual Report on Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

2021 Compared to 2020

Our results of operations are impacted by the market price of metals. Metals prices fluctuate significantly and changes to our net sales, cost of materials sold, gross profit, cost of inventory and profitability, are all impacted by industry metals pricing. Starting in August 2020, metals prices increased significantly and reached record levels during 2021 before beginning to decline in October 2021. The increased industry metals pricing has been caused primarily by disruptions in the domestic and global supply chains; increased raw material pricing; supply shortages, including increased lead times and delivery delays; increased transportations costs; and increased domestic demand as the economy recovers from the COVID-19 pandemic.

Transactional or "spot" selling prices generally move in tandem with market price changes, while fixed selling prices typically lag and reset quarterly. Similarly, inventory costs (and, therefore, cost of materials sold) tend to move slower than market selling price changes due to mill lead times and inventory turnover impacting the rate of change in average cost. When average selling prices increase, and net sales increase, gross profit and operating expenses as a percentage of net sales will generally decrease. During 2021, our sales volumes were negatively impacted by supply chain disruptions; however, our net sales were positively impacted by the price increases experienced during 2021, in particular for carbon flat products, which increased our profitability during 2021.

Consolidated Operations

The following table sets forth certain consolidated income statement data for the years ended December 31, 2021 and 2020 (dollars shown in thousands):

	2021		2020	
	$	% of net sales	$	% of net sales
Net sales	$ 2,312,253	100.0	$ 1,234,144	100.0
Cost of materials sold (a)	1,802,052	77.9	979,099	79.3
Gross profit (b)	510,201	22.1	255,045	20.7
Operating expenses (c)	337,735	14.6	254,472	20.6
Operating income	172,466	7.5	573	0.0
Other loss, net	(36)	(0.0)	(73)	(0.0)
Interest and other expense on debt	7,631	0.3	7,411	0.6
Income before income taxes	164,799	7.1	(6,911)	(0.6)
Income taxes	43,748	1.9	(1,316)	(0.1)
Net income	$ 121,051	5.2	$ (5,595)	(0.5)

(a) Includes $21,850 of LIFO expense and $1,517 of LIFO income in 2021 and 2020, respectively.
(b) Gross profit is calculated as net sales less the cost of materials sold.
(c) Operating expenses are calculated as total costs and expenses less the cost of materials sold.

Net sales increased $1.1 billion, or 87.4%, to $2.3 billion in 2021 from $1.2 billion in 2020. Specialty metals flat products net sales increased $272.6 million, or 87.0%, to $585.8 million in 2021 compared to $313.2 million in 2020 and were 25.3% of total net sales in 2021 compared to 25.4% of total net sales in 2020. Carbon flat products net sales increased $653.9 million, or 94.7%, in 2021 compared to 2020 and were 58.1% of total net sales in 2021 compared to 55.9% of total net sales in 2020. Tubular and pipe products net sales increased $151.7 million, or 65.7%, to $382.4 million in 2021 compared to $230.7 million in 2020 and were 16.5% of total net sales in 2021 compared to 18.7% of total net sales in 2020. The increase in net sales was due to a 75.0% increase in consolidated average selling prices during 2021 compared to 2020, and a 7.1% increase in consolidated volume. Average selling prices in 2021 were $1,942 per ton, compared to $1,110 per ton in 2020. The increase in the average selling price is a result of the market pricing dynamics discussed above in Results of Operations.

Cost of materials sold increased $823.0 million, or 84.1%, to $1.8 billion in 2021 from $1.0 billion in 2020. During 2021, we recorded LIFO expense of $21.9 million compared to LIFO income of $1.5 million in 2020. The increase in cost of materials sold in 2021 is primarily related to increased metals pricing in 2021 compared to 2020.

As a percentage of net sales, gross profit (as defined in footnote (b) in the table above) increased to 22.1% in 2021 from 20.7% in 2020. The increase in the gross profit as a percentage of net sales is due to the impact of the rapidly increasing average selling prices discussed above in Results of Operations, while the average costs of inventory did not increase as quickly as the average selling price.

Operating expenses (as defined in footnote (c) in the table above) increased $83.3 million, or 32.7%, to $337.7 million in 2021 from $254.5 million in 2020. As a percentage of net sales, operating expenses decreased to 14.6% in 2021 from 20.6% in 2020. Operating expenses in the specialty metals flat products segment increased $38.3 million, operating expenses in the carbon flat products segment increased $25.7 million, operating expenses in the tubular and pipe products segment increased $13.6 million, and corporate expenses increased $5.7 million. Operating expenses increased during 2021 as a result of increased variable expenses related to increased sales volume, increased labor hours and increased variable performance-based incentive compensation; and inflationary impacts on labor, transportation and other product support costs compared to 2020. In addition, the inclusion of operating expenses related to the December 2020 acquisition of Action Stainless and the October 2021 acquisition of Shaw increased operating expenses in the specialty metals flat products segment by $16.7 million.

Interest and other expense on debt totaled $7.6 million in 2021 compared to $7.4 million in 2020. Our effective borrowing rate, exclusive of deferred financing fees and commitment fees, was 2.5% in 2021 compared to 3.3% in 2020. The decreased effective borrowing rate is due to lower interest rates compared to 2020. Total average borrowings increased $67.4 million, or 35.8%, to $255.8 million in 2021 from $188.4 million in 2020, primarily related to increased working capital needs in 2021.

Income before income taxes totaled $164.8 million, or 7.1% of net sales, compared to loss before income taxes of $6.9 million, or (0.6%) of net sales, in 2020.

An income tax provision of 26.5% was recorded in 2021, compared to an income tax benefit of 19.0% in 2020. The lower rate in 2020 was primarily attributable to the impact of permanently non-deductible items on a pre-tax loss.

Net income in 2021 totaled $121.1 million, or $10.53 per basic share and $10.52 per diluted share, compared to net loss of $5.6 million, or $0.49 per basic and diluted share, in 2020.

Segment Results of Operations

Specialty metals flat products

The following table sets forth certain income statement data for the specialty metals flat products segment for the years ended December 31, 2021 and 2020 (dollars shown in thousands, except per ton data):

	2021		2020	
		% of net sales		% of net sales
Direct tons sold	149,935		115,354	
Toll tons sold	7,872		11,319	
Total tons sold	157,807		126,673	
Net sales	$ 585,751	100.0	$ 313,190	100.0
Average selling price per ton	3,712		2,472	
Cost of materials sold	441,825	75.4	266,434	85.1
Gross profit (a)	143,926	24.6	46,756	14.9
Operating expenses (b)	73,382	12.5	35,090	11.2
Operating income	$ 70,544	12.0	$ 11,666	3.7

(a) Gross profit is calculated as net sales less the cost of materials sold.
(b) Operating expenses are calculated as total costs and expenses less the cost of materials sold.

Tons sold increased 31 thousand tons, or 24.6%, to 158 thousand tons in 2021 from 127 thousand tons in 2020. The increase in tons sold was due to the acquisition of Action Stainless as well as customer demand returning to more normalized levels, compared to suppressed sales in 2020 caused by the COVID-19 pandemic.

Net sales increased $272.6 million, or 87.0%, to $585.8 million in 2021 from $313.2 million in 2020. The increase in sales was due to a 50.1% increase in average selling prices and a 24.6% increase in sales volume during 2021 compared to 2020. Sales volumes in 2020 were adversely impacted by the COVID-19 pandemic. Average selling prices in 2021 increased to $3,712 per ton, compared to $2,472 per ton in 2020. The increase in the year over year average selling price per ton is a result of the increased industry metals pricing discussed above in Results of Operations.

Cost of materials sold increased $175.4 million, or 65.8%, to $441.8 million in 2021 from $266.4 million in 2020. The increase in cost of materials sold was due to the increase in sales volume and increased industry metals pricing discussed above in Results of Operations.

As a percentage of net sales, gross profit (as defined in footnote (a) in the table above) increased to 24.6% in 2021 from 14.9% in 2020. The average gross profit per ton sold totaled $912 in 2021 compared to $369 in 2020. The increase in the gross profit as a percentage of net sales is due to the impact of the rapidly increasing average selling prices discussed above in Results of Operations, while the average costs of inventory did not increase as quickly as the average selling price.

Operating expenses (as defined in footnote (b) in the table above) increased $38.3 million, or 109.1%, to $73.4 million in 2021 from $35.1 million in 2020. As a percentage of net sales, operating expenses increased to 12.5% of net sales in 2021 from 11.2% in 2020. The increase in operating expenses was primarily attributable to the inclusion of operating expenses related to the December 2020 acquisition of Action Stainless and the October 2021 acquisition of Shaw, which accounted for $16.7 million of the operating expense increase; increased variable expenses related to increased sales volume, increased labor hours and increased variable performance-based incentive compensation; and inflationary impacts on labor, transportation and other product support costs.

Operating income for 2021 totaled $70.5 million, or 12.0% of net sales, compared to $11.7 million, or 3.7% of net sales, in 2020.

Carbon flat products

The following table sets forth certain income statement data for the carbon flat products segment for the years ended December 31, 2021 and 2020 (dollars shown in thousands, except per ton data):

	2021		2020	
		% of net sales		% of net sales
Direct tons sold	868,775		849,688	
Toll tons sold	52,520		48,021	
Total tons sold	921,295		897,709	
Net sales	$ 1,344,150	100.0	$ 690,273	100.0
Average selling price per ton	1,459		769	
Cost of materials sold	1,059,620	78.8	551,788	79.9
Gross profit (a)	284,530	21.2	138,485	20.1
Operating expenses (b)	174,456	13.0	148,774	21.6
Operating income (loss)	$ 110,074	8.1	$ (10,289)	(1.6)

(a) Gross profit is calculated as net sales less the cost of materials sold.
(b) Operating expenses are calculated as total costs and expenses less the cost of materials sold.

Tons sold increased 24 thousand tons, or 2.6%, to 921 thousand tons in 2021 from 898 thousand tons in 2020. Toll tons sold increased 5 thousand tons, or 9.3%, to 53 thousand tons in 2021 from 48 thousand tons in 2020. The increase in tons sold is due to customer demand returning to more normalized levels, compared to suppressed sales in 2020 caused by the COVID-19 pandemic; however, our ability to ship is still limited due to supply chain disruptions experienced by our customers. In addition, tons sold by the carbon flat products segment was negatively impacted by the sale of our Detroit operation in September 2021 resulting in a decrease of 28 thousand tons, or 24.8%, to 85 thousand tons in 2021 from 112 thousand tons in 2020.

Net sales increased $653.9 million, or 94.7%, to $1.3 billion in 2021 from $690.3 million in 2020. The increase in sales was due to an 89.7% increase in average selling prices and a 2.6% increase in sales volume, partially offset by a lower volume due to the sale of our Detroit operation in September 2021. Average selling prices in 2021 increased 89.7% to $1,459 per ton compared to $769 per ton in 2020.

Cost of materials sold increased $507.8 million, or 92.0%, to $1.1 billion in 2021 from $551.8 million in 2020. The increase in cost of materials sold was due to increased industry metals pricing discussed above in Results of Operations.

As a percentage of net sales, gross profit (as defined in footnote (a) in the table above) increased to 21.2% in 2021 from 20.1% in 2020. The average gross profit per ton sold increased $155 per ton, or 100.2%, to $309 in 2021 from $154 in 2020.

Operating expenses in 2021 increased $25.7 million, or 17.3%, to $174.5 million from $148.8 million in 2020. As a percentage of net sales, operating expenses decreased to 13.0% in 2021 from 21.6% in 2020. Operating expenses increased as a result of increased variable expenses related to increased sales volume, increased labor hours and increased variable performance-based incentive compensation and inflationary impacts on labor, transportation and other product support costs.

Operating income totaled $110.0 million, or 8.1% of net sales, in 2021 compared to operating loss of $10.3 million, or (1.6%) of net sales, in 2020.

Tubular and pipe products

The following table sets forth certain income statement data for the tubular and pipe products segment for the years ended December 31, 2021 and 2020 (dollars shown in thousands).

	2021		2020	
	$	**% of net sales**	**$**	**% of net sales**
Net sales	$ 382,352	100.0	$ 230,681	100.0
Cost of materials sold (a)	300,607	78.6	160,877	69.7
Gross profit (b)	81,745	21.4	69,804	30.3
Operating expenses (c)	74,392	19.4	60,785	26.3
Operating income	$ 7,353	1.9	$ 9,019	3.9

(a) Includes $21,850 of LIFO expense and $1,517 of LIFO income in 2021 and 2020, respectively.
(b) Gross profit is calculated as net sales less the cost of materials sold.
(c) Operating expenses are calculated as total costs and expenses less the cost of materials sold.

Net sales increased $151.7 million, or 65.7%, to $382.4 million in 2021 from $230.7 million in 2020. The increase in net sales was due to a 30.3% increase in average selling prices and a 27.2% increase in sales volume during 2021. The increase in sales volume is due to customer demand returning to more normalized levels, compared to suppressed sales in 2020 caused by the COVID-19 pandemic.

Cost of materials sold increased $139.7 million, or 86.9%, to $300.6 million in 2021 from $160.9 million in 2020. The increase in cost of materials sold is due to increased metals pricing discussed above in Results of Operations and increased sales volumes. As a result of rapidly increasing prices, during 2021, our tubular and pipe products segment recorded $21.9 million of LIFO expense, compared to $1.5 million of LIFO income recorded in 2020.

As a percentage of net sales, gross profit (as defined in footnote (b) in the table above) decreased to 21.4% in 2021 compared to 30.3% in 2020. As a percentage of net sales, the LIFO expense recorded in 2021 decreased gross profit by 5.7% compared to the LIFO income recorded in 2020, which increased gross profit by 0.7%.

Operating expenses (as defined in footnote (c) in the table above) increased $13.6 million, or 22.4%, to $74.4 million in 2021 from $60.8 million in 2020. As a percentage of net sales, operating expenses decreased to 19.4% in 2021 compared to 26.3% in 2020. Operating expenses increased as a result of increased variable expenses related to increased sales volume and increased variable performance-based incentive compensation and inflationary impacts on labor, transportation and other product support costs.

Operating income for 2021 totaled $7.4 million, or 1.9% of net sales, compared to $9.0 million, or 3.9% of net sales, in 2020.

Corporate expenses

Corporate expenses increased $5.7 million, or 57.8%, to $15.5 million in 2021 compared to $9.8 million in 2020. Corporate expense increased as a result of increased performance-based incentive compensation offset by the $3.5 million gain, net of expenses, on the sale of our Detroit operation in September 2021.

Liquidity, Capital Resources and Cash Flows

Our principal capital requirements include funding working capital needs, purchasing, upgrading and acquiring processing equipment and facilities, making acquisitions and paying dividends. We use cash generated from operations and borrowings under our asset-based credit facility, or ABL Credit Facility, to fund these requirements.

We believe that funds available under our ABL Credit Facility, together with funds generated from operations, will be sufficient to provide us with the liquidity necessary to fund anticipated working capital requirements, capital expenditure requirements, our dividend payments and any share repurchases and business acquisitions over at least the next 12 months and for the foreseeable future thereafter. In the future, we may as part of our business strategy, acquire and dispose of assets or other companies in the same or complementary lines of business, or enter into or exit strategic alliances and joint ventures. Accordingly, the timing and size of our capital requirements are subject to change as business conditions warrant and opportunities arise.

2021 Compared to 2020

Operating Activities

During 2021, we used $146.4 million of cash for operations, of which $137.5 million was generated from operating activities and $283.9 million was used for working capital needs. Net cash from operations during 2021 was primarily comprised of net income of $121.1 million and the $21.0 million addback of non-cash depreciation and amortization expense. During 2020, we generated $61.7 million of net cash from operations, of which $14.5 million was generated from operating activities and $47.1 million was generated from working capital. Net cash from operations during 2020 was primarily comprised of the $20.0 million addback of non-cash depreciation and amortization expense to the net loss of $5.6 million.

Working capital at December 31, 2021 totaled $565.1 million, a $289.6 million increase from December 31, 2021. The increase was primarily attributable to a $241.9 million increase in inventory (resulting from higher average inventory costs and higher inventory levels in 2021 compared to 2020), and a $131.5 million increase in accounts receivable (resulting primarily from increased sales prices and shipping volumes at the end of 2021 compared to 2020, offset by increased accounts payable and outstanding checks (resulting from increased inventory purchases and higher inventory costs at the end of 2021 compared to 2020) and increased accrued payroll and other accrued liabilities (resulting from increased performance based incentive compensation).

Investing Activities

Net cash used for investing activities was $13.5 million during 2021, compared to $28.1 million during 2020. Investment activities in 2021 included the acquisition of Shaw for $12.1 million and $11.0 million of capital expenditures, primarily attributable to processing equipment at our existing facilities. Net proceeds from the sale of property and equipment of our Detroit operation totaled $9.5 million. Investment activities in 2020 included the acquisition of Action Stainless for $19.5 million and $9.8 million of capital expenditures, primarily attributable to processing equipment at our existing facilities. During 2022, we expect our capital spending to exceed our annual depreciation expense.

Financing Activities

During 2021, $164.1 million of cash was from financing activities, which primarily consisted of $167.2 million of net borrowings under our ABL Credit Facility, offset by $1.3 million of credit facility fees and expenses related to our refinancing and $0.9 million of dividends paid and $0.8 million of principal payments for financing lease obligations. During 2020, $33.7 million of cash was used for financing activities, which primarily consisted of $32.3 million of net repayments under our ABL Credit Facility, and $0.9 million of dividends paid.

In February 2022, our Board of Directors approved a regular quarterly dividend of $0.09 per share, which is payable on March 15, 2022 to shareholders of record as of March 1, 2022. Our Board previously approved 2021 and 2020 regular quarterly dividends of $0.02 per share, which were paid in March, June, September and December of 2021 and 2020. Dividend distributions in the future are subject to the availability of cash, limitations on cash dividends under our ABL Credit Facility and continuing determination by our Board of Directors that the payment of dividends remains in the best interest of our shareholders.

Stock Repurchase Program

In 2015, our Board of Directors authorized a stock repurchase program of up to 550,000 shares of our issued and outstanding common stock, which could include open market repurchases, negotiated block transactions, accelerated stock repurchases or open market solicitations for shares, all or some of which may be effected through Rule 10b5-1 plans. Repurchased shares will be held in our treasury, or canceled and retired as our Board of Directors may determine from time to time. Any repurchases of common stock are subject to the covenants contained in the ABL Credit Facility. Under the ABL Credit Facility, we may repurchase common stock and pay dividends up to $5.0 million in the aggregate during any trailing twelve months without restrictions. Purchases in excess of $5.0 million require us to (i) maintain availability in excess of 20% of the aggregate revolver commitments ($95.0 million at December 31, 2021) or (ii) to maintain availability equal to or greater than 15% of the aggregate revolver commitments ($71.3 million at December 31, 2021) and we must maintain a pro forma ratio of earnings before interest, taxes, depreciation and amortization, or EBITDA, minus certain capital expenditures and cash taxes paid to fixed charges of at least 1.00 to 1.00. The timing and amount of any repurchases under the stock repurchase program will depend upon several factors, including market and business conditions, and limitations under the ABL Credit Facility, and repurchases may be discontinued at any time. As of December 31, 2021, 360,212 shares remain authorized for repurchase under the program.

There were no shares repurchased during 2021. During 2020 and 2019, we repurchased 15,000 and 109,505 shares, for an aggregate cost of $0.1 million and $1.5 million, respectively.

At- the-Market Equity Program

On September 3, 2021, we commenced an at-the-market, or ATM, equity program under our shelf registration statement, which allows us to sell and issue up to $50 million in shares of our common stock from time to time. We entered into an Equity Distribution Agreement on September 3, 2021 with KeyBanc Capital Markets Inc., or KeyBanc, relating to the issuance and sale of shares of common stock pursuant to the program. KeyBanc is not required to sell any specific amount of securities but will act as our sales agent using commercially reasonable efforts consistent with its normal trading and sales practices, on mutually agreed terms between KeyBanc and us. KeyBanc will be entitled to compensation for shares sold pursuant to the program of 2.0% of the gross proceeds of any shares of common stock sold under the Equity Distribution Agreement. No shares were sold under the ATM program during the twelve months ended December 31, 2021.

Debt Arrangements

On June 16, 2021, we entered into a Fourth Amendment to Third Amended and Restated Loan and Security Agreement, which amended and extended our existing ABL Credit Facility. The $475 million ABL Credit Facility consists of: (i) a revolving credit facility of up to $445 million, including a $20 million sub-limit for letters of credit, and (ii) a first in, last out revolving credit facility of up to $30 million. Under the terms of the ABL Credit Facility, we may, subject to the satisfaction of certain conditions, request additional commitments under the revolving credit facility in the aggregate principal amount of up to $200 million to the extent that existing or new lenders agree to provide such additional commitments and add real estate as collateral at our discretion. The ABL Credit Facility matures on June 16, 2026.

The ABL Credit Facility contains customary representations and warranties and certain covenants that limit our ability to, among other things: (i) incur or guarantee additional indebtedness; (ii) pay distributions on, redeem or repurchase capital stock or redeem or repurchase subordinated debt; (iii) make investments; (iv) sell assets; (v) enter into agreements that restrict distributions or other payments from restricted subsidiaries to us; (vi) incur or suffer to exist liens securing indebtedness; (vii) consolidate, merge or transfer all or substantially all of their assets; and (viii) engage in transactions with affiliates. In addition, the ABL Credit Facility contains a financial covenant which provides that: (i) if any commitments or obligations are outstanding and our availability is less than the greater of $30 million or 10.0% of the aggregate amount of revolver commitments ($47.5 million at December 31, 2021) or 10.0% of the aggregate borrowing base ($47.5 million at December 31, 2021), then we must maintain a ratio of EBITDA minus certain capital expenditures and cash taxes paid to fixed charges of at least 1.00 to 1.00 for the most recent twelve fiscal month period.

We have the option to borrow under its revolver based on the agent’s base rate plus a premium ranging from 0.00% to 0.25% or the London Interbank Offered Rate, or LIBOR, plus a premium ranging from 1.25% to 2.75%.

As of December 31, 2021, we were in compliance with our covenants and had approximately $143.5 million of availability under the ABL Credit Facility.

As of December 31, 2021, $1.6 million of bank financing fees were included in “Prepaid expenses and other” and “Other long-term assets” on the accompanying Consolidated Balance Sheets. The financing fees are being amortized over the five-year term of the ABL Credit Facility and are included in “Interest and other expense on debt” on the accompanying Consolidated Statements of Comprehensive Income (Loss).

On January 10, 2019, we entered into a five-year forward starting fixed rate interest rate hedge in order to eliminate the variability of cash interest payments on $75 million of the outstanding LIBOR based borrowings under the ABL Credit Facility. The interest rate hedge fixed the rate at 2.57%.

Contractual and Other Obligations

The following table reflects the material cash requirements for our contractual and other obligations as of December 31, 2021. We believe that funds available under our ABL Credit Facility, together with funds generated from operations, will be sufficient to provide us with the liquidity necessary to satisfy these obligations.

Contractual Obligations (amounts in thousands)		Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations	(a)	$ 327,764	$ -	$ -	$ 327,764	$ -
Interest obligations	(b)	26,808	7,021	12,244	7,542	-
Finance lease obligations	(c)	1,886	709	796	337	44
Unrecognized tax positions	(d)	259	240	19	-	-
Other long-term liabilities	(e)	11,054	-	7,273	2,909	872
Total contractual obligations		$ 367,771	$ 7,970	$ 20,332	$ 338,553	$ 916

(a) See Note 10 to the Consolidated Financial Statements.
(b) Future interest obligations are calculated using the debt balances and interest rates in effect on December 31, 2021.
(c) See Note 9 to the Consolidated Financial Statements.
(d) See Note 15 to the Consolidated Financial Statements. Classification is based on expected settlement dates and the expiration of certain statutes of limitations.
(e) Consists of retirement liabilities and deferred compensation payable in future years.

Off-Balance Sheet Arrangements

An off-balance sheet arrangement is any contractual arrangement involving an unconsolidated entity under which a company has (a) made guarantees, (b) a retained or a contingent interest in transferred assets, (c) any obligation under certain derivative instruments or (d) any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to a company, or engages in leasing, hedging, or research and development services within a company.

Other than derivative instruments discussed in Note 11 to the Consolidated Financial Statements, as of December 31, 2021, we had no material off-balance sheet arrangements.

Effects of Inflation

Inflation generally affects us by increasing the cost of employee wages and benefits, transportation services, processing equipment, purchased metals, energy and borrowings under our credit facility. General inflation, excluding increases in the price of metals and increased labor and distribution expense, has not had a material effect on our financial results during the past three years.

Critical Accounting Estimates

This discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates under different assumptions or conditions. On an on-going basis, we monitor and evaluate our estimates and assumptions.

We believe the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in developing estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods. See Note 1 to our consolidated financial statements for our significant accounting policies related to our critical accounting estimates.

Allowance for Credit Losses

The allowance for credit losses is maintained at a level considered appropriate based on historical experience and specific customer collection issues that we have identified. Estimations are based upon the application of a historical collection rate to the outstanding accounts receivable balance, which remains fairly level from year to year, and judgments about the probable effects of economic conditions on certain customers, which can fluctuate significantly from year to year. We cannot be certain that the rate of future credit losses will be similar to past experience. We consider all available information when assessing the adequacy of our allowance for credit losses each quarter.

Valuation of Deferred Tax Assets

The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The assessment regarding whether a valuation allowance is required or should be adjusted is based on an evaluation of possible sources of taxable income and also considers all available positive and negative evidence factors. Deferred income taxes on the consolidated balance sheet include, as an offset to the estimated temporary differences between the tax basis of assets and liabilities and the reported amounts on the consolidated balance sheets, the tax effect of operating loss and tax credit carryforwards. If we determine that we will not be able to fully realize a deferred tax asset, we will record a valuation allowance to reduce such deferred tax asset to its net realizable value. We recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Impact of Recently Issued Accounting Pronouncements

In December 2019, the Financial Account Standards Board, or FASB, issued Accounting Standards Update, or ASU, No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." The objective of this ASU is to simplify the accounting for income taxes by removing certain exceptions to general principles in ASC 740 and by clarifying and amending existing guidance within U.S. generally accepted accounting principles. ASU 2019-12 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Different components of the guidance require retrospective, modified retrospective or prospective adoption, and early adoption is permitted. The adoption of this ASU during the first quarter of 2021 did not have a material impact on our Consolidated Financial Statements.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326)." which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. The ASU replaces the existing incurred loss impairment model with a forward-looking expected credit loss model, which will result in earlier recognition of credit losses. The adoption of this ASU on January 1, 2020 did not have a material impact on our Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our principal raw materials are carbon, coated and stainless steel, and aluminum, pipe and tube, flat rolled coil, sheet and plate 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, the levels of metals imported into the United States, labor costs, sales levels, competition, levels of inventory held by other metals service centers, consolidation of metals producers, new global capacity by metals producers, higher raw material costs for the producers of metals, import duties and tariffs and currency exchange rates. This volatility can significantly affect the availability and cost of raw materials for us.

We, like many other metals service centers, 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. When metals prices decline, customer demands for lower prices and our competitors' responses to those demands could result in lower sale prices and, consequently, lower gross profits and inventory lower of cost or market adjustments as we sell 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 intangible asset impairment charges. Changing metals prices therefore could significantly impact our net sales, gross profits, operating income and net income.

Rising metals prices result in higher working capital requirements for us and our customers. Some customers may not have sufficient credit lines or liquidity to absorb significant increases in the price of metals. While we have generally been successful in the past in passing on producers' price increases and surcharges to our customers, there is no guarantee that we will be able to pass on price increases to our customers in the future. Declining metals prices have generally adversely affected our net sales and net income, while increasing metals prices have generally favorably affected our net sales and net income.

Approximately 47%, 45% and 46% of our consolidated net sales in 2021, 2020 and 2019, respectively, were directly related to industrial machinery and equipment manufacturers and their fabricators.

Inflation generally affects us by increasing the cost of employee wages and benefits, transportation services, processing equipment, purchased metals, energy and borrowings under our ABL Credit Facility. General inflation, excluding increases in the price of metals and increased labor and distribution expense, has not had a material effect on our financial results during the past three years.

We are exposed to the impact of fluctuating metals prices and interest rate changes. During 2021, 2020 and 2019, we entered into metals swaps at the request of customers. These derivatives have not been designated as hedging instruments. For certain customers, we enter into contractual relationships that entitle us to pass-through the economic effect of trading positions that we take with other third parties on our customers' behalf.

Our primary interest rate risk exposure results from variable rate debt. If interest rates in the future were to increase 100 basis points (1.0%) from December 31, 2021 rates and, assuming no change in total debt from December 31, 2021 levels, the additional annual interest expense to us would be approximately $2.5 million. We have the option to enter into 30- to 180-day fixed base rate LIBOR loans under the revolving credit facility provided by our ABL Credit Facility.

On January 10, 2019, we entered into a five-year interest rate swap that locked the interest rate at 2.567% on $75 million of our revolving debt.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Olympic Steel, Inc.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Olympic Steel, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Olympic Steel, Inc. (an Ohio corporation) and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 25, 2022 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our specially challenging, subjective or complex judgments. We determined that there are no critical audit matters.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2019.

Cleveland, Ohio
February 25, 2022

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Olympic Steel, Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Olympic Steel, Inc. (an Ohio corporation) and subsidiaries (the "Company") as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2021, and our report dated February 25, 2022 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Cleveland, Ohio
February 25, 2022

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, our management used the criteria established in *Internal Control - Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on our assessment, we concluded that, as of December 31, 2021, our internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report, which appears herein.

Olympic Steel, Inc.
Consolidated Statements of Comprehensive Income (Loss)
For The Years Ended December 31,
(in thousands, except per share data)

	2021	2020	2019
Net sales	$ 2,312,253	$ 1,234,144	$ 1,579,040
Costs and expenses			
Cost of materials sold (excludes items shown separately below)	1,802,052	979,099	1,280,110
Warehouse and processing	103,017	83,091	99,457
Administrative and general	104,617	71,451	76,863
Distribution	55,404	44,728	48,159
Selling	41,881	26,050	28,839
Occupancy	12,500	9,662	9,972
Depreciation	17,952	17,936	17,686
Amortization	2,364	1,554	1,344
Total costs and expenses	2,139,787	1,233,571	1,562,430
Operating income	172,466	573	16,610
Other loss, net	(36)	(73)	(32)
Income before interest and income taxes	172,430	500	16,578
Interest and other expense on debt	7,631	7,411	11,289
Income (loss) before income taxes	164,799	(6,911)	5,289
Income tax provision (benefit)	43,748	(1,316)	1,433
Net income (loss)	$ 121,051	$ (5,595)	$ 3,856
Gain (loss) on cash flow hedges	2,960	(2,579)	(3,041)
Tax effect of hedges	(740)	645	760
Total comprehensive income (loss)	$ 123,271	$ (7,529)	$ 1,575
Net income (loss) per share - basic	$ 10.53	$ (0.49)	$ 0.34
Weighted average shares outstanding - basic	11,492	11,447	11,509
Net income (loss) per share - diluted	$ 10.52	$ (0.49)	$ 0.34
Weighted average shares outstanding - diluted	11,503	11,447	11,509
Dividends declared per share of common stock	$ 0.08	$ 0.08	$ 0.08

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

Olympic Steel, Inc.
Consolidated Balance Sheets
As of December 31,
(in thousands)

		2021		2020
Assets				
Cash and cash equivalents	**$**	**9,812**	$	5,533
Accounts receivable, net		**284,570**		151,601
Inventories, net (includes LIFO reserve of $19,736 and LIFO debit of $2,115 as of December 31, 2021 and 2020, respectively)		**485,029**		240,001
Prepaid expenses and other		**9,989**		5,069
Total current assets		**789,400**		402,204
Property and equipment, at cost		**413,396**		434,579
Accumulated depreciation		**(266,340)**		(277,379)
Net property and equipment		**147,056**		157,200
Goodwill		**10,496**		5,123
Intangible assets, net		**33,653**		32,593
Other long-term assets		**15,241**		18,131
Right-of use assets, net		**27,726**		25,354
Total assets	**$**	**1,023,572**	$	640,605
Liabilities				
Accounts payable	**$**	**148,649**	$	87,291
Accrued payroll		**44,352**		10,985
Other accrued liabilities		**25,395**		22,869
Current portion of lease liabilities		**5,940**		5,580
Total current liabilities		**224,336**		126,725
Credit facility revolver		**327,764**		160,609
Other long-term liabilities		**15,006**		22,478
Deferred income taxes		**9,890**		9,818
Lease liabilities		**22,137**		19,965
Total liabilities		**599,133**		339,595
Commitments and contingencies (Note 13)				
Shareholders' Equity				
Preferred stock, without par value, 5,000 shares authorized, no shares issued or outstanding		**-**		-
Common stock, without par value, 20,000 shares authorized; 11,124 issued; 11,124 and 11,075 shares outstanding		**133,427**		132,382
Treasury stock, at cost, 0 and 0 shares held		**-**		-
Accumulated other comprehensive loss		**(1,996)**		(4,215)
Retained earnings		**293,008**		172,843
Total shareholders' equity		**424,439**		301,010
Total liabilities and shareholders' equity	**$**	**1,023,572**	$	640,605

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

Olympic Steel, Inc.
Consolidated Statements of Cash Flows
For The Years Ended December 31,
(in thousands)

	2021	2020	2019
Adjustments to reconcile net income (loss) to net cash from (used for) operating activities.			
Net income (loss)	**$ 121,051**	$ (5,595)	$ 3,856
Adjustments to reconcile net income (loss) to net cash from (used for) operating activities -			
Depreciation and amortization	**20,954**	20,008	19,548
(Gain) loss on disposition of property and equipment	**(22)**	2,026	(222)
Gain on disposition of Detroit operation (before expenses of $2,569)	**(6,068)**	-	-
Stock-based compensation	**1,045**	1,215	2,188
Intangibles and other long-term assets	**6,796**	(4,349)	(3,835)
Deferred income taxes and other long-term liabilities	**(6,231)**	1,220	1,283
	137,525	14,525	22,818
Changes in working capital:			
Accounts receivable	**(131,459)**	(14,790)	42,141
Inventories	**(241,899)**	37,186	95,836
Prepaid expenses and other	**(4,850)**	2,112	2,464
Accounts payable	**60,538**	23,333	(33,651)
Change in outstanding checks	**(1,189)**	(6,893)	7,053
Accrued payroll and other accrued liabilities	**34,960**	6,179	(7,040)
	(283,899)	47,127	106,803
Net cash from (used for) operating activities	**(146,374)**	61,652	129,621
Cash flows from (used for) investing activities:			
Acquisitions	**(12,105)**	(19,500)	(11,133)
Capital expenditures	**(11,011)**	(9,803)	(10,165)
Proceeds from sale of Detroit property and equipment	**9,506**	-	-
Proceeds from disposition of property and equipment	**146**	1,154	269
Net cash used for investing activities	**(13,464)**	(28,149)	(21,029)
Cash flows from (used for) financing activities:			
Credit facility revolver borrowings	**757,788**	339,538	536,944
Credit facility revolver repayments	**(590,632)**	(371,854)	(646,549)
Principal payments under finance lease obligation	**(828)**	(242)	(63)
Credit facility fees and expenses	**(1,325)**	(124)	(100)
Repurchase of common stock	**-**	(145)	(1,522)
Dividends paid	**(886)**	(885)	(879)
Net cash from (used for) financing activities	**164,117**	(33,712)	(112,169)
Cash and cash equivalents:			
Net change	**4,279**	(209)	(3,577)
Beginning balance	**5,533**	5,742	9,319
Ending balance	**$ 9,812**	$ 5,533	$ 5,742

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

Olympic Steel, Inc.
Supplemental Disclosures of Cash Flow Information
For The Years Ended December 31,
(in thousands)

	2021	2020	2019
Cash paid during the period			
Interest paid	**$ 6,843**	$ 7,002	$ 10,951
Income taxes paid	**$ 46,548**	$ 1	$ 460

The Company incurred financing lease obligations of $1.4 million during the year ended December 31, 2020. This non-cash transaction has been excluded from the Consolidated Statement of Cash Flows for the year ended December 31, 2020. There were no financing lease obligations incurred during the years ended December 31, 2021 and 2019.

The accompanying notes are an integral part of these consolidated statements

Olympic Steel, Inc.
Consolidated Statements of Shareholders' Equity
For The Years Ended December 31,
(in thousands)

	Common Stock	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
Balance at December 31, 2018	$ 130,778	$ (132)	$ -	$ 176,345	$ 306,991
Net income	$ -	$ -	$ -	$ 3,856	$ 3,856
Payment of dividends	-	-	-	(879)	(879)
Stock-based compensation	869	1,319	-	-	2,188
Stock repurchase	-	(1,522)		-	(1,522)
Change in fair value of hedges	-	-	(2,281)	-	(2,281)
Other	-	-	-	(1)	(1)
Balance at December 31, 2019	$ 131,647	$ (335)	$ (2,281)	$ 179,321	$ 308,352
Net loss	$ -	$ -	$ -	$ (5,595)	$ (5,595)
Payment of dividends	-	-	-	(885)	(885)
Stock-based compensation	735	480		-	1,215
Stock repurchase	-	(145)	-	-	(145)
Change in fair value of hedges	-	-	(1,934)	-	(1,934)
Other	-	-	-	2	2
Balance at December 31, 2020	$ 132,382	$ -	$ (4,215)	$ 172,843	$ 301,010
Net income	**$ -**	**$ -**	**$ -**	**$ 121,051**	**$ 121,051**
Payment of dividends	**-**	**-**	**-**	**(886)**	**(886)**
Stock-based compensation	**1,045**	**-**	**-**	**-**	**1,045**
Change in fair value of hedges	**-**	**-**	**2,220**	**-**	**2,220**
Other	**-**	**-**	**(1)**	**-**	**(1)**
Balance at December 31, 2021	**$ 133,427**	**$ -**	**$ (1,996)**	**$ 293,008**	**$ 424,439**

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

1. __Summary of Significant Accounting Policies__:

Nature of Business

The Company operates in three reportable segments: specialty metals flat products, carbon flat products, and tubular and pipe products. The specialty metals flat products segment and the carbon flat products segment are at times consolidated and referred to as the flat products segments. Certain of the flat products segments' assets and resources are shared by the specialty metals and carbon flat products segments, and both segments' products are stored in the shared facilities and, in some locations, processed on shared equipment. Due to the shared assets and resources, certain of the flat products segment expenses are allocated between the specialty metals flat products segment and the carbon flat products segment based upon an established allocation methodology. The specialty metals flat products segment sells and distributes processed aluminum and stainless flat-rolled sheet and coil products, flat bar products and fabricated parts. Through the acquisition of Action Stainless & Alloys, Inc. (Action Stainless) on December 14, 2020, the specialty metals flat products segment expanded its geographic footprint and enhanced its product offerings in stainless steel and aluminum plate, sheet, angles, rounds, flat bar, tubing and pipe. Action Stainless offers a range of processing capabilities, including plasma, laser and waterjet cutting and computer numerical control (CNC) machining. On October 1, 2021, the Company acquired all of the net assets of Shaw Stainless & Alloy, Inc. (Shaw), based in Powder Springs, Georgia. Shaw is a full-line distributor of stainless steel sheet, pipe, tube, bar and angles. Shaw also manufactures and distributes stainless steel bollards and water treatment systems. The acquisition includes Shaw's stainless-steel distribution and fabrication businesses as well as its architectural and barrier defense businesses. The carbon flat products segment sells and distributes large volumes of processed carbon and coated flat-rolled sheet, coil and plate products, and fabricated parts. Through the acquisitions of McCullough Industries (McCullough) and certain assets related to the manufacturing of the EZ Dumper® hydraulic dump inserts (EZ Dumper) in 2019, the carbon flat products segment expanded its product offerings to include self-dumping metal hoppers and steel and stainless-steel dump inserts for pickup truck and service truck beds. On September 17, 2021, the Company sold substantially all of the assets related to its Detroit operation. The Detroit operation was primarily focused on the distribution of carbon flat-rolled steel to domestic automotive manufacturers and their suppliers. The tubular and pipe products segment, which consists of the Chicago Tube and Iron subsidiary (CTI), distributes metal tubing, pipe, bar, valves and fittings and fabricates pressure parts supplied to various industrial markets.

Corporate expenses are reported as a separate line item for segment reporting purposes. Corporate expenses include the unallocated expenses related to managing the entire Company (i.e., all three segments), including payroll expenses for certain personnel, expenses related to being a publicly traded entity such as board of directors' expenses, audit expenses, and various other professional fees.

On March 11, 2020, the World Health Organization classified the novel coronavirus (COVID-19) outbreak as a pandemic. The Company continues to be an essential business and has remained open in all locations throughout 2021, adhering to all health guidelines to operate safely provided by the Center for Disease Control and Prevention and local authorities. The Company has implemented actions to maintain its financial health and liquidity and through these actions has maintained sales volumes in 2021 which are close to pre-pandemic levels. The Company continues to closely monitor the impact of the COVID-19 pandemic on all aspects of its business. However, as a result of the many uncertainties surrounding the COVID-19 pandemic, the Company is unable to predict the impact that it ultimately will have on its financial condition, results of operations, comprehensive income (loss), and cash flows.

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements have been prepared from the financial records of Olympic Steel, Inc. and its wholly-owned subsidiaries (collectively, Olympic or the Company), after elimination of intercompany accounts and transactions.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration Risks

The Company is a major customer of flat-rolled coil and plate and tubular and pipe steel for many of its principal suppliers, but is not dependent on any one supplier. The Company purchased approximately 51%, 56% and 57% of its total steel requirements from its three largest suppliers in 2021, 2020 and 2019, respectively.

The Company has a diversified customer and geographic base, which reduces the inherent risk and cyclicality of its business. The concentration of net sales to the Company's top 20 customers approximated 23%, 25% and 29% of consolidated net sales in 2021, 2020 and 2019, respectively. In addition, the Company's largest customer accounted for approximately 2%, 2% and 5% of consolidated net sales in 2021, 2020 and 2019, respectively. Sales to industrial machinery and equipment manufacturers and their fabricators accounted for 47%, 45% and 46% of consolidated net sales in 2021, 2020, and 2019, respectively.

Cash and Cash Equivalents

Cash equivalents consist of short-term highly liquid investments, with a three month or less maturity, which are readily convertible into cash. The Company maintains cash levels in bank accounts that, at times, may exceed federally-insured limits. The Company have not experienced significant loss, and believe we are not exposed to significant risk of loss, in these accounts.

Fair Market Value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the liability in an orderly transaction between market participants on the measurement date. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs. To measure fair value, the Company applies a fair value hierarchy that is based on three levels of inputs, of which the first two are considered observable and the last unobservable, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Financial instruments, such as cash and cash equivalents, accounts receivable, accounts payable and the credit facility, are stated at their carrying value, which is a reasonable estimate of fair value. The fair value of marketable securities is based on quoted market prices.

Allowance for Credit Losses

The Company's allowance for credit losses is maintained at a level considered appropriate based on historical experience and specific customer collection issues that the Company has identified. Estimations are based upon the application of a historical collection rate to the outstanding accounts receivable balance, which remains fairly level from year to year, and judgments about the probable effects of economic conditions on certain customers, which can fluctuate significantly from year to year. The Company cannot guarantee that the rate of future credit losses will be similar to past experience. The Company considers all available information when assessing the adequacy of the allowance for credit losses each quarter.

Inventory Valuation

Non-last-in, first-out (LIFO) inventories are stated at the lower of its cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. LIFO inventories are stated at the lower of cost or market. Market is the estimated selling price in the ordinary course of business, less reasonable predictable costs of completion. Inventory costs include the costs of the purchased metals, inbound freight, external and internal processing and applicable labor and overhead costs.

Costs of the Company's specialty metals and carbon flat products segments' inventories, including flat-rolled sheet, coil and plate products are determined using the specific identification method.

Certain of the Company's tubular and pipe products inventory is stated under the LIFO method. At December 31, 2021 and December 31, 2020, approximately $55.4 million, or 11.4% of consolidated inventory, and $50.3 million, or 21.0% of consolidated inventory, respectively, was reported under the LIFO method of accounting. The cost of the remainder of tubular and pipe product segment's inventory is determined using a weighted average rolling first-in, first-out (FIFO) method.

On the Consolidated Statements of Comprehensive Income (Loss), "Cost of materials sold (exclusive of items shown separately below)" consists of the cost of purchased metals, inbound and internal transfer freight, external processing costs, and LIFO income or expense.

Property and Equipment, and Depreciation

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from two to 30 years. The Company capitalizes the costs of obtaining or developing internal-use software, including directly related payroll costs. The Company amortizes those costs over five years, beginning when the software is ready for its intended use.

Intangible Assets and Recoverability of Long-lived Assets

The Company performs an annual impairment test of indefinite-lived intangible assets in the fourth quarter, or more frequently if changes in circumstances or the occurrence of events indicate potential impairment. Events or changes in circumstances that could trigger an impairment review include significant nonperformance relative to the expected historical or projected future operating results, significant changes in the manner of the use of the acquired assets or the strategy for the overall business or significant negative industry or economic trends. Management uses judgment to determine whether to use a qualitative analysis or a quantitative fair value measurement for each of the Company's reporting units that carry intangible assets.

If a quantitative fair value measurement is used, the fair value of each indefinite-lived intangible asset is compared to its carrying value and an impairment charge is recorded if the carrying value exceeds the fair value. The Company estimates the fair value of indefinite-lived intangible assets using a discounted cash flow methodology. Management's assumptions used for the calculations are based on historical results, projected financial information and recent economic events. Actual results could differ from these estimates under different assumptions or conditions, which could adversely affect the reported value of intangible assets.

The Company evaluates the recoverability of long-lived assets and the related estimated remaining lives whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Events or changes in circumstances that could trigger an impairment review include significant underperformance relative to the expected historical or projected future operating results, significant changes in the manner of the use of the acquired assets or the strategy for the overall business or significant negative industry or economic trends. The Company records an impairment or change in useful life whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the useful life has changed.

Income Taxes

The Company records, as an offset to the estimated effect of temporary differences between the tax basis of assets and liabilities and the reported amounts in its consolidated balance sheets, the tax effect of operating loss and tax credit carryforwards. If the Company determines that it will not be able to fully realize a deferred tax asset, it will record a valuation allowance to reduce such deferred tax asset to its realizable value. The Company recognizes interest accrued related to unrecognized tax benefits in income tax expense. Penalties, if incurred, would be recognized as a component of administrative and general expense.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Company had no material unrecognized tax benefits as of or during the year ended December 31, 2021. The Company expects no significant increases or decrease in unrecognized tax benefits due to changes in tax positions within one year of December 31, 2021.

Revenue Recognition

The Company's contracts with customers are comprised of purchase orders with standard terms and conditions. Occasionally the Company may also have longer-term agreements with customers. Substantially all of the contracts with customers require the delivery of metals, which represent single performance obligations that are satisfied upon transfer of control of the product to the customer.

Transfer of control is assessed based on the use of the product distributed and rights to payment for performance under the contract terms. Transfer of control and revenue recognition for substantially all of the Company's sales occur upon shipment or delivery of the product, which is when title, ownership and risk of loss pass to the customer and is based on the applicable shipping terms. The shipping terms depend on the customer contract. An invoice for payment is issued at time of shipment and terms are generally net 30 days. The Company has certain fabrication contracts in one business unit for which revenue is recognized over time as performance obligations are achieved. This fabrication business is immaterial to the Company's consolidated results.

Sales returns and allowances are treated as reductions to sales and are provided for based on historical experience and current estimates and are immaterial to the consolidated financial statements.

Shipping and Handling Fees and Costs

Amounts charged to customers for shipping and other transportation services are included in net sales. The distribution expense line on the accompanying Consolidated Statements of Comprehensive Income (Loss) is entirely comprised of all shipping and other transportation costs incurred by the Company in shipping goods to its customers.

Stock-Based Compensation

The Company records compensation expense for stock awards issued to employees and directors. For additional information, see Note 13, Equity Plans.

Impact of Recently Issued Accounting Pronouncements

In December 2019, the Financial Account Standards Board, or FASB, issued Accounting Standards Update (ASU) No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." The objective of this ASU is to simplify the accounting for income taxes by removing certain exceptions to general principles in ASC 740 and by clarifying and amending existing guidance within U.S. generally accepted accounting principles. ASU 2019-12 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Different components of the guidance require retrospective, modified retrospective or prospective adoption, and early adoption is permitted. The adoption of this ASU during the first quarter of 2021 did not have a material impact on the Company's Consolidated Financial Statements.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326)." which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. The ASU replaces the existing incurred loss impairment model with a forward-looking expected credit loss model, which will result in earlier recognition of credit losses. The adoption of this ASU on January 1, 2020 did not have a material impact on the Company's Consolidated Financial Statements.

2. Acquisitions

On October 1, 2021, the Company acquired all of the net assets of Shaw, based in Powder Springs, Georgia, for $12.1 million. Shaw is a full-line distributor of stainless steel sheet, pipe, tube, bar and angles. Shaw also manufactures and distributes stainless steel bollards and water treatment systems. The acquisition includes Shaw's stainless-steel distribution and fabrication businesses as well as its architectural and barrier defense businesses. As of the effective date of the acquisition, Shaw's results are included in the Company's specialty metals flat products segment. Upon the acquisition, the Company entered into an amendment to its credit facility to include the eligible assets of Shaw.

On December 14, 2020, the Company acquired the assets of Action Stainless, based outside of Dallas, Texas, for $19.5 million. Action Stainless is a full line distributor of stainless steel and aluminum plate, sheet, angles, rounds, flat bar, tubing and pipe and offers a wide range of processing capabilities including plasma, laser and waterjet cutting and CNC machining. As of the effective date of the acquisition, Action Stainless results are included in the Company's specialty metals flat products segment. Upon the acquisition, the Company entered into an amendment to its credit facility to include the eligible assets of Action Stainless.

On August 5, 2019, the Company acquired certain assets related to the manufacturing of the EZ Dumper® hydraulic dump inserts for $0.1 million. The dump inserts are sold through a network of more than 100 dealers across the United States and Canada. As of the effective date of the acquisition, EZ Dumper's results are included in the Company's carbon flat products segment.

On January 2, 2019, the Company acquired substantially all of the net assets of McCullough, based in Kenton, Ohio, for $11.0 million. McCullough was founded in 1965 and manufactures and sells branded self-dumping metal hoppers used in a variety of industrial applications. McCullough's products are primarily sold through industrial distributors and catalogues. As of the effective date of the acquisition, McCullough's results are included in the Company's carbon flat products segment.

The acquisitions are not considered significant and thus pro forma information has not been provided. The acquisitions were accounted for as business combinations and the assets and liabilities were valued at fair market value. The table below summarizes the final purchase price allocation of the fair market values of the assets acquired and liabilities assumed.

Details of Acquisition (in thousands)	**Shaw** As of October 1, 2021	**Action Stainless** As of December 14, 2020	**EZ Dumper** As of August 5, 2019	**McCullough** As of January 2, 2019
Assets acquired				
Accounts receivable, net	$ 1,510	$ 3,239	$ -	$ 461
Inventories	3,129	3,656	43	586
Property and equipment	1,886	10,610	67	4,138
Prepaid expenses and other	5,986	204	-	-
Goodwill	5,262	1,894	166	898
Intangible assets	2,750	4,410	23	5,599
Total assets acquired	20,523	24,013	299	11,682
Total liabilities assumed	(8,418)	(4,513)	(166)	(682)
Cash paid	$ 12,105	$ 19,500	$ 133	$ 11,000

The purchase price allocations presented above are based upon management's estimate of the fair value of the acquired assets and assumed liabilities using Level 3 valuation techniques including income, cost and market approaches. The fair value estimates involve the use of estimates and assumptions, including, but not limited to, the timing and amounts of future cash flows, revenue growth rates, discount rates, and royalty rates. The total liabilities assumed for Action Stainless include an immaterial earn-out amount.

3. *Disposition of Assets*

On September 17, 2021, the Company sold substantially all of the assets related to its Detroit operation to Venture Steel (U.S.), Inc. for $58.4 million plus a working capital adjustment, estimated at $13.5 million, which was settled in early 2022. The working capital adjustment is included in "Accounts Receivable, net" on the Consolidated Balance Sheet as of December 31, 2021. The sale price included $9.5 million for property and equipment and the remaining assets and liabilities were sold at fair value, which equaled carrying value. The proceeds of the sale will be used for working capital needs as well as future acquisitions and investments in organic growth opportunities. The Detroit operation was primarily focused on the distribution of carbon flat-rolled steel to domestic automotive manufacturers and their suppliers. The sale of the Detroit operation does not indicate a strategic shift in the Company's operations. The gain on the sale net of associated professional and legal fees totaled $3.5 million and is included in "Administrative and general" in the Corporate segment in the Consolidated Statements of Comprehensive Income (Loss) for the year ended December 31, 2021. The operating results of the Detroit operation were included in the flat-products segments prior to the disposition.

*4. **Revenue Recognition***

The Company provides metals processing, distribution and delivery of large volumes of processed carbon, coated flat-rolled sheet, coil and plate products, aluminum, and stainless flat-rolled products, prime tin mill products, flat bar products, metal tubing, pipe, bar, valves, fittings, and fabricated parts. The Company's contracts with customers are comprised of purchase orders with standard terms and conditions. Occasionally the Company may also have longer-term agreements with customers. Substantially all of the contracts with customers require the delivery of metals, which represent single performance obligations that are satisfied at a point in time upon transfer of control of the product to the customer.

Transfer of control is assessed based on the use of the product distributed and rights to payment for performance under the contract terms. Transfer of control and revenue recognition for substantially all of the Company's sales occur upon shipment or delivery of the product, which is when title, ownership and risk of loss pass to the customer and is based on the applicable shipping terms. The shipping terms depend on the customer contract. An invoice for payment is issued at time of shipment and terms are generally net 30 days. The Company has certain fabrication contracts in one business unit for which revenue is recognized over time as performance obligations are achieved. This fabrication business is not material to the Company's consolidated results.

Within the metals industry, revenue is frequently disaggregated by products sold. The tables below disaggregates the Company's revenues by segment and products sold for the year ended December 31, 2021, 2020 and 2019, respectively.

	Disaggregated Revenue by Products Sold For the Twelve Months Ended December 31, 2021			
	Carbon flat products	**Specialty metals flat products**	**Tubular and pipe products**	**Total**
Hot Rolled	31.4%	-	-	31.4%
Plate	10.4%	-	-	10.4%
Cold Rolled	7.0%	-	-	7.0%
Coated	7.7%	-	-	7.7%
Specialty	-	25.3%	-	25.3%
Pipe & Tube	-	-	16.5%	16.5%
Other	1.6%	0.1%	-	1.7%
Total	58.1%	25.4%	16.5%	100.0%

	Disaggregated Revenue by Products Sold For the Twelve Months Ended December 31, 2020			
	Carbon flat products	**Specialty metals flat products**	**Tubular and pipe products**	**Total**
Hot Rolled	29.7%	-	-	29.7%
Plate	9.6%	-	-	9.6%
Cold Rolled	5.9%	-	-	5.9%
Coated	9.6%	-	-	9.6%
Specialty	-	23.5%	-	23.5%
Pipe & Tube	-	-	18.7%	18.7%
Other	1.1%	1.9%	-	3.0%
Total	55.9%	25.4%	18.7%	100.0%

	Disaggregated Revenue by Products Sold For the Twelve Months Ended December 31, 2019			
	Carbon flat products	Specialty metals flat products	Tubular and pipe products	Total
Hot Rolled	32.3%	-	-	32.3%
Plate	12.2%	-	-	12.2%
Cold Rolled	5.5%	-	-	5.5%
Coated	7.7%	-	-	7.7%
Specialty	-	20.9%	-	20.9%
Pipe & Tube	-	-	18.3%	18.3%
Other	1.0%	2.1%	-	3.1%
Total	58.7%	23.0%	18.3%	100.0%

5. __Accounts Receivable:__

Accounts receivable are presented net of allowances for credit losses and unissued credits of $4.4 million and $3.6 million as of December 31, 2021 and 2020, respectively. Credit loss expense totaled $1.3 million, $1.2 million and $0.6 million in 2021, 2020 and 2019, respectively. The allowance for credit losses is maintained at a level considered appropriate based on historical experience, specific customer collection issues that have been identified, current market conditions and estimates for supportable forecasts when appropriate. Estimations are based upon a calculated percentage of accounts receivable, which remains fairly level from year to year, and judgments about the probable effects of economic conditions on certain customers, which can fluctuate significantly from year to year. The Company cannot guarantee that the rate of future credit losses will be similar to past experience. The Company considers all available information when assessing the adequacy of its allowance for credit losses and unissued credits.

6. __Inventories:__

Inventories consisted of the following:

	As of December 31,	
(in thousands)	2021	2020
Unprocessed	$ 417,595	$ 194,614
Processed and finished	67,434	45,387
Total	$ 485,029	$ 240,001

During 2021, the Company recorded $21.9 million of LIFO expense as a result of increased metals pricing during 2021. The LIFO expense decreased the Company’s inventory balance and increased its cost of materials sold. During 2020, the Company recorded $1.5 million of LIFO income as a result of decreased metals pricing during 2020. The LIFO income increased the Company’s inventory balance and decreased its cost of materials sold.

Our pipe and tubular inventory quantities were reduced during 2021 and 2020 resulting in a liquidation of LIFO inventory layers (a LIFO decrement). A LIFO decrement results in the erosion of layers created in earlier years, and, therefore, a LIFO layer is not created for years that have decrements. For the years ended December 31, 2021 and 2020, the effect of the LIFO decrement impacted cost of materials sold by an immaterial amount.

If the FIFO method had been in use, inventories would have been $19.7 million higher and $2.1 million lower than reported at December 31, 2021 and 2020, respectively.

7. ***Property and Equipment:***

Property and equipment consists of the following:

(in thousands)	Depreciable Lives	December 31, 2021	December 31, 2020
Land	-	$ 15,238	$ 15,698
Land improvements	5 - 10	3,780	3,742
Buildings and improvements	7 - 30	141,979	148,507
Machinery and equipment	2 - 15	210,410	222,802
Furniture and fixtures	3 - 7	6,229	6,699
Computer software and equipment	2 - 5	25,053	28,977
Vehicles	2 - 5	3,054	2,504
Financing lease		2,710	3,582
Construction in progress	-	4,943	2,068
		413,396	434,579
Less accumulated depreciation		(266,340)	(277,379)
Net property and equipment		$ 147,056	$ 157,200

Leasehold improvements are included with buildings and improvements and are depreciated over the life of the lease or seven years, whichever is less.

Construction in progress as of December 31, 2021 and December 31, 2020, primarily consisted of payments for additional processing equipment at our existing facilities that were not yet placed into service.

8. ***Goodwill and Intangible Assets:***

The Company's intangible assets were recorded in connection with its acquisitions of Shaw in 2021, Action Stainless in 2020, EZ Dumper and McCullough in 2019, Berlin Metals in 2018 and CTI in 2011. The intangible assets were evaluated on the premise of highest and best use to a market participant, primarily utilizing the income approach valuation methodology.

Goodwill, by reportable unit, was as follows as of December 31, 2021 and December 31, 2020, respectively. The goodwill is deductible for tax purposes.

(in thousands)	Carbon Flat Products	Specialty Metals Flat Products	Tubular and Pipe Products	Total
Balance as of December 31, 2019	$ 1,065	$ 2,358	$ -	$ 3,423
Acquisitions	-	1,700	-	1,700
Impairments	-	-	-	-
Balance as of December 31, 2020	1,065	4,058	-	5,123
Acquisitions	-	5,373	-	5,373
Impairments	-	-	-	-
Balance as of December 31, 2021	$ 1,065	$ 9,431	$ -	$ 10,496

The useful life of the customer relationships was determined to be ten to 15 years, based primarily on the consistent and predictable revenue source associated with the existing customer base, the present value of which extends through the amortization period. The useful life of the non-compete agreements was determined to be the length of the non-compete agreements, which range from one to five years. The useful life of the trade names was determined to be indefinite primarily due to their history and reputation in the marketplace, the Company's expectation that the trade names will continue to be used, and the conclusion that there are currently no other factors identified that would limit their useful life. The Company will continue to evaluate the useful life assigned to its amortizable customer relationships and noncompete agreements in future periods.

Intangible assets, net, consisted of the following as of December 31, 2021 and 2020, respectively:

	As of December 31, 2021		
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Customer relationships - subject to amortization	$ 22,559	$ (10,552)	$ 12,007
Covenant not to compete - subject to amortization	509	(231)	278
Trade name - not subject to amortization	21,368	-	21,368
	$ 44,436	$ (10,783)	$ 33,653

	As of December 31, 2020		
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Customer relationships - subject to amortization	$ 21,442	$ (9,101)	$ 12,341
Covenant not to compete - subject to amortization	259	(186)	73
Trade name - not subject to amortization	20,179	-	20,179
	$ 41,880	$ (9,287)	$ 32,593

During 2021 and 2020, a qualitative test was performed for the indefinitely lived intangible assets and no indication of impairment was identified.

The Company estimates that amortization expense for its intangible assets subject to amortization will be approximately $1.6 million per year for the next four years and $1.2 million per year for the one year thereafter.

9. <u>Leases</u>:

The Company leases warehouses and office space, industrial equipment, office equipment, vehicles, industrial gas tanks and forklifts from other parties and leases land and warehouse space to third parties. The Company determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period of time in exchange for consideration. Upon identification and commencement of a lease, the Company establishes a right-of-use (ROU) asset and a lease liability. Operating leases are included in ROU assets, current portion of lease liabilities, and lease liabilities on the accompanying Consolidated Balance Sheets. Financing leases are included in property, plant and equipment, other accrued liabilities and other long-term liabilities.

The Company has remaining lease terms ranging from one year to 17 years, some of these include options to renew the lease for up to five years. The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal options that the Company is reasonably certain to exercise as well as any period that the Company has control over the space before the stated initial term of the agreement. If the Company determines a reasonable certainty of exercising termination or early buyout options, then the lease terms are adjusted to account for these facts.

The Company leases one warehouse from a related party. The Company’s Executive Chairman of the Board owns 50% of an entity that owns one of the Cleveland warehouses and leases it to the Company at a fair market value annual rental of $0.2 million. The lease expires on December 31, 2023 with three five-year renewal options.

ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Lease expense is recognized on a straight-line basis over the lease term.

The components of lease expense were as follows for the years ended December 31, 2021, 2020 and 2019:

(in thousands)	2021	2020	2019
Operating lease cost	$ 6,952	$ 7,089	$ 7,013
Finance lease cost			
Amortization	721	254	67
Interest on lease liabilities	71	54	15
	$ 792	$ 308	$ 82

Supplemental cash flow information related to leases was as follows for the years ended December 31, 2021 and 2020:

(in thousands)	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 6,830	$ 6,996	$ 6,913
Operating cash flows from finance leases	71	54	15
Financing cash flows from finance leases	699	242	63
Total cash paid for amounts included in the measurement of lease liabilities	$ 7,600	$ 7,292	$ 6,991

Supplemental balance sheet information related to leases was as follows:

(in thousands)	2021	2020
Operating leases		
Operating lease	$ 42,023	$ 36,060
Operating lease accumulated amortization	(14,297)	(10,706)
Operating lease right of use asset, net	$ 27,726	$ 25,354
Operating lease current liabilities	5,940	5,580
Operating lease liabilities	22,137	19,965
	$ 28,077	$ 25,545

(in thousands)	2021	2020
Finance leases		
Finance lease	$ 2,710	$ 3,582
Finance lease accumulated depreciation	(965)	(333)
Finance lease, net	$ 1,745	$ 3,249
Finance lease current liabilities	661	815
Finance lease liabilities	1,115	2,453
	$ 1,776	$ 3,268

Weighted average remaining lease term (in years)	2021	2020
Operating leases	6	
Finance leases	4	
Weighted average discount rate		
Operating leases	3.44%	3.76%
Finance leases	3.42%	3.80%

Maturities of lease liabilities were as follows:

(in thousands)	Operating Lease	Finance Lease
Year Ending December 31,		
2022	$ 6,775	$ 709
2023	5,770	441
2024	5,004	355
2025	3,769	188
2026	2,857	149
Thereafter	7,154	44
Total future minimum lease payments	$ 31,329	$ 1,886
Less remaining imputed interest	(3,252)	(110)
Total	$ 28,077	$ 1,776

10.Debt:

The Company's debt is comprised of the following components:

	As of December 31,	
(in thousands)	2021	2020
Asset-based revolving credit facility due June 16, 2026	$ 327,764	$ 160,609
Total debt	327,764	160,609
Less current amount	-	-
Total long-term debt	$ 327,764	$ 160,609

On June 16, 2021, the Company entered into a Fourth Amendment to Third Amended and Restated Loan and Security Agreement (the ABL Credit Facility), which amended and extended the Company's existing ABL Credit Facility. The $475 million ABL Credit Facility consists of: (i) a revolving credit facility of up to $445 million, including a $20 million sub-limit for letters of credit, and (ii) a first in, last out revolving credit facility of up to $30 million. Under the terms of the ABL Credit Facility, the Company may, subject to the satisfaction of certain conditions, request additional commitments under the revolving credit facility in the aggregate principal amount of up to $200 million to the extent that existing or new lenders agree to provide such additional commitments, and add real estate as collateral at the Company's discretion. The ABL Credit Facility matures on June 16, 2026.

The ABL Credit Facility contains customary representations and warranties and certain covenants that limit the ability of the Company to, among other things: (i) incur or guarantee additional indebtedness; (ii) pay distributions on, redeem or repurchase capital stock or redeem or repurchase subordinated debt; (iii) make investments; (iv) sell assets; (v) enter into agreements that restrict distributions or other payments from restricted subsidiaries to the Company; (vi) incur or suffer to exist liens securing indebtedness; (vii) consolidate, merge or transfer all or substantially all of their assets; and (viii) engage in transactions with affiliates. In addition, the ABL Credit Facility contains a financial covenant which provides that: (i) if any commitments or obligations are outstanding and the Company's availability is less than the greater of $30 million or 10.0% of the aggregate amount of revolver commitments ($47.5 million at December 31, 2021) or 10.0% of the aggregate borrowing base ($47.5 million at December 31, 2021), then the Company must maintain a ratio of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) minus certain capital expenditures and cash taxes paid to fixed charges of at least 1.00 to 1.00 for the most recent twelve fiscal month period.

The Company has the option to borrow under its revolver based on the agent's base rate plus a premium ranging from 0.00% to 0.25% or the London Interbank Offered Rate (LIBOR) plus a premium ranging from 1.25% to 2.75%.

As of December 31, 2021, the Company was in compliance with its covenants and had approximately $143.5 million of availability under the ABL Credit Facility.

As of December 31, 2021 and December 31, 2020, $1.6 million and $0.9 million, respectively, of bank financing fees were included in "Prepaid expenses and other" and "Other long-term assets" on the accompanying Consolidated Balance Sheets. The financing fees are being amortized over the five-year term of the ABL Credit Facility and are included in "Interest and other expense on debt" on the accompanying Consolidated Statements of Comprehensive Income (Loss).

Scheduled Debt Maturities, Interest, Debt Carrying Values

The Company's principal payments over the next five years are detailed in the table below:

(in thousands)	2022	2023	2024	2025	2026	Total
ABL Credit Facility	$ -	$ -	$ -	$ -	$ 327,764	$ 327,764
Total principal payments	$ -	$ -	$ -	$ -	$ 327,764	$ 327,764

The overall effective interest rate for all debt, exclusive of deferred financing fees and deferred commitment fees, amounted to 2.5%, 3.3% and 4.0% in 2021, 2020 and 2019, respectively. Interest paid totaled $6.8 million, $7.0 million and $11.0 million for the years ended December 31, 2021, 2020 and 2019, respectively. Average total debt outstanding was $255.8 million, $188.4 million and $257.6 million in 2021, 2020 and 2019, respectively.

11. Derivative Instruments:

Metals swaps

During 2021, 2020 and 2019, the Company entered into nickel swaps indexed to the London Metal Exchange (LME) price of nickel with third-party brokers. The nickel swaps are treated as derivatives for accounting purposes and are included in "Other accrued liabilities" and "Prepaid expenses and other" on the Consolidated Balance Sheets at December 31, 2021. There were no outstanding metal swaps at December 31, 2020. The Company entered into the swaps to mitigate its customers' risk of volatility in the price of metals. The swaps are settled with the brokers at maturity. The economic benefit or loss arising from the changes in fair value of the swaps is contractually passed through to the customer. The primary risk associated with the metals swaps is the ability of customers or third-party brokers to honor their agreements with the Company related to derivative instruments. If the customer or third-party brokers are unable to honor their agreements, the Company's risk of loss is the fair value of the metals swaps.

While these derivatives are intended to help the Company manage risk, they have not been designated as hedging instruments. The periodic changes in fair value of the metals and embedded customer derivative instruments are included in "Cost of materials sold" in the Consolidated Statements of Comprehensive Income (Loss). The Company recognizes derivative positions with both the customer and the third party for the derivatives and classifies cash settlement amounts associated with them as part of "Cost of materials sold" in the Consolidated Statements of Comprehensive Income (Loss). The cumulative change in fair value of the metals swaps that had not yet settled as of December 31, 2021 were included in "Accounts Receivable, net" and the embedded customer derivatives are included in "Other accrued liabilities" on the Consolidated Balance Sheets.

Fixed rate interest rate hedge

On January 10, 2019, the Company entered into a five-year forward starting fixed rate interest rate hedge in order to eliminate the variability of cash interest payments on $75 million of the outstanding LIBOR based borrowings under the ABL Credit Facility. The interest rate hedge fixed the rate at 2.57%. The interest rate hedge is included in "Other long-term liabilities" on the Consolidated Balance Sheets as of December 31, 2021 and 2020 and had a fair value of $2.7 million and $5.6 million, respectively. The mark-to-market adjustment of the fair value of the hedge is recorded to "Accumulated other comprehensive loss" on the Company's Consolidate Balance Sheets. Although the Company is exposed to credit loss in the event of nonperformance by the other party to the interest rate hedge agreement, the Company anticipates performance by the counterparty.

There was no net impact from the nickel swaps or embedded customer derivative agreements to the Company's Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2021, 2020 and 2019. The table below shows the total impact to the Company's Consolidated Statements of Comprehensive Income (Loss) through "Net income (loss)" of the derivatives for the years ended December 31, 2021, 2020 and 2019.

(in thousands)	Net Gain (Loss) Recognized 2021	2020	2019
Fixed interest rate hedge	$ (1,880)	$ (1,520)	$ (227)
Metals swaps	418	55	291
Embedded customer derivatives	(418)	(55)	(291)
Total loss	$ (1,880)	$ (1,520)	$ (227)

12. Fair Value of Assets and Liabilities:

The Company's financial instruments include cash and cash equivalents, short-term trade receivables, derivative instruments, accounts payable and debt instruments. For short-term instruments, other than those required to be reported at fair value on a recurring basis and for which additional disclosures are included below, management concluded the historical carrying value is a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization.

During 2021 and 2020, there were no transfers of financial assets between Levels 1, 2 or 3 fair value measurements. There have been no changes in the methodologies used at December 31, 2021. Following is a description of the valuation methodologies used for assets and liabilities measured at fair value as of December 31, 2021:

Metals swaps and embedded customer derivatives – Determined by using Level 2 inputs that include the price of nickel indexed to the LME. The fair value is determined based on quoted market prices and reflects the estimated amounts the Company would pay or receive to terminate the nickel swaps.

Fixed rate interest rate hedge – Based on the present value of the expected future cash flows, considering the risks involved, and using discount rates appropriate for the maturity date. Market observable Level 2 inputs are used to determine the present value of future cash flows.

The following tables present information about the Company's assets and liabilities that were measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Company:

(in thousands)	Value of Items Recorded at Fair Value As of December 31, 2021 Level 1	Level 2	Level 3	Total
Assets:				
Metal Swaps	$ -	$ 2,286	$ -	$ 2,286
Total assets at fair value	**$ -**	**$ 2,286**	**$ -**	**$ 2,286**
Liabilities:				
Metal Swaps	$ -	$ 2,178	$ -	$ 2,178
Fixed interest rate hedge	-	2,661	-	2,661
Total liabilities recorded at fair value	**$ -**	**$ 4,839**	**$ -**	**$ 4,839**

(in thousands)	Value of Items Recorded at Fair Value As of December 31, 2020 Level 1	Level 2	Level 3	Total
Liabilities:				
Fixed interest rate hedge	-	5,620	-	5,620
Total liabilities recorded at fair value	**$ -**	**$ 5,620**	**$ -**	**$ 5,620**

The value of the items not recorded at fair value represent the carrying value of the liabilities.

The carrying value of the ABL Credit Facility was $327.8 million and $160.6 million at December 31, 2021 and 2020, respectively. Because the ABL Credit Facility was amended on June 16, 2021, management believes that its carrying value approximates fair value.

13.__Equity Plans:__

Restricted Stock Units

Pursuant to the Amended and Restated Olympic Steel 2007 Omnibus Incentive Plan (the Incentive Plan), the Company may grant stock options, stock appreciation rights, restricted shares, restricted share units (RSUs), performance shares, and other stock- and cash-based awards to employees and directors of, and consultants to, the Company and its affiliates. Since adoption of the Incentive Plan, 1,400,000 shares of common stock have been authorized for equity grants.

On an annual basis, the compensation committee of the Company's Board of Directors awards RSUs, to each non-employee director as part of their annual compensation. The annual awards for 2021 and 2020 per director were $80,000. Subject to the terms of the Incentive Plan and the RSU agreement, the RSUs vest after one year of service (from the date of grant). The RSUs are not converted into shares of common stock until the director either resigns or is terminated from the board of directors.

Prior to 2021, under the Incentive Plan, each eligible participant was awarded RSUs with a dollar value equal to 10% of the participant's base salary, up to an annual maximum of $17,500. The RSUs have a five-year vesting period and the RSUs will convert into the right to receive shares of common stock upon a participant's retirement, or earlier upon the participant's death or disability or upon a change in control of the Company. Due to the COVID-19 pandemic, no RSU awards were granted in 2020 or 2021. In January 2022, the Company adopted a new C-Suite Long-Term Incentive Plan (the LTIP) that operates under the Incentive Plan and awards RSUs to eligible participants. In each calendar year, eligible participants may be awarded a long-term incentive of both an RSU award and a performance stock unit (PSU) award pursuant to the LTIP.

Under the Incentive Plan, the Company awards RSUs to newly-appointed executive officers, based upon a percentage of their base salary. Upon Mr. Marabito's promotion to Chief Executive Officer and Mr. Manson's promotion to Chief Financial Officer on January 1, 2019, they received 51,506 RSUs and 14,891 RSUs, respectively. Upon Mr. Greiff's promotion to President and Chief Operating Officer on January 1, 2020, he received 15,694 RSUs. The RSUs will vest five years from the grant date, or earlier upon death or disability or upon a change in control of the Company.

Stock-based compensation expense recognized on RSUs for the years ended December 31, 2021, 2020 and 2019, respectively, is summarized in the following table:

	For the years ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
RSU expense before taxes of the Plan	$ 1,045	$ 1,265	$ 965
RSU expense after taxes	767	1,024	704

All pre-tax charges related to RSUs were included in the caption "Administrative and general" on the accompanying Consolidated Statements of Comprehensive Income (Loss). The total compensation cost of non-vested awards totaled $1.0 million and the weighted average remaining vesting period is 1.3 years as of December 31, 2021.

The following table summarizes the activity related to RSUs for the year ended December 31, 2021, 2020 and 2019:

	2021			2020			2019		
	Number of Shares		Weighted Average Estimated Fair Value	Number of Shares		Weighted Average Estimated Fair Value	Number of Shares		Weighted Average Estimated Fair Value
Beginning balance	610,540	$	18.25	636,086	$	19.25	527,546	$	20.65
Granted	20,604		23.29	70,588		11.92	207,521		16.36
Converted into shares	(49,191)		18.67	(94,161)		20.27	(96,845)		20.59
Forfeited	(5,086)		17.55	(1,973)		18.14	(2,136)		22.80
Outstanding at December 31	576,867	$	18.40	610,540	$	18.25	636,086	$	19.25
Vested at December 31	370,771	$	18.78	375,692	$	18.88	419,721	$	20.37

Of the RSUs granted in 2019, 62,229 RSUs were used to fund supplemental executive retirement plan (SERP) contributions. No RSUs were used to fund the SERP in 2020 or 2021.

14.<u>Commitments and Contingencies</u>:

The Company is party to various legal actions that it believes are ordinary in nature and incidental to the operation of its business. In the opinion of management, the outcome of the proceedings to which the Company is currently a party will not have a material adverse effect upon its results of operations, financial condition or cash flows.

In the normal course of business, the Company periodically enters into agreements that incorporate indemnification provisions. While the maximum amount to which the Company may be exposed under such agreements cannot be estimated, it is the opinion of management that these indemnifications are not expected to have a material adverse effect on the Company's results of operations or financial condition.

At December 31, 2021, approximately 182 of the hourly plant personnel are represented by seven separate collective bargaining units. The table below shows the expiration dates of the collective bargaining agreements.

Facility	Expiration date
Minneapolis (plate), Minnesota	March 31, 2022
Hammond, Indiana	November 30, 2024
Locust, North Carolina	March 4, 2025
St. Paul, Minnesota	May 25, 2025
Romeoville, Illinois	May 31, 2025
Minneapolis (coil), Minnesota	September 30, 2025
Indianapolis, Indiana	January 29, 2026

15.<u>Income Taxes:</u>

The components of the Company's provision (benefit) for income taxes from continuing operations were as follows:

	As of December 31,					
(in thousands)		2021		2020		2019
Current:						
Federal	$	36,592	$	321	$	1,747
International		85		103		107
State and local		7,739		59		22
		44,416		483		1,876
Deferred		(668)		(1,799)		(443)
Income tax provision (benefit)	$	43,748	$	(1,316)	$	1,433

The components of the Company's deferred income taxes at December 31 are as follows:

(in thousands)		2021		2020
Deferred tax assets:				
Inventory (excluding LIFO reserve)	$	2,198	$	1,529
Net operating loss and tax credit carryforwards		1,375		3,510
Allowance for credit losses		626		440
Accrued expenses		5,288		5,778
Lease liabilities		8,568		7,348
Interest rate hedge		665		1,405
Other		205		390
Deferred tax assets before valuation allowance		18,925		20,400
Valuation allowance		(1,197)		(2,302)
Total deferred tax assets		17,728		18,098
Deferred tax liabilities:				
LIFO reserve		(3,500)		(3,528)
Property and equipment		(12,293)		(13,562)
Lease right of use assets		(8,483)		(7,294)
Intangibles		(3,342)		(3,532)
Total deferred tax liabilities		(27,618)		(27,916)
Deferred tax liabilities, net	$	(9,890)	$	(9,818)

The net deferred tax liability increased by $740 thousand related to the fixed interest rate hedge, which is recorded in "Other Comprehensive Income (Loss)" in the Consolidated Statements of Comprehensive Income (Loss).

The following table summarizes the activity related to the Company's gross unrecognized tax benefits:

(in thousands)		**2021**		**2020**		**2019**
Balance as of January 1	$	28	$	28	$	27
Change in tax due to tax law		-		-		-
Increases related to current year tax positions		8		8		10
Increases related to prior year tax positions		200		-		-
Decreases related to lapsing of statute of limitations		(8)		(8)		(9)
Balance as of December 31	$	228	$	28	$	28

It is expected that the amount of unrecognized tax benefits will not materially change in the next twelve months. The tax years 2018 through 2020 remain open to examination by major taxing jurisdictions to which the Company is subject.

The Company recognized interest related to uncertain tax positions in the income tax provision.

The following table reconciles the U.S. federal statutory rate to the Company's effective tax rate:

	2021	2020	2019
U.S. federal statutory rate in effect	21.0%	21.0%	21.0%
State and local taxes, net of federal benefit	4.5%	1.0%	3.7%
Meals and entertainment	0.1%	(1.8%)	5.8%
Tax credits	(0.1%)	2.0%	(4.2%)
Stock based compensation	-	(3.4%)	-
All other, net	1.0%	0.2%	0.8%
Effective income tax rate	26.5%	19.0%	27.1%

Income taxes paid in 2021, 2020 and 2019 totaled $46.5 million, $1 thousand and $0.5 million, respectively. Some subsidiaries of the Company's consolidated group file state tax returns on a separate company basis and have state net operating loss carryforwards expiring over the next ten to 20 years. A valuation allowance is recorded to reduce certain deferred tax assets to the amount that is more likely than not to be realized. The valuation allowances recorded as of December 31, 2021 and 2020 were related to certain state net operating losses and totaled $1.2 million and $2.3 million, respectively.

*16.**Shares Outstanding and Earnings Per Share:***

Earnings per share have been calculated based on the weighted average number of shares outstanding as set forth below:

(in thousands, except per share data)	For the years ended December 31, 2021	2020	2019
Weighted average basic shares outstanding	11,492	11,447	11,509
Assumed exercise of stock options and issuance of stock awards	11	-	-
Weighted average diluted shares outstanding	11,503	11,447	11,509
Net income (loss)	$ 121,051	$ (5,595)	$ 3,856
Basic earnings (loss) per share	$ 10.53	$ (0.49)	$ 0.34
Diluted earnings (loss) per share	$ 10.52	$ (0.49)	$ 0.34
Unvested RSUs	206	235	216

*17.**Equity Programs:***

Stock Repurchase Program

On October 2, 2015, the Company announced that its Board of Directors authorized a stock repurchase program of up to 550,000 shares of the Company's issued and outstanding common stock, which could include open market repurchases, negotiated block transactions, accelerated stock repurchases or open market solicitations for shares, all or some of which may be affected through Rule 10b5-1 plans. Any of the repurchased shares are held in the Company's treasury, or canceled and retired as the Board of Directors may determine from time to time. Any repurchases of common stock are subject to the covenants contained in the ABL Credit Facility. Under the ABL Credit Facility, the Company may repurchase common stock and pay dividends up to $5.0 million in the aggregate during any trailing twelve months without restrictions. Purchases of common stock or dividend payments in excess of $5.0 million in the aggregate require the Company to (i) maintain availability in excess of 20.0% of the aggregate revolver commitments ($95.0 million at December 31, 2021) or (ii) to maintain availability equal to or greater than 15.0% of the aggregate revolver commitments ($71.3 million at December 31, 2021) and the Company must maintain a pro-forma ratio of EBITDA minus certain capital expenditures and cash taxes paid to fixed charges of at least 1.00 to 1.00.

As of December 31, 2021, 360,212 shares remain authorized for repurchase under the program.

There were no shares repurchased during 2021. During 2020 and 2019, the Company repurchased 15,000 and 109,505 shares, for an aggregate cost of $0.1 million and $1.5 million, respectively.

At-the-Market Equity Program

On September 3, 2021, the Company commenced an at-the-market (ATM) equity program under its shelf registration statement, which allows it to sell and issue up to $50 million in shares of its common stock from time to time. The Company entered into an Equity Distribution Agreement on September 3, 2021 with KeyBanc Capital Markets Inc. ("KeyBanc") relating to the issuance and sale of shares of common stock pursuant to the program. KeyBanc is not required to sell any specific amount of securities but will act as the Company's sales agent using commercially reasonable efforts consistent with its normal trading and sales practices, on mutually agreed terms between KeyBanc and the Company. KeyBanc will be entitled to compensation for shares sold pursuant to the program of 2.0% of the gross proceeds of any shares of common stock sold under the Equity Distribution Agreement. No shares were sold under the ATM program during 2021.

*18.**Segment Information:***

The Company follows the accounting guidance that requires the utilization of a "management approach" to define and report the financial results of operating segments. The management approach defines operating segments along the lines used by the Company's chief operating decision maker (CODM) to assess performance and make operating and resource allocation decisions. The CODM evaluates performance and allocates resources based primarily on operating income (loss). The operating segments are based primarily on internal management reporting.

The Company operates in three reportable segments; specialty metals flat products, carbon flat products, and tubular and pipe products. The specialty metals flat products segment and the carbon flat products segment are at times consolidated and referred to as the flat products segments, as certain of the flat products segments' assets and resources are shared by the specialty metals and carbon flat products segments and both segments' products are stored in the shared facilities and, in some locations, processed on shared equipment.

Corporate expenses are reported as a separate line item for segment reporting purposes. Corporate expenses include the unallocated expenses related to managing the entire Company (i.e., all three segments), including compensation for certain personnel, expenses related to being a publicly traded entity such as board of directors' expenses, audit expenses, and various other professional fees.

The following table provides financial information by segment and reconciles the Company's operating income by segment to the consolidated income (loss) before income taxes for the years ended December 31, 2021, 2020 and 2019.

	For the Year Ended December 31,		
(in thousands)	2021	2020	2019
Net sales			
Specialty metals flat products	$ 585,751	$ 313,190	$ 363,634
Carbon flat products	1,344,150	690,273	926,903
Tubular and pipe products	382,352	230,681	288,503
Total net sales	$ 2,312,253	$ 1,234,144	$ 1,579,040
Depreciation and amortization			
Specialty metals flat products	$ 3,692	$ 1,951	$ 1,830
Carbon flat products	11,286	11,941	11,624
Tubular and pipe products	5,267	5,478	5,408
Corporate	71	120	168
Total depreciation and amortization	$ 20,316	$ 19,490	$ 19,030
Operating income			
Specialty metals flat products	$ 70,544	$ 11,666	$ 14,321
Carbon flat products	110,074	(10,289)	(5,023)
Tubular and pipe products	7,353	9,019	18,607
Corporate	(15,505)	(9,823)	(11,295)
Total operating income	$ 172,466	$ 573	$ 16,610
Other loss, net	(36)	(73)	(32)
Income before interest and income taxes	172,430	500	16,578
Interest and other expense on debt	7,631	7,411	11,289
Income (loss) before income taxes	$ 164,799	$ (6,911)	$ 5,289

	For the Year Ended December 31,		
(in thousands)	2021	2020	2019
Capital expenditures			
Flat products	$ 8,797	$ 7,589	$ 6,996
Tubular and pipe products	2,214	2,214	3,169
Corporate	-	-	-
Total capital expenditures	$ 11,011	$ 9,803	$ 10,165
Assets			
Flat products	$ 777,074	$ 404,269	
Tubular and pipe products	245,962	235,516	
Corporate	536	820	
Total assets	$ 1,023,572	$ 640,605	

There were no material revenue transactions between the carbon flat products, specialty metals flat products and tubular and pipe products segments for the years ended December 31, 2021, 2020 and 2019.

The Company sells certain products internationally, primarily in Canada and Mexico. International sales are immaterial to the consolidated financial results and to the individual segments' results.

*19.**Retirement Plans**:*

The Company's retirement plans consist of 401(k) plans covering union and non-union employees, a multi-employer pension plan covering certain CTI employees and a SERP covering certain executive officers of the Company.

The 401(k) retirement plans allow eligible employees to contribute up to the statutory maximum. The Company's non-union 401(k) matching contribution is determined annually by the Board of Directors and is based on a percentage of eligible employees' earnings and contributions. For the 401(k) retirement plans, the Company matched one-half of each eligible employee's contribution, limited to the first 6% of eligible compensation. For the Action Stainless 401(k) retirement plans, the Company matched 100% of the first 3% of eligible compensation and one-half of the next 2% of each eligible employee's contribution, limited to 4% of eligible compensation.

In 2005, the Board of Directors adopted a SERP, which has been amended from time to time. Contributions to the SERP are based on: (i) a portion of the participants' compensation multiplied by a factor of 6.5% or 13% depending on participant; and (ii) for certain participants a portion of the participants' compensation multiplied by a factor, which is contingent upon the Company's return on invested capital. Benefits are subject to a vesting schedule of up to seven years.

The Company, through its CTI subsidiary, contributes to a multiemployer pension plan. CTI contributes to the Multiemployer Plan under the terms of a collective bargaining agreement that covers certain of its union employees, and which expires May 31, 2025. CTI contributions to the Multiemployer Plan were immaterial for the years ended December 31, 2021 and 2020.

Retirement plan expense, which includes all Company 401(k), SERP defined contributions and the Multiemployer Plan, amounted to $3.8 million, $2.0 million and $3.0 million for the years ended December 31, 2021, 2020 and 2019, respectively. As part of the COVID-19 related cost reduction efforts, the Company suspended contributions into the SERP for 2020.

The fair values of the Company's SERP assets as of December 31, 2021 and 2020 were $8.7 million and $7.6 million, respectively, and are measured at Net Asset Value (NAV) as a practical expedient to estimate fair value and therefore are not classified in the fair value hierarchy. Under the practical expedient approach, the NAV is based on the fair value of the underlying investments held by each fund less its liabilities. This practical expedient would not be used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. The fair value of the SERP assets are included in Other Long Term Assets on the Consolidated Balance Sheets.

*20.**Related-Party Transactions**:*

The Company's Executive Chairman of the Board owns 50% of an entity that owns one of the Cleveland warehouses and leases it to the Company at a fair market value annual rental of $0.2 million. The lease expires on December 31, 2023 with three five-year renewal options.

Schedule II – Valuation and Qualifying Accounts
(in thousands)

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions	Balance at End of Period
Year Ended December 31, 2019					
Allowance for credit losses	$ 1,940	$ 590	$ -	$ (565)	$ 1,965
Tax valuation reserve	$ 2,055	$ 160	$ -	$ -	$ 2,215
Year Ended December 31, 2020					
Allowance for credit losses	$ 1,965	$ 1,154	$ -	$ (1,393)	$ 1,726
Tax valuation reserve	$ 2,215	$ 87	$ -	$ -	$ 2,302
Year Ended December 31, 2021					
Allowance for credit losses	**$ 1,726**	**$ 1,250**	**$ -**	**$ (474)**	**$ 2,502**
Tax valuation reserve	**$ 2,302**	**$ 236**	**$ -**	**$ (1,341)**	**$ 1,197**

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Evaluations required by Rule 13a-15 of the Securities Exchange Act of 1934, or Exchange Act, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report have been carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon such evaluations, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2021 in providing reasonable assurance that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management's Report on Internal Control Over Financial Reporting is set forth in Part II, Item 8 of this Annual Report on Form 10-K and is incorporated herein. Grant Thornton LLP, our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2021, as stated in their report, which appears in Part II, Item 8 of this Annual Report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

Information required by Item 10 as to the executive officers is provided in Part I of this Annual Report on Form 10-K and is incorporated by reference into this section. Other information required by Item 10 will be incorporated herein by reference to the information set forth in our definitive proxy statement for our 2022 Annual Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

Information required by Item 11 will be incorporated herein by reference to the information set forth in our definitive proxy statement for our 2022 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by Item 12 will be incorporated herein by reference to the information set forth in our definitive proxy statement for our 2022 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by Item 13 will be incorporated herein by reference to the information set forth in our definitive proxy statement for our 2022 Annual Meeting of Shareholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by Item 14 will be incorporated herein by reference to the information set forth in our definitive proxy statement for our 2022 Annual Meeting of Shareholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) The following financial statements are included in Part II, Item 8:

Report of Independent Registered Public Accounting Firms
Management's Report on Internal Control Over Financial Reporting
Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2021, 2020 and 2019
Consolidated Balance Sheets as of December 31, 2021 and 2020
Consolidated Statements of Cash Flows for the Years Ended December 31, 2021, 2020 and 2019
Supplemental Disclosures of Cash Flow Information for the Years Ended December 31, 2021, 2020 and 2019
Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2021, 2020 and 2019
Notes to Consolidated Financial Statements for the Years Ended December 31, 2021, 2020 and 2019

(a)(2) Financial Statement Schedules.
Schedule II – Valuation and Qualifying Accounts

(a)(3) Exhibits. The Exhibits filed herewith are set forth on the Index to Exhibits filed as part of this Annual Report and incorporated herein by reference.

INDEX TO EXHIBITS

Exhibit	Description	Reference
2.1	Asset Purchase Agreement, dated as of September 17, 2021, by and among Venture Steel (U.S), Inc., Olympic Steel Lafayette, Inc. and Olympic Steel, Inc	Incorporated by reference to Exhibit 2.1 to the Registrant's Form 8-K filed with the Commission on September 22, 2021 (Commission File No. 0-23320)
3.1(i)	Amended and Restated Articles of Incorporation	Incorporated by reference to Exhibit 3.1(i) to the Registration Statement on Form S-1 (Registration No. 33-73992) filed with the Commission on January 12, 1994.
3.1(ii)	Amended and Restated Code of Regulations	Incorporated by reference to Exhibit 3.1 to Company's Form 10-Q filed with the Commission on August 6, 2015 (Commission File No. 0-23320).
3.1(iii)	Amendment to Amended and Restated Articles of Incorporation	Incorporated by reference to Exhibit 3.1 to Company's Form 10-Q filed with the Commission on August 6, 2021 (Commission File No. 0-23320).
4.25	Third Amended and Restated Loan and Security Agreement, dated as of December 8, 2017, by and among the Registrant, the financial institutions from time to time party thereto, Bank of America, N.A., as administrative agent, and the other agents from time to time party thereto.	Incorporated by reference to Exhibit 4.25 to Registrant's Form 8-K filed with the Commission on December 14, 2017 (Commission File No. 0-23320).
4.26	Joinder and First Amendment to Bank Agreement, dated as of April 4, 2018, to Third Amended and Restated Loan and Security Agreement, dated as of December 8, 2017, by and among the Registrant, the financial institutions from time to time party thereto, Bank of America, N.A., as administrative agent, and the other agents from time to time party thereto.'	Incorporated by reference to Exhibit 4.25 to Registrant's Form 10-Q filed with the Commission on May 3, 2018 (Commission File No. 0-23320).

4.27	Joinder and Second Amendment to Third Amended and Restated Loan and Security Agreement, dated as of November 30, 2018, by and among the Registrant, the financial institutions from time to time party thereto, Bank of America, N.A., as administrative agent, and the other agents from time to time party thereto.	Incorporated by reference to Exhibit 4.26 to Registrant's Form 8-K filed with the Commission on December 4, 2018 (Commission File No. 0-23320).
4.28	Description of Securities	Incorporated by reference to Exhibit 4.28 to Registrant's Form 10-K filed with the Commission on February 21, 2020 (Commission File No. 0-23320).
4.29	Joinder and Third Amendment to Third Amended and Restated Loan and Security Agreement, dated as of December 14, 2020, by and among Olympic Steel, Inc., Olympic Steel Lafayette, Inc., Olympic Steel Minneapolis, Inc., Olympic Steel Iowa, Inc., Oly Steel NC, Inc., IS Acquisition, Inc., Chicago Tube and Iron Company, B Metals, Inc., MCI, Inc, and ACT Acquisition, Inc, the lenders from time to time party thereto and Bank of America, N.A. as Agent for the Lenders.	Incorporated by reference to Exhibit 4.29 to Registrant's Form 8-K filed with the Commission on December 14, 2020 (Commission File No. 0-23320).
4.30	Fourth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of June 16, 2021, among Olympic Steel, Inc., Olympic Steel Lafayette, Inc., Olympic Steel Minneapolis, Inc., Olympic Steel Iowa, Inc., Oly Steel NC, Inc., IS Acquisition, Inc., Chicago Tube and Iron Company, B Metals, Inc., MCI, Inc., ACT Acquisition, Inc., the lenders from time to time party thereto and Bank of America, N.A. as Agent for the Lenders	Incorporated by reference to Exhibit 4.30 to Registrant's Form 8-K filed with the Commission on June 21, 2021 (Commission File No. 0-23320)
4.31	Joinder and Fifth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of October 1, 2021, among Olympic Steel, Inc., Olympic Steel Lafayette, Inc., Olympic Steel Minneapolis, Inc., Olympic Steel Iowa, Inc., Oly Steel NC, Inc., IS Acquisition, Inc., Chicago Tube and Iron Company, B Metals, Inc., MCI, Inc., ACT Acquisition, Inc., SHAQ, Inc., the lenders from time to time party thereto and Bank of America, N.A. as Agent for the Lenders	Filed herewith
10.8 *	Form of Management Retention Agreement for Senior Executive Officers of the Company	Incorporated by reference to Exhibit 10.8 to Registrant's Form 10-Q filed with the Commission on August 7, 2000 (Commission File No. 0-23320).
10.9 *	Form of Management Retention Agreement for Other Officers of the Company	Incorporated by reference to Exhibit 10.9 to Registrant's Form 10-Q filed with the Commission on August 7, 2000 (Commission File No. 0-23320).
10.14 *	Olympic Steel, Inc. Executive Deferred Compensation Plan dated December 15, 2004	Incorporated by reference to Exhibit 10.14 to Registrant's Form 10-K filed with the Commission on March 14, 2005 (Commission File No. 0-23320).

10.15 *	Form of Non-Solicitation Agreements	Incorporated by reference to Exhibit 10.15 to Registrant's Form 8-K filed with the Commission on March 4, 2005 (Commission File No. 0-23320).
10.16 *	Form of Management Retention Agreement	Incorporated by reference to Exhibit 10.16 to Registrant's Form 10-Q filed with the Commission on August 8, 2005 (Commission File No. 0-23320).
10.17 *	Supplemental Executive Retirement Plan Term Sheet	Incorporated by reference to Exhibit 99.1 to Registrant's Form 8-K filed with the Commission on January 5, 2006 (Commission File No. 0-23320).
10.20 *	Olympic Steel, Inc. Supplemental Executive Retirement Plan	Incorporated by reference to Exhibit 10.20 to Registrant's Form 8-K filed with the Commission on April 28, 2006 (Commission File No. 0-23320).
10.21 *	Olympic Steel, Inc. Amended and Restated Olympic Steel, Inc. 2007 Omnibus Incentive Plan as Amended Effective May 7, 2021	Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed with the Commission on August 6, 2021 (Commission File No-0-23320).
10.22 *	Olympic Steel, Inc. C-Suite Long-Term Incentive Plan	Filed herewith
10.23 *	Form of C-Suite Long-Term Incentive Agreement for participants.	Filed herewith
10.30 *	Olympic Steel, Inc. Senior Manager Compensation Plan	Incorporated by reference to Exhibit 10.30 to Registrant's Form 10-Q filed with the Commission on May 6, 2011 (Commission File No. 0-23320).
10.33 *	Richard T. Marabito Employment Agreement effective as of December 21, 2018	Incorporated by reference to Exhibit 10.13 to Registrant's Form 8-K filed with the Commission on December 21, 2018 (Commission File No. 0-23320).
10.34 *	Form of RSU Agreements for Messrs. Siegal, Wolfort and Marabito.	Incorporated by reference to Exhibit 10.34 to Registrant's Form 10-K filed with the Commission on February 23, 2012 (Commission File No. 0-23320).
10.37 *	Amendment to Form of Management Retention Agreement for Senior Executive Officers of the Company	Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed with the Commission on May 1, 2015 (Commission File No. 0-23320).
10.41 *	Employment Agreement, dated as of January 1, 2020, between Olympic Steel, Inc. and Andrew S. Greiff	Incorporated by reference to Exhibit 10.41 to Registrant's Form 8-K filed with the Commission on December 27, 2019 (Commission File No. 0-23320).
10.42 *	Richard A. Manson Employment Agreement effective as of January 1, 2022	Incorporated by reference to Exhibit 10.40 to Registrant's Form 8-K filed with the Commission on November 26, 2021 (Commission File No. 0-23320).
21	List of Subsidiaries	Filed herewith

23.1	Consent of Grant Thornton, LLP, Independent Registered Public Accounting Firm	Filed herewith
24	Directors and Officers Powers of Attorney	Filed herewith
31.1	Certification of the Principal Executive Officer of the Company, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of the Principal Financial Officer of the Company, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Written Statement of Richard T. Marabito, Chairman and Chief Executive Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2	Written Statement of Richard A. Manson, Chief Financial Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101	The following materials from Olympic Steel's Annual Report on Form 10-K for the year ended December 31, 2021, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Comprehensive Income (Loss), (iii) the Consolidated Statements of Cash Flows, (iv) the Supplemental Disclosures of Cash Flow Information, (v) the Consolidated Statements of Shareholders' Equity, (vi) Notes to Unaudited Consolidated Financial Statements and (vii) document and entity information.	
104	Cover Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101).	

* This exhibit is a management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OLYMPIC STEEL, INC.

February 25, 2022

By: /s/ Richard A. Manson
Richard A. Manson,
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities indicated and on the dates indicated.

February 25, 2022	/s/ Richard T. Marabito * Richard T. Marabito, Chief Executive Officer (Principal Executive Officer)
February 25, 2022	/s/ Richard A. Manson * Richard A. Manson, Chief Financial Officer (Principal Financial and Accounting Officer)
February 25, 2022	/s/ Michael D. Siegal * Michael D. Siegal, Executive Chairman of the Board
February 25, 2022	/s/ Arthur F. Anton * Arthur F. Anton, Lead Director
February 25, 2022	/s/ Dirk A. Kempthorne * Dirk A. Kempthorne, Director
February 25, 2022	/s/ Idalene F. Kesner * Idalene F. Kesner, Director
February 25, 2022	/s/ Michael G. Rippey * Michael G. Rippey, Director
February 25, 2022	/s/ Richard P. Stovsky * Richard P. Stovsky, Director
February 25, 2022	/s/ Vanessa Whiting * Vanessa Whiting, Director
February 25, 2022	/s/ David A. Wolfort * David A. Wolfort, Director

* The undersigned, by signing his name hereto, does sign and execute this Annual Report on Form 10-K pursuant to the Powers of Attorney executed by the above-named officers and directors of the Company and filed with the Securities and Exchange Commission on behalf of such officers and directors.

By: /s/ Richard A. Manson
Richard A. Manson, Attorney-in-Fact

February 25, 2022

JOINDER AND FIFTH AMENDMENT TO
THIRD AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This **JOINDER AND FIFTH AMENDMENT TO THIRD AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** (this "Agreement") is entered into as of October 1, 2021 by and among **OLYMPIC STEEL, INC.**, an Ohio corporation ("Olympic Steel"), **OLYMPIC STEEL LAFAYETTE, INC.**, an Ohio corporation ("Olympic Lafayette"), **OLYMPIC STEEL MINNEAPOLIS, INC.**, a Minnesota corporation ("Olympic Minneapolis"), **OLYMPIC STEEL IOWA, INC.**, an Iowa corporation ("Olympic Iowa"), **OLY STEEL NC, INC.,** a Delaware corporation ("Oly NC"), **IS** ACQUISITION, INC., an Ohio corporation ("IS Acquisition"), **CHICAGO TUBE AND IRON COMPANY**, a Delaware corporation ("Chicago Tube and Iron"), **B METALS, INC.**, an Ohio corporation ("B Metals"), **MCI, INC.**, an Ohio corporation ("MCI"), **ACT ACQUISITION, INC.**, a Texas corporation ("ACT") (Olympic Steel, Olympic Lafayette, Olympic Minneapolis, Olympic Iowa, Oly NC, IS Acquisition, Chicago Tube and Iron, B Metals, MCI, and ACT, collectively, " Existing Borrowers"), and **SHAQ, INC.**, a Georgia corporation (the "Joining Borrower" and together with the Existing Borrowers, the "Borrowers" and each a "Borrower"), **BANK OF AMERICA, N.A.**, a national banking association, as agent for Lenders (together with its successors and assigns, "Agent"), and Lenders party hereto.

RECITALS

A. Existing Borrowers, Lenders and Agent are party to that certain Third Amended and Restated Loan and Security Agreement, dated as of December 8, 2017 (as such agreement may be amended, restated, or otherwise modified from time to time, the "Loan Agreement") pursuant to which Lenders have agreed to make certain loans and extend certain other financial accommodations to Borrowers as provided therein. Terms defined in the Loan Agreement, where used in this Agreement, shall have the same meanings in this Agreement as are prescribed by the Loan Agreement;

B. Olympic Steel and Joining Borrower are contemplating acquiring (the "Acquisition") the Purchased Assets (as defined in the Acquisition Agreement described below) of Shaw Stainless, LLC, a Georgia limited liability company ("Shaw Stainless"), Architectural Stainless Products, LLC, a Georgia limited liability company ("Architectural Stainless"), Shaw Fab, LLC, a Georgia limited liability company ("Shaw Fab"), Barrier Defense Systems, LLC, a Georgia limited liability company ("Barrier", and collectively with Shaw Stainless, Architectural Stainless, and Shaw Fab, "Target"), on or about the date hereof, which assets shall be owned by the Joining Borrower, a wholly owned subsidiary of Olympic Steel, all pursuant to the terms of that certain Asset Purchase Agreement dated as of October 1, 2021 (the " Acquisition Agreement") by and among, the Joining Borrower, the Target, and Bryan Shaw;

C. The Joining Borrower and the Existing Borrowers will derive substantial direct and indirect benefit from the Loans and Letters of Credit under the Loan Documents to be made or issued by Lenders and Issuing Bank to or for the benefit of the Existing Borrowers and/or the Joining Borrower and the other financial accommodations to the Borrowers and their respective Subsidiaries as may be made available by the Lenders;

D. The Existing Borrowers have requested the Agent and the Lenders agree to certain amendments as described herein; and

E. The Joining Borrower is willing to become a Borrower under the Loan Documents as hereinafter provided in order to obtain such benefits;

NOW, THEREFORE, in consideration of the terms and conditions contained herein, and of any loans or financial accommodations heretofore, now, or hereafter made to or for the benefit of the Obligors by Lenders, it hereby is agreed as follows:

ARTICLE 1
JOINDER TO LOAN AGREEMENT

Section 1.1 Joinder. The Joining Borrower agrees to, and does hereby, become a "Borrower" under the Loan Agreement and become bound by the Loan Agreement with the same force and effect as if it were an original party to the Loan Agreement. Each party hereto hereby acknowledges and agrees that each reference in the Loan Agreement to a "Borrower" shall also mean and be a reference to the Joining Borrower.

(a) Joint and Several Liability. Without limiting the generality of the foregoing, subject to and in accordance with the Loan Agreement, the Joining Borrower hereby agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to Agent and Lenders the prompt payment and performance of, all Obligations of each Borrower to the Lenders arising under the Loan Agreement and any other Loan Document (and, for the avoidance of doubt, each of the Existing Borrowers hereby agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to Agent and Lenders the prompt payment and performance of, all Obligations of the Joining Borrower to the Lenders arising under the Loan Agreement and any other Loan Document).

(b) Security Interests. Without limiting the generality of the foregoing, subject to and in accordance with **Section 7** of the Loan Agreement, the Joining Borrower hereby assigns and pledges to Agent, its successors and assigns, for the ratable benefit of the Secured Parties and hereby grants to Agent, its successors and assigns, for the ratable benefit of the Secured Parties, as security for the payment or performance in full of the Obligations, a security interest in all right, title and interest of the Joining Borrower in, to and under any and all of the Collateral now owned or at any time hereafter acquired by the Joining Borrower or in which the Joining Borrower now has or at any time in the future may acquire any right, title or interest.

(c) Representations and Warranties. The Joining Borrower represents, warrants, acknowledges and affirms with respect to itself and its properties, that each of the representations and warranties contained in the Loan Agreement and the other Loan Documents as it relates to the Joining Borrower is true and correct in all material respects (except where any such representation or warranty is otherwise qualified by materiality, in which case such representation or warranty is true and correct in all respects) as of the date hereof, with the same effect as though such representation or warranty had been made on and as of the date hereof after giving effect to the joinder of the Joining Borrower as an additional Borrower and Obligor under the Loan Agreement and the other Loan Documents.

(d) Loan Documents. The Joining Borrower joins and agrees to be obligated and bound by all the terms, provisions and covenants under each of the Loan Documents which are intended to be binding on a Borrower, including, without limitation, that certain Pledge Agreement dated as of June 30, 2010 (together with all amendments thereto) by and among each of the pledgors signatory thereto and the Agent.

(e) Acknowledgement. The Borrower Agent and each Existing Borrower hereby acknowledges and consents to the Loan Documents, as amended or supplemented by this Agreement, and confirms and ratifies in all respects the Obligations of each Borrower under the Loan Documents to which it is a party, as so amended or supplemented, which shall remain in full force and effect.

(f) Borrower Agent. The Joining Borrower hereby appoints the Borrower Agent as representative and agent for all purposes under the Loan Documents as further specified in **Section 4.4** of the Loan Agreement.

Section 1.2 Loan Agreement Amendments. Effective upon the date of the Acquisition as a "Permitted Acquisition" under the Loan Agreement, Schedule 1.2 Amortization Schedule (M&E) shall be replaced by a new Schedule 1.2, attached as Exhibit A, and each of the following schedules to the Loan Agreement shall be supplemented with the corresponding schedules as Exhibit B, delivered by the Borrowers to and approved by the Agent on such date:

Schedule 8.5	Deposit Accounts (Joining Borrower only)
Schedule 8.6.1	Business Locations (Joining Borrower only)
Schedule 9.1.4	Names and Capital Structure (Joining Borrower only)
Schedule 9.1.11	Patents, Trademarks, Copyrights and Licenses (Joining Borrower only)

ARTICLE 2
MISCELLANEOUS

Section 2.1 Conditions to Effectiveness. This Agreement shall become effective on the date upon satisfaction or waiver of the following conditions precedent, as determined by Agent in its sole discretion (the "Effective Date"):

(a) this Agreement shall have been duly executed and delivered by Agent, each Borrower and each Lender;

(b) Agent shall have received (i) pro forma financial statements of the Borrowers and each of their Subsidiaries after giving effect to the consummation of the Acquisition, including projections of the Aggregate Borrowing Base and Availability and (ii) in the case of demonstrating compliance with subclause (B)(ii) of the definition of "Permitted Acquisitions", a pro forma Compliance Certificate, in form and substance satisfactory to Agent to demonstrate compliance with the requirements of clause (f) of the definition of "Permitted Acquisitions";

(c) with respect to the Joining Borrower, Agent shall have been authorized to make all filings or recordations necessary to perfect its Liens in the Collateral, and shall have received UCC and Lien searches and other evidence satisfactory to Agent that such Liens are the only Liens upon the Collateral, except Permitted Liens;

(d) Agent shall have received that certain Pledge Amendment, in form and substance satisfactory to Agent, dated as of the date hereof, executed by Olympic Steel in favor of Agent;

(e) Agent shall have received that certain Perfection Certificate, in form and substance satisfactory to Agent, dated as of the date hereof, with respect to the Joining Borrower;

(f) Agent shall have received the certain Fourth Amended and Restated Notes, in form and substance satisfactory to Agent, dated as of the date hereof;

(g) Agent shall have received a certificate, in form and substance satisfactory to it, from a knowledgeable Senior Officer of the Borrower Agent certifying that (i) the Acquisition has been consummated in accordance with the Acquisition Agreement, (ii) the Acquisition constitutes a "Permitted Acquisition" under the Loan Agreement, and including the calculations therefor in reasonable detail, (iii) before and after giving effect to this Agreement, no Default or Event of Default exists, and (iv) before and after giving effect to this Agreement, the representations and warranties set forth in the Loan Agreement are true and correct in all material respects;

(h) Agent shall have received a certificate of a duly authorized officer of the Joining Borrower, certifying (i) that the copies thereto attached of such Joining Borrower's charter documents, certified by the Secretary of State or other appropriate official of the Joining Borrower's jurisdiction of organization, and organization documents are true and complete, and in full force and effect, without amendment except as shown; (ii) that the copy of resolutions authorizing execution and delivery of this Agreement attached thereto is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified, revoked or contradicted by any other resolution; and (iii) to the title, name and signature of each Person authorized to sign this Agreement and other Loan Documents on behalf of the Joining Borrower;

(i) Agent shall have received a written opinion of Jones Day, as counsel to the Borrowers, in form and substance reasonably satisfactory to Agent;

(j) Agent shall have received a duly executed copy of the Acquisition Agreement and all material agreements related thereto, certified by the Borrower Agent as true, complete and executed copies;

(k) Agent shall have received good standing certificates for Joining Borrower issued by the Secretary of State or other appropriate official of the Joining Borrower's jurisdiction of organization and each jurisdiction where the Joining Borrower's conduct of business or ownership of Property necessitates qualification and where the failure to be so qualified could reasonably be expected to have a Material Adverse Effect;

(l) Agent shall have received copies of policies or certificates of insurance for the insurance policies carried by or covering the Joining Borrower, together with lender's loss payee endorsements, all in compliance with the Loan Documents;

(m) Upon request of any Lender made at least ten days prior to the Effective Date, Joining Borrower shall have provided to such Lender the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including the Patriot Act, or other requirements of Applicable Law or other requirements set forth in Section 14.16 of the Loan Agreement, in each case at least five days prior to the Effective Date; and

(n) All documentation and other matters incident to this Agreement shall be satisfactory to the Agent in its sole discretion.

Section 2.2 Representations, Warranties, and Covenants of Borrowers. Each Borrower hereby represents and warrants that as of the Effective Date (a) no event has occurred and is continuing which constitutes a Default or an Event of Default, (b) the representations and warranties of such Borrower contained in the Loan Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof to the same extent as though made on and as of the date hereof, except to the extent such representations and warranties specifically relate to an earlier date, in which case they are true and correct in all material respects as of such earlier date, (c) the execution and delivery by such Borrower of this Agreement and the performance by such Borrower of the Loan Agreement, as amended by this Agreement, are within such Borrower's corporate powers and have been duly authorized by all necessary action, (d) this Agreement and the Loan Agreement, as amended by this Agreement, are legal, valid, and binding obligations of such Borrower enforceable against such Borrower in accordance with their terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law), and (e) the execution and delivery by such Borrower of this Agreement and the performance by such Borrower of the Loan Agreement, as amended by this Agreement, do not require the consent of any Person (other than that which has been obtained) and do not contravene the terms of such Borrower's Organic Documents, any Restrictive Agreement or any other indenture, agreement, or undertaking to which such Borrower is a party or by which such Borrower or any of its property is bound.

Section 2.3 Fees, Costs, and Expenses. Subject to and in accordance with Section 3.4 of the Loan Agreement, Borrowers agree to pay on demand all reasonable costs and expenses of Agent in connection with the preparation, negotiation, execution and delivery, and closing of this Agreement and all related documentation, including the fees and out-of-pocket expenses of counsel for Agent with respect thereto.

Section 2.4 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto as separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, when taken together, shall constitute but one and the same agreement. A telecopy, pdf or similar electronic file of any such executed counterpart shall be deemed valid and may be relied upon as an original.

Section 2.5 Effect; Ratification.

(a) Except as specifically set forth above, the Loan Agreement and the other Loan Documents shall remain unmodified and in full force and effect and are hereby ratified and confirmed.

(b) The execution, delivery and effectiveness of this Agreement shall not operate as a waiver of (a) any right, power or remedy of Agent or any Lender under the Loan Agreement or any other Loan Document, nor constitute amendment of any provision of the Loan Agreement or any other Loan Document, except as specifically set forth herein, or (b) any Default or Event of Default. Upon the effectiveness of this Agreement, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of similar import shall mean and be a reference to the Loan Agreement as amended hereby.

(c) Each Borrower acknowledges and agrees that the amendments set forth herein are effective solely for the purposes set forth herein and that the execution and delivery by Agent and Lenders of this Agreement shall not be deemed (i) to be a consent to any amendment, waiver or modification of any term or condition of the Loan Agreement or of any other Loan Document, (ii) to create a course of dealing or otherwise obligate Agent or Lenders to forbear, waive, consent or execute similar amendments under the same or similar circumstances in the future, or (iii) to amend, prejudice, relinquish or impair any right of Agent or Lenders to receive any indemnity or similar payment from any Person or entity as a result of any matter arising from or relating to this Agreement.

(d) This Agreement shall constitute a Loan Document.

Section 2.6 Reaffirmation. Each Borrower hereby acknowledges and reaffirms all of its obligations and undertakings under each of the Loan Documents to which it is a party and acknowledges and agrees that subsequent to, and after taking account of the provisions of this Agreement, each such Loan Document is and shall remain in full force and effect in accordance with the terms thereof.

Section 2.7 **No Oral Agreements** . THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

Section 2.8 **GOVERNING LAW. THIS AMENDMENT, UNLESS OTHERWISE SPECIFIED, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES (BUT GIVING EFFECT TO FEDERAL LAWS RELATING TO NATIONAL BANKS).**

Section 2.9 **Post-Closing**. The Borrowers shall complete each of the tasks and other items set forth below at the following times (or such later date as Agent may agree in writing (including, via e-mail transmission)) in a manner satisfactory to Agent:

(a) Within forty-five (45) days following the date hereof, the Borrowers shall open a new collections Deposit Account at Bank of America, N.A. for the Joining Borrower and deliver to Agent a duly executed Deposit Account Control Agreement for such Deposit Account;

(b) Within ten (10) Business Days following the date hereof, the Borrowers shall provide filed UCC-3 terminations for each of the financing statements filed by U.S. Bank Equipment Finance against Shaw Stainless, LLC (file numbers 007-2019-032010, 007-2020-020498 and 007-2020-053627) and the U.S. Small Business Administration against Shaw Stainless Steel (file number 038-2020-022409); and

(c) Within thirty (30) days following the date hereof, the Borrowers shall provide a Lender Loss Payee Endorsement and copy of the property insurance policy, in each case, with respect to the insurance maintained by Joining Borrower.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

JOINING BORROWER:

SHAQ, INC.

By: /s/ Richard A. Manson
Name: Richard A. Manson
Title: Chief Financial Officer

EXISTING BORROWERS:

OLYMPIC STEEL, INC.
OLYMPIC STEEL LAFAYETTE, INC.
OLYMPIC STEEL MINNEAPOLIS, INC.
OLYMPIC STEEL IOWA, INC.
OLY STEEL NC, INC.
IS ACQUISITION, INC.
CHICAGO TUBE AND IRON COMPANY
B METALS, INC.
ACT ACQUISITION, INC.
MCI, INC.

By: /s/ Richard A. Manson
Name: Richard A. Manson
Title: Chief Financial Officer and Secretary

<u>AGENT AND LENDERS</u>:

BANK OF AMERICA, N.A.,
as Agent and Lender

By: ______________________________________
Name: ______________________________________
Title: ______________________________________

<u>AGENT AND LENDERS</u>:

BANK OF AMERICA, N.A.,
as Agent and Lender

By: ______________________________________
Name: Thomas H. Herron
Title: Senior Vice President

THE HUNTINGTON NATIONAL BANK,
as Lender

By: ______________________________________
Name: Nelson D. Rauscher
Title: Vice President

KEYBANK NATIONAL ASSOCIATION,
as Lender

By: ______________________________________
Name: ______________________________________
Title: ______________________________________

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Lender

By: ______________________________________
Name: David Wisniewski
Title: ______________________________________

BMO HARRIS BANK N.A.,
as Lender

By: ______________________________________
Name: Name: Quinn Heiden
Title: Title: Managing Director

Exhibit 10.22

OLYMPIC STEEL, INC.

C-SUITE LONG-TERM INCENTIVE PLAN

Effective: January 1, 2022

TABLE OF CONTENTS

ARTICLE 1 – OVERVIEW

Adoption of Plan; Relation to Omnibus Plan; Administration

Olympic Steel, Inc. has adopted the Olympic Steel, Inc. C-Suite Long-Term Incentive Plan (the "Plan") on the terms set forth herein.

The Plan operates under and is subject to the Amended and Restated Olympic Steel, Inc. 2007 Omnibus Incentive Plan, as may be amended from time-to-time, (the "Omnibus Plan"). Words and phrases used herein with capital letters that are defined in the Omnibus Plan are used herein as so defined.

The Restricted Stock Units that may be granted under Article 2 of the Plan constitute Restricted Share Unit Awards under Article 8 of the Omnibus Plan. The Performance Stock Units that may be granted under Article 2 of the Plan constitute Performance Share Awards under Article 9 of the Omnibus Plan.

The Plan shall be administered pursuant to Article 2 of the Omnibus Plan.

Eligibility

As of the effective date, the Plan is available to the Chief Executive Officer (CEO), the Chief Operating Officer (COO), the President, and the Chief Financial Officer (CFO) (as determined by the Committee or its delegee) of Olympic Steel, Inc. (the "Company" or "Olympic Steel"). Notwithstanding the foregoing, additional future participants may become eligible as determined by the Committee or its delegee. Notwithstanding the foregoing, no participant under the Plan shall have any rights to any of the Awards described herein unless and until definitive Award Agreements are issued pursuant to the terms of the Omnibus Plan.

Effective Date

The Plan is effective January 1, 2022 and runs annually from January 1 to December 31 of each year, with a grant contemplated at the beginning of each year. The Plan may be changed, amended, suspended or terminated by the Committee and the Board of Directors; provided, however, that no amendment of the Plan will adversely affect any Award previously granted hereunder unless agreed to in writing by the Company and the recipient of such Award.

ARTICLE 2 – STOCK AND CASH INCENTIVE

Annual Grant -Restricted Stock Units, Performance Stock Units and Cash Incentives:

In each calendar year, the Committee may award eligible participants a long-term incentive of both a Restricted Stock Unit ("RSU") grant and a Performance Stock Unit ("PSU") grant pursuant to the Omnibus Plan, with such terms and conditions as set forth in this Plan. The date upon which any RSU or PSU is granted is referred to herein as the "RSU Grant Date" or "PSU Grant Date" respectively. Additionally, the Committee may offer a long-term cash incentive ("Cash Incentive") to supplement both the RSU and PSU grants in order to arrive at the Total Long-Term Award Target, as identified on Appendix A. The Total Long-Term Award Target will be identified and communicated to the participants by the Committee on an annual basis. The Cash Incentive will be service-based, and performance-based and shall be split equally between the service and performance metrics, as outlined on Appendix A. The performance-based Cash Incentive will be calculated in the same fashion as the PSU, as outlined in Appendix B. An example of an annual grant can be found in Appendix A.

Notwithstanding the forgoing, if the Company's stock value on the date of the RSU Grant Date and PSU Grant Date is sufficient to meet the Total Long Term Award Target, no Cash Incentive will be awarded to the participant.

In order to receive an annual grant of the RSUs, PSUs and, if applicable, the Cash Incentive, the participant must be employed by the Company on the applicable grant date.

The PSUs will vest if certain performance thresholds are met, as outlined in Appendix B.

Vesting

Except in the situations provided below, each RSU Award and service-based Cash Incentive under this Plan shall vest on the date that is 3 years after the RSU Grant Date, subject to the eligible participant remaining employed by the Company through such time. Each vested RSU will convert into the right to receive one share of Olympic Steel common stock and shall be delivered to the participant as provided for below, except as may otherwise be set forth in the applicable Award Agreement. The value of the service-based Cash Incentive will not change.

Except in the situations provided below, each PSU Award and performance-based Cash Incentive under this Plan shall vest on the date that is 3 years after the PSU Grant Date, subject to the eligible participant remaining employed by the Company through such time and the applicable performance goals being satisfied at least at the threshold level. Each vested PSU will convert into the right to receive one share of Olympic Steel common stock and shall be delivered to the participant as provided for below, except as may otherwise be set forth in the applicable Award Agreement. The value of the PSU Award and performance-based Incentive is subject to the performance grid found in Appendix B as may be adjusted for the applicable year in which the Award is granted and set forth in the applicable Award Agreement. The Cash Incentive will be paid as provided for below.

The date that is 3 years following the RSU Grant Date, PSU Grant Date, or date that the Cash Incentive is granted, as applicable, is referred to herein as the "Vesting Date."

Conversion and Pro-Ration:

In the event of the participant's "separation from service" due to retirement at age 62 or later, death or Disability prior to applicable the vesting date, the amount of the RSU, PSU and the Cash Incentive that shall automatically vest upon such "separation from service" shall be pro-rated based on the number of days remaining until the original Vesting Date, provided, however, that for Awards that are subject to performance goals, such pro-rated amounts shall only fully vest to the extent that the applicable performance goals are ultimately satisfied. For example, assume a participant is awarded 3,000 RSUs and 3,000 PSUs and a Cash Incentive of $180,000 on January 1, 2022, the vesting date is January 1, 2025, and the participant retires on January 1, 2024. In this event (i) the participant would vest in 2,000 RSUs (3,000 x (2/3) = 2,000) as of the date of retirement, 2,000 PSUs (3,000 x (2/3) = 2,000) would have an opportunity to vest based upon the level at which the performance goals are ultimately satisfied at the end of the applicable performance period (potentially up to 150% or 3,000 PSUs in total based upon the level at which the applicable performance goals are ultimately satisfied), (iii) $60,000 in respect of the time-based Cash Incentive ($180,000 x ½ that is time-based x (2/3) = $60,000) of the Cash Incentive would vest as of the date of retirement, and (iv) up to $90,000 of the performance-based Cash Incentive ($180,000 x ½ that is performance-based x (2/3) x the applicable performance multiplier of up to 150%) could vest based upon the level at which the performance goals are ultimately satisfied.

Except as otherwise provided herein, participants whose employment with the Company terminates for any reason other than as expressly set forth herein, will forfeit the unvested RSUs, PSUs, and the Cash Incentive. Furthermore, to the extent that any PSU or performance-based Cash Incentive does not satisfy the performance conditions as of the end of the applicable performance period, such Awards shall immediately expire at the end of the performance period.

Change-in-control:

In the event a change-in-control (as defined in the "Miscellaneous" section below) of the Company occurs, the acquiring, surviving or successor or other entity in such change-in-control may replace an outstanding Award that is not yet vested as of the date of the change-in-control with an equity award that preserves the existing value of the unvested portion of the Award and has terms and conditions (including the schedule by which such Award vests or the restrictions lapse) that are at least as favorable to the participant as the terms and conditions in effect immediately prior to the change-in-control (a "Replacement Award"). A Replacement Award granted in replacement of an outstanding unvested PSU or outstanding unvested performance-based Cash Incentive shall be deemed a Replacement Award under the Plan only if (i) it is subject to time-based vesting and (ii) its value is determined at the target level of the performance goals applicable to the outstanding unvested Award it replaces.

All Replacement Awards will remain outstanding following the change-in-control in accordance with their terms, provided that if a participant's employment is terminated by the Company without "cause" or by the participant for "good reason" (each, as defined in the participant's Management Retention Agreement with the Company, and each, a "Qualifying Termination"), during the one year period following such change-in-control, such Replacement Awards shall become fully vested. For the avoidance of doubt, the Replacement Award shall continue to have the same settlement or payment date as provided in its original grant.

If a Replacement Award is not provided in respect of an outstanding unvested Award in the event of a change-in-control, then the outstanding Award shall become immediately vested (with any performance goals deemed satisfied at the target level of achievement) upon the change-in-control.

Notwithstanding any of the foregoing, an Award Agreement may provide for different treatment of Awards in the event of a change-in-control.

Settlement of RSUs, PSUs and Cash Incentive

One share of Olympic Steel common stock will be delivered for each RSU or PSU on the first to occur of the following events, to the extent that such RSU or PSU is vested as of such time:

- Within 90 days after the Vesting Date.
- Subject to the pro-ration provision above, Olympic Steel common stock attributable to RSUs and PSUs that are vested at the time of the participant's "separation from service" shall be delivered to the participant within 90 days after the "separation from service."
- Olympic Steel common stock attributable to RSUs and PSUs that are vested or become vested at the time of a change-in-control shall be delivered to the participant within 30 days following the change-in-control. If a participant is age 62 or older at the time of the change-in-control and is eligible for the retirement, an amount of the RSU or PSU, pro-rated based on the number of days remaining until the Vesting Date, determined in the same manner as if such participant retired upon the change-in-control, shall be considered "vested" for purposes of this paragraph upon such change-in-control.

The Cash Incentive will be delivered on the first to occur of the following events, to the extent vested as of such time:

- Within 90 days after the Vesting Date.
- Subject to the pro-ration provision above, the Cash Incentive that is vested at the time of the participant's "separation from service" shall be delivered to the participant within 90 days after the "separation from service."

- The Cash Incentive that is vested or becomes vested at the time of a change-in-control shall be delivered to the participant within 30 days following the change-in-control. If a participant is age 62 or older at the time of the change-in-control and is eligible for the retirement treatment described above, an amount of the Cash Incentive, pro-rated based on the number of days remaining until the Vesting Date, determined in the same manner as if such participant retired upon the change-in-control, shall be considered "vested" for purposes of this paragraph upon such change-in-control.

Withholding Taxes

Withholding Generally. Whenever Olympic Steel common stock is to be issued in satisfaction of an Award granted under this Plan or a tax event occurs, the participant may remit to the Company, an amount sufficient to satisfy applicable U.S. federal, state, local and international tax or any other tax or social insurance liability (the "Tax-Related Items") required to be withheld from the participant prior to the delivery of the Olympic stock pursuant to settlement of any RSU Award or PSU Award. Whenever payments in satisfaction of Awards granted under this Plan are to be made in cash, such payment will be net of an amount sufficient to satisfy applicable withholding obligations for Tax-Related Items. Unless otherwise determined by the Committee, the Fair Market Value of the Olympic Steel common stock will be determined as of the date that the taxes are required to be withheld and such Olympic Steel common stock will be valued based on the value of the actual trade or, if there is none, the Fair Market Value of the Olympic Steel common stock as of the previous trading day.

Stock Withholding. The participant, as permitted by applicable law, may satisfy such Tax-Related Items legally due from the participant, in whole or in part by (without limitation) (a) paying cash, (b) having the Company withhold otherwise deliverable cash or, with approval of the Committee, Olympic Steel common stock having a Fair Market Value equal to the Tax-Related Items to be withheld, (c) with approval of the Committee, delivering to the Company already-owned shares having a Fair Market Value equal to the Tax-Related Items to be withheld or (d) withholding from the proceeds of the sale of otherwise deliverable Olympic Steel common stock acquired pursuant to an Award either through a voluntary sale or through a mandatory sale arranged by the Company. The Company may withhold or account for these Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to (but not in excess of) the maximum permissible statutory tax rate for the applicable tax jurisdiction, to the extent consistent with applicable laws.

Miscellaneous Provisions

- RSUs are not eligible to receive dividends or dividend equivalents.

- PSUs are not eligible to receive dividends or dividend equivalents.

- Nothing in this Plan or in any agreement entered into pursuant to this Plan shall confer upon any participant the right to continue in the employment of Olympic Steel or affect any right which Olympic Steel may have to terminate the employment of the participant.

- A change-in-control is defined as an event which results in a Change of Control within the meaning of the Omnibus Plan and also results in a change in the ownership or effective control, or in the ownership of a substantial portion of the assets, of the Company, within the meaning of Treasury Regulation §1.409A-3(i)(5)).

- The Plan may be changed, amended, suspended or terminated at any time by the Board of Directors. However, any changes or amendments shall not have a discretionary impact on the payment of incentives as governed by Section 409A or affect any Award previously granted under this Plan. It is intended that this Plan and the payments hereunder either be exempt from, or comply with, Section 409A and this Plan shall be so construed and administered. In the event that the Company reasonably determines that any compensation payable under this Plan may be subject to taxation under Section 409A, the Company shall have the authority to adopt, prospectively or retroactively, such amendments to this Plan or to take any other actions it determines necessary or appropriate to (a) exempt all or any portion of the compensation payable under this Plan from Section 409A or (b) comply with the requirements of Section 409A. In no event, however, shall this provision or any other provisions of this Plan be construed to require the Company to provide any gross-up for the tax consequences of any provisions of, or payments pursuant to, this Plan, and the Company shall have no responsibility for tax consequences to participant (or his or her beneficiary) resulting from the terms or operation of this Plan. For purposes of Section 409A, the payments hereunder are intended to constitute the right to a series of separate payments.

- As used in this Plan, the term "termination of employment" shall refer to events which constitute a "separation of service" as defined in Treasury Regulation §1.409A-1(h) and means the participant's "separation from service" with the Company and all members of the controlled group (within the meaning of Treasury Regulation §1.409A-1(g)), for any reason, including without limitation, quit, discharge, or retirement, or a leave of absence (including military leave, sick leave, or other bona fide leave of absence such as temporary employment by the government if the period of such leave exceeds the greater of six months or the period for which the Employee's right to reemployment is provided either by statute or by contract). "Separation from service" also means the permanent decrease in the participant's service for the Company and all controlled group members to a level that is no more than 20% of its prior level. For this purpose, whether a "separation of service" has occurred is determined based on whether it is reasonably anticipated that no further services will be performed by the participant after a certain date or that the level of bona fide services the participant will perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than 20% of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the participant has been providing services less than 36 months).

- Notwithstanding any other provision of this Plan or any Award Agreement, and solely to the extent that any payment under an Award issued pursuant to this Plan is not exempt from the requirements of Section 409A, if the participant is a "specified employee" for purposes of Section 409A, all payments under an Award issued pursuant to this Plan that would otherwise be paid or provided during the first 6 months following such "separation from service" (other than payments exempted under Section 409A) shall be accumulated through and paid or provided within 30 days following the 6 month anniversary of such "separation from service" to the extent required by Section 409A. Notwithstanding the foregoing, payments delayed pursuant to this paragraph shall commence as soon as practicable following the date of death of the participant prior to the end of the 6 month period but in no event later than 60 days following the date of death. Any provision or provisions in this Plan or any Award Agreement that provide that such non-exempt payments are to be made prior to the earlier of the expiration of the six-month delay period or death are of no effect and the Award Agreement shall be construed and enforced as if such provision had not been included.

APPENDIX A

Sample Annual Grant

APPENDIX A - Sample Annual Grant

Closing Stock Price at Grant Date: $ 20.00

Participant	(A) Total Long-Term Award Target	Stock Award (B)					Cash Award [(A) - (B)]		
		RSU Grant		PSU Grant					
		Number of Shares	Value of Shares	Number of Shares	Value of Shares	Total Stock Grant Award	Service Based	Performance Based	Total Cash Award Grant
CEO	$ 1,100,000	11,000	$ 220,000	11,000	$ 220,000	$ 440,000	$ 330,000	$ 330,000	$ 660,000
COO & Pres	600,000	6,000	120,000	6,000	120,000	240,000	180,000	180,000	360,000
CFO	300,000	3,000	60,000	3,000	60,000	120,000	90,000	90,000	180,000
	$ 2,000,000	20,000	$ 400,000	20,000	$ 400,000	$ 800,000	$ 600,000	$ 600,000	$ 1,200,000

APPENDIX B

In order to receive an annual PSU grant or the performance-based component of the Cash Incentive, the Company must achieve a minimum level of performance during the 3 year performance period running from the PSU Grant Date through the Vesting Date. The following describes the performance thresholds and corresponding payout levels that apply to each award, subject to annual Committee approval:

Annual PSU Grant (performance based)

Performance Based Cash Incentive

	Threshold	**Target**	**Maximum**
ROA*	5%	7.5%	10% or greater
Payout % PSU Grant & Performance Based Cash Incentive**	50%	100%	150%

*ROA defined as EBITDA / (Average A/R, Inventory & PP&E), as determined by the Committee
** Payout % for performance in between levels will be interpolated, and there is no payout for performance that doesn't meet the Threshold performance level.

Exceptions to the above schedule can be made for start-up, turnaround or other situations, as determined by the Committee.

OLYMPIC STEEL, INC.

OLYMPIC STEEL, INC. AMENDED AND RESTATED 2007 OMNIBUS INCENTIVE PLAN

C-SUITE LONG-TERM INCENTIVE AGREEMENT

THIS C-SUITE LONG-TERM INCENTIVE AGREEMENT (the "Agreement"), is entered into as of the ___ day of ___________________, 2022 (the "Date of Grant"), by and between Olympic Steel, Inc., an Ohio corporation (the "Company"), and ____________________________ (the "Grantee").

WITNESSETH:

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") administers the Olympic Steel, Inc. Amended and Restated 2007 Omnibus Incentive Plan, as may be amended from time-to-time, and that certain Olympic Steel, Inc. C-Suite Long-Term Incentive Plan dated January 1, 2022 (the "LTIP" and, collectively, the "Plan");

WHEREAS, the Compensation Committee desires to provide the Grantee with Restricted Share Units, Performance Share Units and the Cash Incentive under the Plan upon the terms and conditions set forth in this Agreement; and

WHEREAS, the Compensation Committee has approved the grant of Restricted Share Units, the Performance Share Units, and the Cash Incentive to the Grantee as of the Date of Grant. Unless otherwise specified in this Agreement, capitalized terms shall have the meanings attributed to them under the Plan.

NOW, THEREFORE, the Company and the Grantee agree as follows:

1. Definitions. Unless otherwise specified in this Agreement, terms shall have the meanings attributed to them under the Plan.

2. Grant of Restricted Share Units. As of the Date of Grant, the Company grants to the Grantee, upon the terms and conditions set forth in the Plan and this Agreement _________________ (____) Restricted Share Units ("RSUs"). The RSUs give the Grantee the right to receive one (1) Common Share for each RSU subject to the satisfaction of the vesting and other requirements set forth in this Agreement and the Plan. The RSUs are granted in accordance with, and subject to, all the terms, conditions and restrictions of the Plan, which is hereby incorporated by reference in its entirety. The Grantee irrevocably agrees to, and accepts, the terms, conditions and restrictions of the Plan and this Agreement on his or her own behalf and on behalf of any heirs, successors and assigns.

3. Grant of Performance Share Units. As of the Date of Grant, the Company grants to the Grantee, upon the terms and conditions set forth in the Plan and this Agreement _________________ (____) Performance Share Units ("PSUs"). The PSUs give the Grantee the right to receive one (1) Common Share for each PSU subject to the satisfaction of the vesting, performance and other requirements set forth in this Agreement and the Plan as in effect on the Date of Grant. The PSUs are granted in accordance with, and subject to, all the terms, conditions and restrictions of the Plan, which is hereby incorporated by reference in its entirety. The Grantee irrevocably agrees to, and accepts, the terms, conditions and restrictions of the Plan and this Agreement on his or her own behalf and on behalf of any heirs, successors and assigns.

4. Cash Incentive. As of the Date of Grant, the Company grants to the Grantee, upon the terms and conditions set forth in the Plan and this Agreement a service-based Cash Incentive in the amount of $_________________ ("Serviced-Based Cash Incentive"). As of the Date of Grant, the Company grants to the Grantee, upon the terms and conditions set forth in the Plan and this Agreement a performance-based Cash Incentive in the amount of $________________ ("Performance-Based Cash Incentive") (and the Service-Based Cash Incentive and the Performance-Based Cash Incentive are hereinafter referred to collectively as the "Cash Incentive"). The Cash Incentive is granted in accordance with, and subject to, all the terms, conditions and restrictions of the LTIP, which is hereby incorporated by reference in its entirety. The Grantee irrevocably agrees to, and accepts, the terms, conditions and restrictions of the Plan and this Agreement on his or her own behalf and on behalf of any heirs, successors and assigns.

5. Restrictions on RSUs, PSUs and the Cash Incentive. The Grantee cannot sell, transfer, assign, hypothecate or otherwise dispose of the RSUs, PSUs or the Cash Incentive or pledge RSUs, PSUs or the Cash Incentive as collateral for a loan. In addition, the RSUs, PSUs, and the Cash Incentive will be subject to such other restrictions as the Compensation Committee deems necessary or appropriate.

6. Vested Interest. Subject to Section 8 of this Agreement, if the Grantee continues to be an employee of the Company or its Subsidiaries or Affiliates in the same position or a higher position for the period from the Date of Grant through the third anniversary of the Date of Grant (the "Restriction Period"), he or she will be Vested with respect to 100% of the RSUs, the PSUs, and the Cash Incentive on such third anniversary (the "Vesting Date").

7. Other Vesting; Pro-Ration.

a. If, during the Restriction Period, the Grantee has a "separation from service" due to death or Disability, he or she will be Vested with respect to the pro-rated amount of the RSUs, the PSUs, and the Cash Incentive on the date of the Grantee's "separation from service"; and

b. If, during the Restriction Period, the Grantee retires from the Company at or after age 62, as of the date of his or her "separation from service", the Grantee will be Vested with respect to the pro-rated amount of the RSUs, the PSUs, and the Cash Incentive on the date of the Grantee's "separation from service".

The Compensation Committee shall determine in its sole and exclusive discretion whether the Grantee has experienced a Disability. The issuance of Common Shares underlying the RSUs and PSUs that Vest pursuant to this Section 7 will be made in accordance with Section 10 of this Agreement. For the purposes of this Section 7, the RSUs, PSUs, and Cash Incentive shall be pro-rated as provided in the LTIP, including that the pro-rated portion that is subject to any performance goals shall only fully vest based upon the level at which the applicable performance goals are ultimately satisfied.

8. Forfeiture. If the Compensation Committee determines in its sole and exclusive discretion that the Grantee's employment with the Company, its Subsidiaries and Affiliates has terminated during the Restriction Period but prior to becoming Vested pursuant to Section 6, for any reason under circumstances other than those described in Section 7 of this Agreement, or during the Restriction Period, the Grantee is demoted, then the Grantee will immediately forfeit his or her RSUs, PSUs and the Cash Incentive and any right to receive Common Shares or cash amounts under this Agreement and the Grantee will have no further interests under this Agreement.

9. Change of Control. In the event of a change-in-control (as defined in the LTIP), the treatment of outstanding Awards shall be governed by Article 2 of the LTIP.

10. Issuance of Common Shares; Payment of Cash Incentive. Subject to Sections 6, 7, 8, and 9 of this Agreement, the Company will deliver to the Grantee (or his or her beneficiary or beneficiaries) the Common Shares subject to the Vested RSUs and PSUs free and clear of any restrictions (except any applicable securities law restrictions), and the cash amounts underlying any vested Cash Incentive, in each case as provided in the LTIP. Notwithstanding the foregoing, to the extent that any period of time following a payment event contemplated in the LTIP spans two calendar years, the payment shall be made in the second of such calendar year.

11. Shareholder Rights After RSUs and PSUs Vest But Before Payment. The Grantee will not have any rights as a Shareholder of the Company with respect to any RSU or PSU prior to the date a Common Share is issued for such RSU and PSU pursuant to Section 9 or 10.

12. Designation of Beneficiary. By properly executing and delivering a Designation of Beneficiary Form to the Company, the Grantee may designate an individual or individuals as his or her beneficiary or beneficiaries under the Plan. In the event that the Grantee fails to properly designate a beneficiary, his or her interests under the Plan will pass to the person or persons in the first of the following classes in which there are any survivors: (a) spouse at the time of death; (b) issue, *per stirpes*; (c) parents; and (d) the executor or administrator of estate. Except as the Company may determine in its sole and exclusive discretion, a properly completed Designation of Beneficiary Form shall be deemed to revoke all prior designations upon its receipt and approval by the Company's designated representative.

13. Non-Transferability and Legends. When issued, if the Common Shares have not been registered under the Securities Act of 1933, as amended (the "Act"), they may not be sold, transferred or otherwise disposed of unless a registration statement under the Act with respect to the Common Shares have become effective or unless the Grantee establishes to the satisfaction of the Company that an exemption from such registration is available. The Common Shares will bear a legend stating the substance of such restrictions, as well as any other restrictions the Compensation Committee deems necessary or appropriate.

14. Termination of Agreement. This Agreement will terminate on the earliest of: (a) the date of the Grantee's termination of employment with the Company and its Subsidiaries and Affiliates for any reason under circumstances other than those set forth in Section 6, (b) the date on which the Grantee's demotion during the Restriction Period becomes effective, or (c) the date that Common Shares are issued to the Grantee and the Cash Incentive is paid to the Grantee. Any terms or conditions of this Agreement that the Company determines are reasonably necessary to effectuate its purposes will survive the termination of this Agreement.

15. Miscellaneous Provisions.

a. Effect of Corporate Reorganization or Other Changes Affecting Number or Kind of Common Shares. Subject to Section 3.4 of the Plan, the provisions of this Agreement will be applicable to the RSUs, PSUs, Common Shares, or other securities which may be acquired by the Grantee as a result of any dividend or other distribution (as applicable, and whether in the form of cash, Common Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Shares or other securities of the Company, issuance of warrants or other rights to purchase Company Shares or other securities of the Company or other similar corporate transaction or event that affects the Common Shares. The Committee shall appropriately adjust the number and kind of shares under the RSUs, PSUs or Common Shares set forth in this Agreement to reflect such a change.

b. Successors, Legal Representatives and Transferability. This Agreement will bind and inure to the benefit of the Company and the Grantee, and their respective successors, assigns and legal representatives. Subject to the Plan, the RSUs and PSUs granted under this Agreement are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by operation of law or otherwise) shall be null and void.

c. Integration. This Agreement, together with the Plan, constitutes the entire agreement between the Grantee and the Company with respect to the grant of RSUs and PSUs under this Agreement, and may not be modified, amended, renewed or terminated, nor may any term, condition or breach of any term or condition be waived, except pursuant to the terms of the Plan or by a writing signed by the person or persons sought to be bound by such modification, amendment, renewal, termination or waiver. Any waiver of any term, condition or breach thereof will not be a waiver of any other term or condition or of the same term or condition for the future, or of any subsequent breach.

d. Notice. Any notice relating to this grant must be in writing.

e. Separability. In the event of the invalidity of any part or provision of this Agreement, such invalidity will not affect the enforceability of any other part or provision of this Agreement.

f. Section Headings. The section headings of this Agreement are for convenience and reference only and are not intended to define, extend or limit the contents of the sections.

g. Amendment, Waiver and Revocation of Terms. The Compensation Committee may waive any term or condition in this Agreement that could have been excluded on the Date of Grant. No such waiver will be deemed to be a waiver of similar terms under other agreements. The Compensation Committee may amend this Agreement to include or exclude any provision which could have been included in, or excluded from, this Agreement on the Date of Grant, but only with the Grantee's written consent and taking into account the requirements of Section 409A of the Code. Similarly, the Compensation Committee may revoke this Agreement at any time except that, after execution of the Agreement and its delivery to the Company, revocation may only be accomplished with the Grantee's written consent.

h. Plan Administration. The Plan is administered by the Compensation Committee, which has sole and exclusive power and discretion to interpret, administer, implement and construe the Plan and this Agreement. All elections, notices and correspondence relating to the Plan should be directed to the Chair of the Compensation Committee at:

Olympic Steel, Inc.
22901 Millcreek Blvd., Suite 650
Highland Hills, Ohio 44122

i. Governing Law. Except as may otherwise be provided in the Plan, this Agreement will be governed by, construed and enforced in accordance with the internal laws of the State of Ohio, without giving effect to its principles of conflict of laws.

j. Incapacity. If the Compensation Committee determines that the Grantee is incompetent by reason of physical or mental disability or a person incapable of handling his or her property, the Compensation Committee may deal directly with or direct any payment or distribution to the guardian, legal representative or person having the care and custody of the incompetent or incapable person. The Compensation Committee may require proof of incompetence, incapacity or guardianship, as it may deem appropriate before making any payment or distribution. In the event of a payment or distribution, the Compensation Committee will have no obligation thereafter to monitor or follow the application of the Shares distributed or amounts so paid. Payments or distributions made pursuant to this paragraph shall completely discharge the Company with respect to such payments or distributions.

k. Section 409A. It is the intention of the Company and the Grantee that the Plan and this Agreement shall be deemed to be at all relevant times in compliance with (or exempt from) Section 409A of the Code ("Section 409A") and all other applicable laws in order to have the Federal income tax effect sought for the Plan and this Agreement, and the Plan and this Agreement shall be so interpreted and are intended to be so administered. In no event, however, shall this section or any other provisions of this Agreement be construed to require the Company or its Subsidiaries and Affiliates to provide any gross-up for the tax consequences of any provisions of, or payments under, this Agreement and the Company shall have no responsibility for tax consequences to Grantee (or his or her beneficiary) resulting from the terms or operation of this Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer and the Grantee has hereunto set his or her hand.

GRANTEE:	OLYMPIC STEEL, INC.
______________________________	By: ______________________________
Print Name: ______________________	fIts: ______________________________
Date: ____________________________	Date: ____________________________

Exhibit 21

List of Subsidiaries of Olympic Steel, Inc.

Name of Subsidiary	State of Organization	% Ownership
Olympic Steel Lafayette, Inc.	Ohio	100%
Olympic Steel Minneapolis, Inc.	Minnesota	100%
Olympic Steel Iowa, Inc.	Iowa	100% (a)
Oly Steel NC, Inc.	Delaware	100%
Tinsley Group - PS&W, Inc.	North Carolina	100% (b)
IS Acquisition, Inc.	Ohio	100%
Olympic Steel Trading, Inc.	Ohio	100%
Chicago Tube and Iron Company	Delaware	100%
Metales De Olympic, S. de R. L. de C.V.	Mexico	100% (c)
B Metals, Inc.	Ohio	100%
MCI, Inc.	Ohio	100%
ACT Acquisition, Inc.	Texas	100%
SHAQ, Inc.	Georgia	100%

(a) Owned 100% by Olympic Steel Minneapolis, Inc.

(b) Owned 100% by Oly Steel NC, Inc.

(c) Owned 100% by Olympic Steel Trading, Inc.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We have issued our reports dated February 25, 2022, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Olympic Steel, Inc. on Form 10-K for the year ended December 31, 2021. We consent to the incorporation by reference of said reports in the Registration Statements of Olympic Steel, Inc. on Form S-3 (File No. 333-231873) and on Forms S-8 (File No. 333-259306, File No. 333-211023 and File No. 333-143900).

/s/ GRANT THORNTON LLP
Cleveland, Ohio
February 25, 2022

Exhibit 24

POWERS OF ATTORNEY

OLYMPIC STEEL, INC.

KNOW ALL MEN BY THESE PRESENTS, that OLYMPIC STEEL, INC., an Ohio corporation, and each person whose name is signed below hereby constitute and appoint Richard T. Marabito and Richard A. Manson their attorneys-in-fact and agents, with full power of substitution and resubstitution, for and on behalf of Olympic Steel, Inc. and the undersigned directors and officers of Olympic Steel, Inc., and each of such directors and officers, to sign Olympic Steel, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2021, any or all amendments thereto, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting such attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that such attorneys-in-fact and agents or their substitute or substitutes may do or cause to be done by virtue hereof.

This Power of Attorney of Olympic Steel, Inc., and the directors and officers of Olympic Steel, Inc. may be executed in multiple counterparts, each of which shall be deemed an original with respect to the person executing it.

IN WITNESS WHEREOF, this Power of Attorney has been signed at Cleveland, Ohio this 25th day of February 2022.

OLYMPIC STEEL, INC.

By: /s/ Richard A. Manson
Richard A. Manson, Chief Financial Officer

Directors and Officers:

/s/ Richard T. Marabito
Richard T. Marabito, Chief Executive Officer and Director

/s/ Richard A. Manson
Richard A. Manson, Chief Financial Officer (Principal Financial and Accounting Officer)

/s/ Michael D. Siegal
Michael D. Siegal, Executive Chairman of the Board

/s/ Arthur F. Anton
Arthur F. Anton, Lead Director

/s/ Dirk A. Kempthorne
Dirk A. Kempthorne, Director

/s/ Idalene F. Kesner
Idalene F. Kesner, Director

/s/ Michael G. Rippey
Michael G. Rippey, Director

/s/ Richard P. Stovsky
Richard P. Stovsky, Director

/s/ David A. Wolfort
David A. Wolfort, Director

/s/ Vanessa Whiting
Vanessa Whiting, Director

Exhibit 31.1

Certification of the Principal Executive Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Richard T. Marabito, certify that:

1. I have reviewed this annual report on Form 10-K of Olympic Steel, Inc.;

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

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

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

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

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

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

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

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

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

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

By: /s/ Richard T. Marabito

Richard T. Marabito
Olympic Steel, Inc.
Chief Executive Officer

February 25, 2022

Certification of the Principal Financial Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, Richard A. Manson, certify that:

1. I have reviewed this annual report on Form 10-K of Olympic Steel, Inc.;

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

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

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

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

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

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

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

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

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

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

By: /s/ Richard A. Manson

Richard A. Manson
Olympic Steel, Inc.
Chief Financial Officer

February 25, 2022

Exhibit 32.1

Certification of the Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Richard T. Marabito, the Chief Executive Officer of Olympic Steel, Inc. (the "Company"), certify that to the best of my knowledge, based upon a review of this annual report on Form 10-K for the period ended December 31, 2021 of the Company (the "Report"):

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

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

By: /s/ Richard T. Marabito

Richard T. Marabito
Olympic Steel, Inc.
Chief Executive Officer

February 25, 2022

Exhibit 32.2

Certification of the Principal Financial Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Richard A. Manson, the Chief Financial Officer of Olympic Steel, Inc. (the "Company"), certify that to the best of my knowledge, based upon a review of this annual report on Form 10-K for the period ended December 31, 2021 of the Company (the "Report”):

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

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

By: /s/ Richard A. Manson

Richard A. Manson
Olympic Steel, Inc.
Chief Financial Officer

February 25, 2022