

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

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

For the fiscal year ended December 31, 2021

OR

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

For the transition period from _____ to _____

Commission File Number 1-898

AMPCO-PITTSBURGH CORPORATION

Pennsylvania
(State of Incorporation)

25-1117717
(I.R.S. Employer Identification No.)

**726 Bell Avenue, Suite 301
Carnegie, Pennsylvania 15106**
(Address of principal executive offices)

(412) 456-4400
(Registrant's telephone number)

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, \$1 par value	AP	New York Stock Exchange
Series A Warrants to purchase shares of Common Stock	AP WS	NYSE American Exchange

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

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

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

The aggregate market value of the voting stock of Ampco-Pittsburgh Corporation held by non-affiliates on June 30, 2021 (based upon the closing price of the Registrant's Common Stock on the New York Stock Exchange on that date) was approximately \$68 million.

As of March 9, 2022, 19,190,536 common shares were outstanding.

Documents Incorporated by Reference: Part III of this report incorporates by reference certain information from the Proxy Statement for the 2022 Annual Meeting of Shareholders.

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FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (the “Act”) provides a safe harbor for forward-looking statements made by us or on our behalf. *Management’s Discussion and Analysis of Financial Condition and Results of Operations* and other sections of this Annual Report on Form 10-K, as well as the consolidated financial statements and notes hereto, may include, but are not limited to, statements about operating performance, trends and events that we expect or anticipate will occur in the future, statements about sales and production levels, restructurings, the impact from global pandemics (including COVID-19), profitability and anticipated expenses, inflation, the global supply chain, future proceeds from the exercise of outstanding warrants, and cash outflows. All statements in this document other than statements of historical fact are statements that are, or could be, deemed “forward-looking statements” within the meaning of the Act and words such as “may,” “will,” “intend,” “believe,” “expect,” “anticipate,” “estimate,” “project,” “forecast” and other terms of similar meaning that indicate future events and trends are also generally intended to identify forward-looking statements. Forward-looking statements speak only as of the date on which such statements are made, are not guarantees of future performance or expectations, and involve risks and uncertainties. For us, these risks and uncertainties include, but are not limited to:

- cyclical demand for products and economic downturns;
- excess global capacity in the steel industry;
- fluctuations in the value of the U.S. dollar relative to other currencies;
- increases in commodity prices, reductions in electricity and natural gas supply or shortages of key production materials;
- limitations in availability of capital to fund our strategic plan;
- inability to maintain adequate liquidity in order to meet our operating cash flow requirements, repay maturing debt and meet other financial obligations;
- inability to obtain necessary capital or financing on satisfactory terms in order to acquire capital expenditures that may be necessary to support our growth strategy;
- inoperability of certain equipment on which we rely;
- liability of our subsidiaries for claims alleging personal injury from exposure to asbestos-containing components historically used in certain products of our subsidiaries;
- changes in the existing regulatory environment;
- inability to successfully restructure our operations;
- consequences of global pandemics (including COVID-19);
- work stoppage or another industrial action on the part of any of our unions;
- inability to satisfy the continued listing requirements of the New York Stock Exchange or the NYSE American Exchange;
- potential attacks on information technology infrastructure and other cyber-based business disruptions;
- failure to maintain an effective system of internal control; and
- those discussed more fully elsewhere in this report, particularly in Item 1A, *Risk Factors*, in Part I of this Annual Report on Form 10-K.

We cannot guarantee any future results, levels of activity, performance or achievements. In addition, there may be events in the future that we are not able to predict accurately or control which may cause actual results to differ materially from expectations expressed or implied by forward-looking statements. Except as required by applicable law, we assume no obligation, and disclaim any obligation, to update forward-looking statements whether as a result of new information, events or otherwise.

– PART I –

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

Ampco-Pittsburgh Corporation (the “Corporation”) was incorporated in Pennsylvania in 1929. The Corporation, individually or together with its consolidated subsidiaries, is also referred to herein as the “Registrant.” The Corporation manufactures and sells highly engineered, high-performance specialty metal products and customized equipment utilized by industry throughout the world. It

operates in two business segments – the *Forged and Cast Engineered Products* (“FCEP”) segment and the *Air and Liquid Processing* (“ALP”) segment. This segment presentation is consistent with how the Corporation’s chief operating decision maker evaluates financial performance and makes resource allocation and strategic decisions about the business.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency caused by a new strain of the coronavirus (“COVID-19”) and advised of the risks to the international community as the virus spread globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. In response, many state and local governments required the closure of various businesses. The U.S. Department of Homeland Security, however, issued guidance outlining criteria to identify domestic businesses as operating in critical infrastructure industries, essential to the economic prosperity, security and continuity of the United States, which provides exceptions to certain closures mandated by state and local governments and permits businesses to continue operations during such an order. The Corporation’s domestic businesses were, and continue to be, deemed to participate in critical infrastructure industries; however, despite the designation and particularly in 2020, the Corporation has had to periodically and temporarily idle certain operations of its FCEP segment and, consequently, furlough certain of its employees in response to market conditions. While most of these direct impacts were experienced in 2020, as variants have developed, the Corporation has experienced episodic disruptions to its operations or the operations of its customers and suppliers. The pandemic also has spurred disruptions to the global supply chain, which is believed to be a key factor in the global inflationary pressures of 2021. Accordingly, the Corporation has experienced, and may continue to experience, customer-requested delays of deliveries or cancellation of orders, lower order intake resulting from customers postponing projects, inability to obtain raw materials and supplies critical to the manufacturing process, delays in receiving and shipping product due to the lack of transportation, and higher cost of production and transportation.

NARRATIVE DESCRIPTION OF BUSINESS

Forged and Cast Engineered Products Segment

The FCEP segment produces forged hardened steel rolls, cast rolls and forged engineered products (“FEP”). Forged hardened steel rolls are used primarily in cold rolling mills by producers of steel, aluminum and other metals. Cast rolls, which are produced in a variety of iron and steel qualities, are used mainly in hot and cold strip mills, medium/heavy section mills and plate mills. FEP principally are sold to customers in the steel distribution market, oil and gas industry and the aluminum and plastic extrusion industries. The segment has operations in the United States, England, Sweden, and Slovenia and an equity interest in three joint venture companies in China. Collectively, the segment primarily competes with European, Asian and North and South American companies in both domestic and foreign markets and distributes a significant portion of its products through sales offices located throughout the world.

Union Electric Steel Corporation produces forged hardened steel rolls and FEP. It is headquartered in Carnegie, Pennsylvania, with three manufacturing facilities in Pennsylvania and one in Indiana. The following entities are direct or indirect operating subsidiaries of Union Electric Steel Corporation:

Union Electric Steel UK Limited produces cast rolls in a variety of iron and steel qualities for hot and cold strip mills, medium/heavy section mills and plate mills. It is located in Gateshead, England.

Åkers Sweden AB produces cast rolls in a variety of iron and steel qualities for hot strip finishing mills, roughing mills, plate mills, and medium/heavy section mills. It is located in Åkers Styckebruk, Sweden.

Åkers Valji Ravne d.o.o. produces forged rolls for cluster mills and Z-Hi mills, work rolls for narrow and wide strip and aluminum mills, back-up rolls for narrow strip mills, and leveling rolls and shafts. It is located in Ravne, Slovenia.

Alloys Unlimited Processing, LLC is a distributor of tool steels and alloys and carbon round bar. It is located in Austintown, Ohio.

The segment’s three joint venture companies in China include:

Shanxi Åkers TISCO Roll Co., Ltd. is a joint venture between Taiyuan Iron and Steel Co. Ltd. and Åkers AB, a non-operating subsidiary of Union Electric Steel Corporation, that produces cast rolls for hot strip mills, steckel mills and medium plate mills. It is located in Taiyuan, Shanxi Province, China. Åkers AB holds a 59.88% interest in the joint venture.

Magong Gongchang United Rollers Co., Ltd., previously known as Masteel Gongchang Roll Co., Ltd., is a joint venture among Union Electric Steel Corporation, Magang (Group) Holding Co., Ltd. and Jiangsu Gong-Chang Roll Co., Ltd. that produces large forged backup rolls for hot and cold strip mills. It is located in Maanshan, Anhui Province, China. Union Electric Steel (Hong Kong) Limited, a non-operating subsidiary of Union Electric Steel Corporation, holds a 33% interest in the joint venture.

Jiangsu Gong-Chang Roll Co., Ltd., previously known as Jiangsu Gongchang Roll Joint-Stock Co., Ltd., is a joint venture that produces cast rolls for hot and cold strip mills, medium/heavy section mills and plate mills. It is located in Xinjian Town Yixing City, Jiangsu Province, China. Union Electric Steel UK Limited holds a 24.03% interest in the joint venture.

Air and Liquid Processing Segment

The ALP segment includes Aerofin, Buffalo Air Handling and Buffalo Pumps, all divisions of Air & Liquid Systems Corporation ("Air & Liquid"), a wholly owned subsidiary of the Corporation. The segment has operations in Virginia and New York with headquarters in Carnegie, Pennsylvania. The segment distributes a significant portion of its products through a common independent group of sales offices located throughout the United States and has several major competitors.

Aerofin Division of Air & Liquid Systems Corporation produces custom-engineered finned tube heat exchange coils and related heat transfer products for a variety of industries including OEM/commercial, nuclear power generation and industrial manufacturing. It is located in Lynchburg, Virginia.

Buffalo Air Handling Division of Air & Liquid Systems Corporation produces large custom-designed air handling systems for institutional (e.g., hospital, university), pharmaceutical and general industrial building markets. It is located in Amherst, Virginia.

Buffalo Pumps Division of Air & Liquid Systems Corporation manufactures centrifugal pumps for the fossil fueled power generation, marine defense and industrial refrigeration industries. It is located in North Tonawanda, New York.

Products

In both segments, the products are dependent on engineering, principally custom designed, and are sold to sophisticated commercial and industrial users located throughout the world. Products are delivered directly to the customer via third-party carriers or customer-arranged transportation. For the FCEP segment, no customers exceeded 10% of its net sales in 2021, and one customer accounted for approximately 11% of its net sales in 2020. The loss of this customer could have a material adverse effect on the segment. For the ALP segment, no customers exceeded 10% of its net sales in 2021 or 2020. For additional information on the products produced and financial information about each segment, see [Note 16, Revenue](#), and [Note 23, Business Segments](#), to the Consolidated Financial Statements.

Raw Materials

Raw materials used in both segments are generally available from many sources, and neither segment is dependent upon any single supplier for any raw material. Substantial volumes of raw materials used by each segment are subject to significant variations in price. The Corporation's subsidiaries generally do not purchase or commit for the purchase of a major portion of raw materials significantly in advance of the time they require such materials but do make forward commitments for natural gas, electricity and certain commodities (copper and aluminum). See [Note 14, Derivative Instruments](#), to the Consolidated Financial Statements.

Patents and Trademarks

While the Corporation and its subsidiaries hold certain patents, trademarks and licenses, in the opinion of the Corporation, they are not material to either segment.

Backlog

The backlog of orders at December 31, 2021, was approximately \$292.5 million compared to a backlog of \$246.1 million at year-end 2020. Both segments contributed to the improvement in backlog. Backlog for the FCEP segment increased by approximately \$31.4 million year over year due to a combination of (i) higher orders for FEP as a result of increased demand from the steel distribution and oil and gas markets, (ii) improved pricing for FEP and mill rolls and (iii) higher variable-index surcharges included in backlog. Backlog for the ALP segment increased by approximately \$15.0 million and benefited from improved order intake for each of its product lines. Approximately 6% of the backlog is expected to be released after 2022.

Competition

The Corporation faces considerable competition from a large number of companies in both segments. The Corporation believes, however, that its subsidiaries are significant participants in each of the niche markets that they serve. Competition in both segments is based on quality, service, price, and delivery.

Environmental Protection Compliance Costs

Expenditures for environmental control matters were not material to either segment in 2021 and are not expected to be material in 2022.

Employees and Human Capital Management

Employees

On December 31, 2021, the Corporation and its subsidiaries had 1,485 active employees worldwide, of which approximately 50% were employed in the United States. Approximately one-third of the Corporation's employees are covered by collective bargaining agreements or agreements with works councils.

Oversight

The Compensation Committee of the Board of Directors maintains oversight of the Corporation's human capital management strategies that it may deem important to the long-term sustainability of the Corporation.

Key Areas of Focus for the Corporation

Health and Safety – The Corporation's health and safety program is designed around the regulations associated with the specific hazards and unique working environments of the Corporation's manufacturing and headquarter operations. The Corporation requires all of its locations to perform regular safety audits to ensure compliance with the safety program. Leading indicators, such as reporting and training of all near-miss events, are used to identify risks for potential future incidents. Lagging indicators, such as OSHA recordable rates and lost-time incidence rates, are used to measure achievement of safety metrics.

Diversity and Inclusion – The Corporation tracks various metrics such as turnover, absenteeism and diversity. The Corporation has developed strategies to ensure that employees of diverse backgrounds and perspectives enjoy a culture of mutual respect, inclusiveness and teamwork in an environment which values diversity.

AVAILABLE INFORMATION

The Corporation files annual, quarterly and current reports; amendments to those reports; proxy statements; and other information with the Securities and Exchange Commission ("SEC"). You may access and read the Corporation's filings without charge through the SEC's website at www.sec.gov.

The Corporation's internet address is www.ampcopittsburgh.com. The Corporation makes available, free of charge on its website, access to these reports as soon as reasonably practicable after such material is filed with, or furnished to, the SEC. The information on the Corporation's website is not part of this Annual Report on Form 10-K.

EXECUTIVE OFFICERS

The name, age, position with the Corporation, and business experience for at least the past five years of the Executive Officers ⁽¹⁾ of the Corporation are as follows:

J. Brett McBrayer (age 56). Mr. McBrayer has served as the Corporation's Chief Executive Officer since July 2018. He previously served as President and Chief Executive Officer at Airtex Products and ASC Industries, a global manufacturer and distributor of automotive after-market and OEM fuel and water pumps, from 2012 to 2017. Airtex Products and ASC Industries, together with its parent company, UCI International LLC, and affiliated companies, filed for bankruptcy protection in June 2016, and successfully emerged in December 2016. Mr. McBrayer also served as Vice President and General Manager of the Alcan Cable business at Rio Tinto Alcan, as Vice President and General Manager of the Specialty Metals Division at Precision Cast Parts Corporation, and held positions of various responsibility and leadership during his 20 years with Alcoa, Inc. Mr. McBrayer received a Bachelor of Science in Industrial Engineering from the University of Tennessee and a Master of Arts in Applied Behavioral Science from Bastyr University.

Michael G. McAuley (age 58). Mr. McAuley has served as Senior Vice President, Chief Financial Officer and Treasurer of the Corporation since March 2018 and as Vice President, Chief Financial Officer and Treasurer since April 2016. Previously, he served as Senior Vice President and Chief Financial Officer of RTI International Metals, Inc., a producer of titanium mill products and fabricated metal components, from July 2014 to October 2015.

Samuel C. Lyon (age 53). Mr. Lyon has served as President of Union Electric Steel Corporation since February 2019. He previously served as Vice President and Group President of Performance Engineered Products at Carpenter Technology Corporation, a developer, manufacturer and distributor of stainless steels and corrosion-resistant alloys, from July 2017 to January 2019. Prior to that, he served as Vice President and General Manager of Dynamet Incorporated, the titanium business unit of Carpenter Technology Corporation, from October 2016 to June 2017, and as Chief Operating Officer of UCI-Pumps business of UCI-Fram, an OEM and after-market automotive parts supplier, from March 2013 to September 2016.

David G. Anderson (age 54). Mr. Anderson has been employed by the Corporation since 2010 and has served as President of Air & Liquid Systems Corporation since January 2022. He previously served as Vice President of Finance for Union Electric Steel

Corporation from October 2018 to December 2021, and as Vice President of Air & Liquid Systems Corporation from May 2016 to October 2018 .

(1) Officers serve at the discretion of the Board of Directors of the Corporation and none of the listed individuals serve as a director of another public company.

ITEM 1A. RISK FACTORS

Our business, financial condition, results of operations, liquidity, and the value of any investment in our securities are subject to a number of risks. The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties we face. Our business is also subject to general risks and uncertainties that affect many other companies, including overall economic and industry conditions. The COVID-19 pandemic has led to general uncertainty and adverse changes in global economic conditions and has heightened, and in some cases manifested, certain of the risks we normally face in operating our business, including those disclosed herein. Additional risks and uncertainties not currently known to us or that we currently believe are not material also may impair our business, financial condition, results of operations, liquidity, and the value of any investment in our securities.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Cyclical demand for products and economic downturns could reduce the demand for, and sales of, our products, which could adversely affect our margins and profitability.

A significant portion of the FCEP segment's sales consists of mill rolls to customers in the global steel and aluminum industry that can be periodically impacted by economic or cyclical downturns. Such downturns, the timing and length of which are difficult to predict, may reduce the demand for, and sales of, our forged and cast rolls both in the United States and the rest of the world. Lower demand for rolls may also adversely impact profitability as other competing roll producers lower selling prices in the marketplace in order to fill their manufacturing capacity. Cancellation of orders or deferral of delivery of rolls may occur and produce an adverse impact on our financial results. In addition, sales of FEP, specifically open-die forged products for the oil and gas industry and steel distribution markets, are impacted by fluctuations in global energy prices.

Excess global capacity in the steel industry could lower prices for our products, which could adversely affect our sales, margins and profitability, as well as the collectability of our receivables and the salability of our in-process inventory.

The global steel manufacturing capacity continues to exceed global consumption of steel products. Such excess capacity often results in manufacturers in certain countries exporting steel at prices significantly below their home market prices (often due to local government assistance or subsidies), which leads to global market destabilization and reduced sales and profitability of some of our customers which, in turn, affects our sales and profit margins, as well as the collectability of our receivables and the salability of our in-process inventory. Excess capacity in the global roll industry and cyclicity in end-market demand also pose risks of potential impairment of our long-lived assets, which could be material to our results of operations and the carrying value of our assets.

A reduction in the level of our export sales, as well as other economic factors in foreign countries, could have an adverse impact on our financial results.

Exports are a significant portion of our sales. Historically, changes in foreign exchange rates, particularly in respect of the U.S. dollar, British pound, Swedish krona, and euro, have impacted the export of our products and may do so again in the future. Other factors that may adversely impact our export sales and our operating results include political and economic instability, export controls, changes in tax laws and tariffs, and new indigenous producers in overseas markets. A reduction in the level of our export sales may have an adverse impact on our financial results. In addition, changes in foreign currency exchange rates may provide foreign roll suppliers with advantages based on those lower foreign currency exchange rates and, therefore, permit them to compete in our home markets.

Fluctuation in the value of the U.S. dollar relative to other currencies could adversely affect our business, results of operations and financial condition.

Certain of our subsidiaries operate in foreign jurisdictions and, accordingly, earn revenues, pay expenses, own assets, and incur liabilities in countries using currencies other than the U.S. dollar. Since our consolidated financial statements are presented in U.S. dollars, we must translate revenues and expenses into U.S. dollars at the average exchange rate during each reporting period and assets and liabilities into U.S. dollars at the exchange rate in effect at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other major currencies will affect the translated value for revenue, expenses and balance sheet items denominated in foreign currencies and could materially affect our financial results expressed in U.S. dollars.

Increases in commodity prices, reductions in electricity and natural gas supply or shortage of key production materials could adversely impact our production, which could result in lower profitability or higher losses.

Our subsidiaries use certain commodities in the manufacture of their products. These include steel scrap, ferroalloys and energy. Any unexpected, sudden or prolonged price increase may cause a reduction in our profit margins or losses where beneficial fixed-priced contracts do not exist, unfavorable fixed-price contracts cannot be modified or increases cannot be obtained in our selling prices. In addition, there could be a time lag between when we incur such price increases and when we are able to recover such increases in our selling prices. Global increases in transportation costs and more limited availability of freight carriers may impact timely delivery of supplies to our subsidiaries and product to our customers, which may be accentuated during pandemics, and may negatively impact our sales, production and profitability. There also may be curtailment in electricity or natural gas supply or availability of key production materials, all of which could adversely impact our production. Shortage of critical materials, while driving up costs, may be of such severity as to disrupt our production, all of which may impact our sales and profitability. Geopolitical factors or wars could exacerbate these risks. In particular, the Russia-Ukraine conflict may intensify the inflationary effect for the cost of natural gas, raw materials and other production components which could be difficult to predict given the fluidity of the military conflict, the novelty of Western sanctions against Russia and possibility of yet harsher ones.

We could face limitations in availability of capital to fund our strategic plans. Additionally, deterioration in our credit profile or increases in interest rates could increase our costs of borrowing and further limit our access to capital markets and commercial credit.

We are parties to a senior secured asset-based revolving credit facility with a consortium of banks. The credit facility is collateralized by a first priority perfected security interest in substantially all of our assets. The credit facility provides for borrowings not to exceed \$100 million and an allowance of \$20 million for new capital equipment financing but otherwise restricts us from incurring additional indebtedness outside of the agreement, unless approved by the banks. The credit facility is subject to various affirmative and negative covenants and contains various sub-limits, including those based on the type of collateral and borrowings by geographic region. If the financial covenants become difficult to meet or if our borrowing needs increase beyond the prescribed limits, our financial position, results of operations and liquidity may be materially adversely affected. In addition, changes in our credit profile could cause less favorable commercial terms for the procurement of materials required to manufacture our products, which also could have a negative impact on our financial position, results of operations and liquidity. Further, our access to public and private debt markets is limited based on our size, credit profile and not being a well-known seasoned issuer, which may result in limitations in availability of capital to fund our strategic plans.

We need to maintain adequate liquidity in order to meet our operating cash flow requirements, repay maturing debt and meet other financial obligations. If we fail to comply with the covenants contained in our revolving credit facility, it may adversely affect our liquidity, results of operations and financial condition.

Our liquidity is a function of our cash on-hand, our ability to successfully generate cash flows from a combination of efficient operations and continuing operating improvements, availability from our revolving credit facility, access to capital markets, and funding from other third parties. We believe our liquidity (including operating and other cash flows that we expect to generate and revolving credit availability) should be sufficient to meet our operating requirements as they occur; however, our ability to maintain sufficient liquidity going forward is subject to the general liquidity of and ongoing changes in the credit markets as well as general economic, financial, competitive, legislative, regulatory, and other market factors that are beyond our control.

Our revolving credit facility is subject to various affirmative and negative covenants. Failure to comply with material provisions or covenants in the revolving credit facility could have a material adverse effect on our liquidity, results of operations and financial condition. We may seek to renegotiate or replace such facility, or may determine not to replace such facility at all and may instead pursue other forms of liquidity. Any new credit agreement or these other forms of liquidity may result in higher borrowing costs and contain non-investment grade covenants that are less advantageous to us than our existing revolving credit facility.

Our growth strategy may require substantial capital expenditures. We may be unable to obtain necessary capital or financing on satisfactory terms.

To support our growth strategy, we expect to continue to make substantial capital expenditures. We expect to fund capital expenditures with cash generated by operations and borrowings under our credit facility; however, our financing needs may require us to alter or increase our capitalization substantially through the issuance of debt or equity securities. The issuance of additional indebtedness would require that a portion of our cash flows from operations be used for the payment of interest and principal, thereby reducing our ability to use our cash flows from operations to fund working capital, capital expenditures and acquisitions. Furthermore, raising equity capital generally would dilute existing shareholders. If additional capital is needed, we may not be able to obtain debt or equity financing on terms acceptable to us, if at all.

Dependence on certain equipment may cause an interruption in our production if such equipment is out of operation for an extended period of time, which could result in lower sales and profitability.

Our principal business relies on certain unique equipment such as an electric arc furnace and a spin cast work roll machine. Although a comprehensive critical spare inventory of key components for this equipment is maintained, if any such unique equipment is out of operation for an extended period, it may result in a significant reduction in our sales and earnings.

The ultimate liability of our subsidiaries for claims alleging personal injury from exposure to asbestos-containing components historically used in certain products of our subsidiaries could have a material adverse effect on our financial condition, results of operations or liquidity in the future.

Certain of our subsidiaries, and in some cases, we, are defendants in numerous claims alleging personal injury from exposure to asbestos-containing components historically used in certain products of these subsidiaries. Through the current year end, our insurance has covered a majority of our settlement and defense costs. We believe that the estimated costs, net of anticipated insurance recoveries, of our pending and future asbestos legal proceedings should not have a material adverse effect on our financial condition or liquidity. However, there can be no assurance that our subsidiaries or we will not be subject to significant additional claims in the future or that our subsidiaries' ultimate liability with respect to asbestos claims will not present significantly greater and longer lasting financial exposure than provided in our consolidated financial statements. The ultimate net liability with respect to such pending and any unasserted claims is subject to various uncertainties, including the following:

- the number and nature of claims in the future;
- the costs of defending and settling these claims;
- insolvencies among our insurance carriers and the risk of future insolvencies;
- the possibility that adverse jury verdicts could require damage payments in amounts greater than the amounts for which we have historically settled claims;
- possible changes in the litigation environment or federal and state law governing the compensation of asbestos claimants; and
- the risk that the bankruptcies of other asbestos defendants may increase our costs.

Because of the uncertainties related to such claims, it is possible that our ultimate liability could have a material adverse effect on our financial condition, results of operations or liquidity in the future.

A change in the existing regulatory environment could negatively affect our operations and financial performance.

We are subject to a wide variety of complex domestic and foreign laws, rules and regulations, including trade policies and tax regimes. We are affected by new laws and regulations and changes to existing laws and regulations, including interpretations by the courts and regulators, whether prompted by changes in government administrations or otherwise. These laws, regulations and policies, and changes thereto, may result in restrictions or limitations to our current operational practices and processes and product/service offerings which could negatively impact our current cost structure, revenue streams, future tax obligations, the value of our deferred income tax assets, cash flows, and overall financial position.

In 2018, the United States imposed tariffs of 25% on primary steel imports and 10% on primary aluminum imports into the United States. As consumers of steel and aluminum in some of our products, our cost base is exposed to the impact of this action, or similar actions, which could reduce our margins, and we could potentially lose market share to foreign competitors not subject to similar tariff increases. Our financial condition, results of operations and liquidity may continue to be affected by these tariffs, or similar actions. Moreover, these new tariffs, or other changes in U.S. trade policy, have resulted in, and may continue to trigger, retaliatory actions by affected countries which could adversely impact demand for our products, as well as impact our costs, customers, suppliers, and/or the U.S. economy or certain sectors thereof and, thus, may adversely impact our business, operations and financial performance.

We may not be able to achieve the expected benefits of restructuring our operations or consummating future divestitures of operations which become non-core to our portfolio.

We may, from time to time, divest businesses that become less of a strategic fit within our core portfolio or restructure operations to improve our operating results. Our profitability may be impacted by gains or losses on the sale or restructuring of such businesses and our level of expected cost savings from restructuring actions may not materialize. Additionally, we may be required to record asset impairment or restructuring charges related to these businesses and may in the future become responsible for liabilities which materialize post-divestiture. These issues may adversely impact our financial position, results of operations and liquidity.