



2022

INDICATIVE REPORT

SMITH STEEL COMPANY, LLC

For Internal Purpose Only

Fair Market Value

THIS PAGE WAS INTENTIONALLY LEFT BLANK

For Internal Purposes Only

John Dory, CFA

December 5, 2023

Managing Director

Louis Smith

Los Angeles Business
Valuations

**Chief Marketing Officer
Smith Steel Company, LLC
500 Madison Ave, 20th Floor
New York, NY 10020**

Subject: Valuation of Smith Steel's Controlling Interest

Dear Mr. Smith:

Smith Steel Company, LLC ("Smith Steel" or the "Company") retained Los Angeles Business Valuations ("we", "our", or "us") to determine an opinion of the Fair Market Value of the Company's 100.0% equity value on a controlling, marketable ownership interest basis and on a going concern basis for internal strategic planning purposes such as strategic or exit planning as of March 31, 2022 ("Valuation Date").

In accordance with Smith Steel's authorization, we prepared a Fair Market Value Indicative Report and related exhibits, collectively referred to as the "Appraisal" of Smith Steel's 100.0% equity value, collectively referred to as the "Subject Assets."

We are familiar with the Subject Assets. The value opinions expressed herein are based on our experience, certain client-supplied information, and other available market data.

Our opinion of Fair Market Value for the Subject Assets on a controlling, marketable ownership interest basis and on a going concern basis for 100.0% equity value for internal strategic planning purposes such as strategic or exit planning as of March 31, 2022 is in the range of **\$18,843,000 and \$70,620,000.**

John Dory, CFA
Managing Director
Los Angeles Business
Valuations

Fair Market Value is defined by the American Society of Appraisers as the amount “in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date.”

Fair Market Value is determined by considering the three approaches to value: The Income Approach, the Market Approach, and the Asset-Based Approach. The appropriate method for estimating value in any specified situation depends on the nature of the business (or asset), and the circumstances surrounding the specified situation. This appraisal considered all three appraisal approaches to value.

This Indicative Report contains a summary of important facts and conclusions.

Additional details and supplemental information supporting our analysis and conclusions have been retained in our work papers.

If you have any questions, please do not hesitate to contact us.

Respectfully,



John Dory, CFA

Managing Director.

Table of Contents

I	EXECUTIVE SUMMARY	1
A	PURPOSE	1
B	ASSETS APPRAISED (“SUBJECT ASSETS”)	1
C	FAIR MARKET VALUE DEFINITION	1
D	ELEMENTS OF VALUE DEFINITION	1
E	VALUATION METHODS	2
F	OUR APPROACH.....	3
G	CONCLUSION OF OVERALL VALUE	3
II	STATEMENT OF LIMITING CONDITIONS	4
III	EXHIBITS AND ADDENDUM	5

For Internal Purposes Only

Exhibits

1. Valuation Summary
2. Historical Financial Statements
3. Ratio and Common Size Analysis
4. Cost of Capital Analysis
5. Income Approach
6. Market Approach
7. Asset Approach

Addendums

- A – International Valuation Glossary – Business Valuation

For Internal Purposes Only

I EXECUTIVE SUMMARY

A Purpose

To Appraise the Fair Market Value of Subject Assets

This Indicative Report is being prepared to estimate the Fair Market Value of Smith Steel Company, LLC (collectively referred to in this report as “Smith Steel”, the “Subject”, or the “Company”) 100.0% equity value on a controlling, marketable basis and on a going concern basis as of March 31, 2022 for internal strategic planning purposes such as strategic or exit planning.

This Indicative Report was prepared by an appraiser with significant experience valuing assets of various type. The appraiser is a Chartered Financial Analyst (“CFA”) as granted by the CFA Institute.

B Assets Appraised (“Subject Assets”)

Valuation of Smith Steel’s Controlling Interest

We appraised Smith Steel’s 100.0% equity value (collectively referred to as the “Subject Assets”) on a controlling, marketable ownership interest basis and on a going concern basis.

C Fair Market Value Definition

Fair Market Value is equivalent to “Fair Market Value” and is defined by the American Society of Appraisers as the amount “in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date.”¹

D Elements of Value Definition

The above definition has been expanded within the appraisal profession and in court opinions to include the presumptions that:

- Each party is acting in their own best interest;
- The value is a cash price payable in U.S. currency;
- The buyer of the Subject interest would assume both the existing assets and liabilities (including contingent liabilities) of the business.

Where values of closely held equity interests cannot be established by reference to arm’s-length market transactions or by restrictive agreements, regulatory and judicial bodies generally

¹ <https://www.appraisers.org/disciplines/machinery-technical-specialties/appraiser-resources/definitions-of-value>

impose, or agree to, a hypothetical willing buyer / seller concept in valuation and assume the existence of such fictional parties where neither party is influenced by special or particular motivations and/or circumstances.

The value of the property depends upon its use. Therefore, hypothetical buyers and sellers are aware of the highest and best use of the property, which is its lawful use maximizing the property's value and consider the value of the property in lights of such use. As a result, buyers and sellers are prudent, rational economic actors.

Fair Market Value is "as of a specific date." The facts, circumstances and external conditions may be different as of a different date, which may alter the value conclusion.

When relevant, our valuation analysis also takes into consideration Revenue Ruling 59-60, which outlines and reviews the general factors² to be considered in the valuation of the capital stock of closely held companies and thinly traded public corporations. They consist of the following:

- The nature of the business and the history of the enterprise from its inception;
- The economic outlook in general and the conditions and outlook of the specific industry in particular;
- The book value of the stock and the financial condition of the business;
- The earning capacity of the company;
- The dividend – paying capacity;
- Whether or not the enterprise has goodwill or other intangible value;
- Sales of the stock and the size of the block of stock to be valued;

The market prices of stocks of corporations engaged in the same or a similar line of business, having their stocks actively traded in a free and open market, either on an exchange or over the counter.

E Valuation Methods

Three Approaches to Value – Income, Market and Asset-Based

Fair Market Value is determined by giving consideration to the three approaches to value: The Income Approach, the Market Approach, and the Asset-Based Approach. The appropriate method for estimating value in any given situation depends on the nature of the business (or asset), the available information, and the circumstances surrounding the given situation.

² Rev. Rul. 59-60, 1959-1961 C.B. 237.

F Our Approach

We considered and applied all approaches to value the Company. More specifically, applied the Asset Accumulation Method of the Asset-Based Approach, the Guideline Transaction Method and Guideline Public Company Method of the Market Approach and the Capitalized Economic Income Method and the Discounted Economic Income Method of the Income Approach.

G Conclusion of Overall Value

Based on our approach mentioned above, our opinion of the Fair Market Value for the Subject Assets on a controlling, marketable ownership interest basis and on a going concern basis for 100.0% equity value for internal strategic planning purposes such as strategic or exit planning as of March 31, 2022 is in the range of **\$18,843,000 and \$70,620,000**.

Valuation Methodology	Valuation Range	
	LOW	HIGH
Income Approach		
Discounted economic income method	\$56,214,450	\$74,792,714
Capitalized economic income method	\$31,890,278	\$70,974,441
Market Approach		
Guideline public company method	\$66,050,838	\$97,060,796
Guideline transaction method	\$51,773,116	\$93,422,670
Asset Based Approach		
Asset accumulation method	\$43,470,072	\$48,970,072
Indicated Enterprise Value as a Pass-Through Entity as if Publicly Traded	\$31,890,278	\$97,060,796
Less interest-bearing debt	-\$9,687,383	-\$9,687,383
Plus/less surplus assets/liabilities	\$6,786,172	\$6,786,172
Indicated Value of 100% Equity as a Pass-Through Entity as if Publicly Traded <i>on a controlling, marketable basis</i>	\$28,989,067	\$94,159,585
Less discount for lack of liquidity (DLOL)	35%	25%
Total Discount Impact (%) = 1 - [(1 - DLOL)]	35.0%	25.0%
Total Discount Impact (\$)	\$10,146,174	\$23,539,896
Indicated Value of 100% Equity as a Pass-Through Entity and as a Closely Held Business <i>on a controlling, marketable basis</i>	\$18,843,000	\$70,620,000

II STATEMENT OF LIMITING CONDITIONS

This Indicative Report is made subject to the following limiting conditions:

- We assume no responsibility for the legal description or other matters including legal or title considerations of the Assets being valued. Title to the Subject Assets is assumed to be good and marketable unless otherwise stated.
- We assume Subject Assets are free and clear of any or all liens or encumbrances unless otherwise stated.
- The information furnished by others, upon which all or portions of this report is based, is believed to be reliable, but has not been verified except as set forth in this report. We issue no warranty or other form of assurance as to the accuracy of such information.
- This report has been written only for the purpose stated and shall not be used for any other purpose. Except as set forth in this report, neither all nor any part of its contents shall be disseminated to the public by any means without prior written consent and approval.
- We take no responsibility for changes in market conditions and we assume no obligation to revise this report to reflect events or conditions, which occur after the date hereof.
- The date of value to which the Opinion expressed in this report applies is set forth in the Opinion letter at the beginning of this report. Our value opinions are based on the purchasing power of the United States dollar as of that date.
- We assume all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can readily be obtained or renewed for any use on which the opinions contained in this report are based.
- We assume full compliance with all applicable federal, state, and local laws and regulations, unless the lack of compliance is otherwise stated.
- We assume responsible ownership and competent management with respect to the Subject Assets.
- The analyses, opinions, and conclusions presented in this report apply to this engagement only and may not be used out of the context presented herein.
- Possession of this report does not carry with it the right of publication.

III EXHIBITS AND ADDENDUM

For Internal Purposes Only

EXHIBIT 1 - VALUATION SUMMARY

For Internal Purposes Only

Exhibit 1.1
Smith Steel Company, LLC
Valuation Summary

Valuation Date: March 31, 2022

Valuation Methodology	Valuation Range	
	LOW	HIGH
Income Approach		
Discounted economic income method	\$56,214,450	\$74,792,714
Capitalized economic income method	\$31,890,278	\$70,974,441
Market Approach		
Guideline public company method	\$66,050,838	\$97,060,796
Guideline transaction method	\$51,773,116	\$93,422,670
Asset Based Approach		
Asset accumulation method	\$43,470,072	\$48,970,072
Indicated Enterprise Value as a Pass-Through Entity as if Publicly Traded	\$31,890,278	\$97,060,796
Less interest-bearing debt	-\$9,687,383	-\$9,687,383
Plus/less surplus assets/liabilities	\$6,786,172	\$6,786,172
Indicated Value of 100% Equity as a Pass-Through Entity as if Publicly Traded <i>on a controlling, marketable basis</i>	\$28,989,067	\$94,159,585
Less discount for lack of liquidity (DLOL)	35%	25%
Total Discount Impact (%) = 1 - [(1 - DLOL)]	35.0%	25.0%
Total Discount Impact (\$)	\$10,146,174	\$23,539,896
Indicated Value of 100% Equity as a Pass-Through Entity and as a Closely Held Business <i>on a controlling, marketable basis</i>	\$18,843,000	\$70,620,000

Sources: Los Angeles Business Valuations analysis.

EXHIBIT 2 - HISTORICAL FINANCIAL STATEMENTS

For Internal Purposes Only

Exhibit 2.1
Smith Steel Company, LLC
Historical Income Statements
Valuation Date: March 31, 2022

Years ended December 31	2016	2017	2018	2019	2020	2021	2022 LTM
Revenue	66,787,403	48,258,128	38,827,294	48,052,204	54,297,961	83,609,653	85,281,846
Total Revenue	66,787,403	48,258,128	38,827,294	48,052,204	54,297,961	83,609,653	85,281,846
Direct Contract Costs							
Materials	20,161,808	17,997,114	10,936,140	19,619,288	16,298,338	35,406,331	36,114,458
Labour	7,619,433	5,336,290	4,184,329	5,467,753	5,768,667	7,831,547	7,988,178
Outside Fabricators	11,098,568	4,589,701	1,402,186	2,317,040	3,594,031	2,693,818	2,747,694
Outside Erectors	5,647,147	4,076,096	9,185,265	2,408,862	9,637,493	9,857,031	10,054,172
Outside Detailers	1,446,123	1,533,893	813,726	1,571,791	1,521,676	1,703,681	1,737,755
Equipment Rental	2,579,527	1,276,873	859,557	1,578,016	1,534,217	2,648,143	2,701,106
Freight	377,446	229,968	319,458	369,337	279,469	356,873	364,010
Outside Services	113,472	225,509	209,270	99,553	361,530	274,476	279,966
Bid Bonding	116,306	16,008	2,365	9,778	220,581	13,493	13,763
Safety Consultant	30,291	13,666	-	-	-	-	-
Indirect Contract Costs							
Union Fringe Benefits/Dues	4,729,757	3,080,532	2,003,668	2,749,215	3,275,324	4,923,470	5,021,939
Wages	813,809	831,698	793,803	808,235	1,154,446	848,086	865,048
Depreciation	651,378	738,695	558,015	533,257	610,181	739,676	754,470
Payroll Taxes	900,265	638,670	527,612	689,210	687,476	598,318	610,284
Shop Supplies	1,010,594	618,090	615,039	981,955	827,438	1,164,607	1,187,899
Insurance	620,614	498,196	397,845	403,600	584,127	720,635	735,048
Employee Benefits	265,413	273,539	301,759	573,252	418,739	76,208	77,732
Repairs and Maintenance	138,219	190,235	140,080	182,060	188,026	158,743	161,918
Equipment Rental - Indirect	184,030	161,093	117,054	115,824	164,180	200,803	204,819
Utilities	163,471	159,876	179,358	185,420	146,290	131,736	134,371
Truck Expense	114,317	80,510	89,365	133,792	139,727	176,618	180,150
Miscellaneous Plant Expenses	44,640	31,412	30,675	34,162	33,564	63,256	64,521
Small Tools	70,780	23,142	19,337	42,989	52,486	33,759	34,434
Licenses, permits and bonds	4,938	9,194	7,891	13,947	9,285	23,772	24,247
Indirect Freight	9,119	1,894	4,693	4,324	2,043	14,920	15,218
Uniforms	3,370	1,633	1,987	2,271	133	-	-
Advertising - indirect	-	-	894	-	-	-	-
Total COGS	58,914,835	42,633,527	33,701,371	40,894,931	47,509,467	70,660,000	72,073,200
Gross Profit	7,872,568	5,624,601	5,125,923	7,157,273	6,788,494	12,949,653	13,208,646
Expenses							
Salaries and Wages - general and admin	2,071,549	2,015,042	1,819,151	2,204,867	2,511,545	3,914,801	3,993,097
Employee benefits - general and admin	566,634	559,476	566,794	587,189	579,264	1,114,618	1,136,910
Insurance - general and admin	251,444	210,269	168,704	172,999	131,774	-	-
Payroll taxes - general and admin	180,212	171,935	154,943	177,678	219,566	817,583	833,935
Depreciation - general and admin	79,771	124,476	82,226	101,018	82,939	136,630	139,363
Office building maintenance and repair	92,573	81,097	71,992	94,876	77,889	77,864	79,421
Travel and entertainment - general and admin	70,788	80,124	82,668	85,915	85,528	58,150	59,313
Taxes, property - general and admin	76,833	72,898	75,607	70,888	71,205	80,981	82,601
Auto expense - general and admin	74,352	60,989	62,171	63,128	54,117	66,272	67,597
Professional Fees - general and admin	46,443	51,121	87,407	117,308	75,729	64,858	66,155
Miscellaneous expense - general and admin	27,677	40,838	19,692	19,232	13,618	10,070	10,271
Road truck and trailer - general and admin	74,847	39,181	56,643	53,756	41,406	32,084	32,726
Dues and subscriptions - general and admin	40,418	32,579	25,627	40,646	37,101	46,770	47,705
Utilities - general and admin	30,878	30,077	33,240	34,043	26,622	25,255	25,760
Contributions - general and admin	27,309	21,030	30,838	37,583	33,443	25,425	25,934
Telephone - general and admin	21,260	20,496	23,525	22,996	20,868	17,634	17,987
Office supplies - general and admin	26,266	19,238	34,044	26,818	29,182	81,905	83,543
Office expense - general and admin	16,661	18,976	20,738	24,435	25,358	33,104	33,766
Equipment Rental - general and admin	15,677	14,001	11,249	9,608	9,456	17,528	17,879
Printing - general and admin	6,818	9,402	5,449	13,907	9,858	15,004	15,304
Engineering Design - general and admin	13,945	8,150	7,800	6,145	3,631	29,478	30,068
Repairs - general and admin	14,451	7,120	25,949	23,061	29,422	53,067	54,128
Advertising - general and admin	10,769	6,122	8,860	12,461	13,887	8,043	8,204
Continuing education - general and admin	3,824	5,513	15,317	19,202	36,825	108,538	110,709
Taxes and licenses - general and admin	(626)	3,381	(2,361)	(891)	(4,325)	2,733	2,788
Insurance, officer's life - general and admin	186	-	-	128,042	142,108	140,471	143,280
Amortization - general and admin	-	-	-	1,033	1,568	1,070	1,091
Insurance - other - general and admin	-	-	-	-	416	510	520
Rent, building - general and admin	-	-	-	-	-	22,430	22,879
Estimating - general and admin	-	-	-	-	-	1,530	1,561
Total Expenses	3,840,959	3,703,531	3,488,273	4,147,943	4,360,000	7,004,406	7,144,494
Total Operating Income	4,031,609	1,921,070	1,637,650	3,009,330	2,428,494	5,945,247	6,064,152
Interest and dividend income	75,473	68,534	95,464	34,840	1,703	7,879	8,037
Gain on disposal of Equipment	1,393	22,570	-	12,398	10,360	213	217
Miscellaneous Income	11,534	-	-	-	9,788	111,568	113,799
Unrealised Gain on investment/equity securities	-	-	-	-	13,499	33,559	34,230
Rental income	37,820	7,849	15,296	8,902	38,572	21,896	22,334
Gain on forgiven on loan	-	-	-	-	-	2,171,023	2,214,443
Other Income	126,220	98,953	110,760	56,140	73,922	2,346,138	2,393,061
Unrealized Loss on Investments	1,283	-	-	-	-	-	-
Interest expense	67,757	81,016	20,453	161,165	256,235	204,609	208,701
Los on disposal of equipment	-	-	7,478	-	-	-	-
Other Expenses	69,040	81,016	27,931	161,165	256,235	204,609	208,701
Earnings Before Taxes (EBT)	4,088,789	1,939,007	1,720,479	2,904,305	2,246,181	8,086,776	8,248,512
Income Tax Expense	767,768	364,095	323,061	545,353	421,774	1,518,486	1,548,856
Net Profit After Tax (NPAT)	3,321,021	1,574,912	1,397,418	2,358,952	1,824,407	6,568,290	6,699,656
Interest Expense	67,757	81,016	20,453	161,165	256,235	204,609	208,701
Earnings Before Interest & Taxes (EBIT)	4,156,546	2,020,023	1,740,932	3,065,470	2,502,416	8,291,385	8,457,213
Depreciation	731,149	863,171	640,241	634,275	693,120	876,306	893,832
Amortization	-	-	-	1,033	1,568	1,070	1,091
Earnings Before Interest, Taxes, Dep. and Amort. (EBITDA)	4,887,695	2,883,194	2,381,173	3,700,778	3,197,104	9,168,761	9,352,136

Exhibit 2.1
Smith Steel Company, LLC
Historical Income Statements
 Valuation Date: March 31, 2022

Summarized Income Statement	Historical 2016	Historical 2017	Historical 2018	Historical 2019	Historical 2020	Historical 2021	Historical 2022 LTM
Total Revenue	66,787,403	48,258,128	38,827,294	48,052,204	54,297,961	83,609,653	85,281,846
Total COGS	58,914,835	42,633,527	33,701,371	40,894,931	47,509,467	70,660,000	72,073,200
Gross Profit	7,872,568	5,624,601	5,125,923	7,157,273	6,788,494	12,949,653	13,208,646
Total Expenses	3,840,959	3,703,531	3,488,273	4,147,943	4,360,000	7,004,406	7,144,494
Total Operating Income	4,031,609	1,921,070	1,637,650	3,009,330	2,428,494	5,945,247	6,064,152
Earnings Before Interest & Taxes (EBIT)	4,156,546	2,020,023	1,740,932	3,065,470	2,502,416	8,291,385	8,457,213
Earnings Before Taxes (EBT)	4,088,789	1,939,007	1,720,479	2,904,305	2,246,181	8,086,776	8,248,512
Adjustments & Addbacks							
Depreciation	731,149	863,171	640,241	634,275	693,120	876,306	893,832
Less: Depreciation Normalized	(731,149)	(863,171)	(640,241)	(634,275)	(693,120)	(876,306)	(893,832)
Amortization	-	-	-	1,033	1,568	1,070	1,091
Less: Amortization Normalized	-	-	-	(1,033)	(1,568)	(1,070)	(1,091)
Unrealized Loss on Investments	1,283	-	-	-	-	-	-
Interest expense	67,757	81,016	20,453	161,165	256,235	204,609	208,701
Los on disposal of equipment	-	-	7,478	-	-	-	-
Penalties and Fines	-	-	-	-	-	-	-
Interest and dividend income	(75,473)	(68,534)	(95,464)	(34,840)	(1,703)	(7,879)	(8,037)
Gain on disposal of Equipment	(1,393)	(22,570)	-	(12,398)	(10,360)	(213)	(217)
Miscellaneous Income	(11,534)	-	-	-	(9,788)	(111,568)	(113,799)
Unrealised Gain on investment/equity securitie	-	-	-	-	(13,499)	(33,559)	(34,230)
Rental income	(37,820)	(7,849)	(15,296)	(8,902)	(38,572)	(21,896)	(22,334)
Gain on forgiven on loan	-	-	-	-	-	(2,171,023)	(2,214,443)
Patronage Dividends	-	-	-	-	-	-	-
Discounts Taken	-	-	-	-	-	-	-
Total Adjustments for Operating Income (Pre Tax)	(57,180)	(17,937)	(82,829)	105,025	182,313	(2,141,529)	(2,184,360)
Adjusted Operating Income (Pre Tax)	4,031,609	1,921,070	1,637,650	3,009,330	2,428,494	5,945,247	6,064,152
Adjusted EBITDA	4,762,758	2,784,241	2,277,891	3,643,605	3,121,614	6,821,553	6,957,984

Sources: Company financial statements and Los Angeles Business Valuations analysis.

Exhibit 2.2
Smith Steel Company, LLC
Historical Balance Sheets

Valuation Date: March 31, 2022

Years ended December 31

	2016	2017	2018	2019	2020	2021	March 31, 2022
Current Assets							
Cash and equivalents	19,975	6,095,366	6,733,118	347,794	2,174,104	133,781	8,160,531
Accounts Receivable	18,170,399	16,243,443	7,562,700	15,923,305	12,909,972	25,007,816	19,999,530
Inventory	206,314	344,771	674,933	681,915	634,365	737,563	3,143,484
Costs and extrimated earnings in exchange	2,817,409	1,068,975	1,756,431	789,719	1,364,402	1,932,285	-
Prepaid expenses	202,129	4,396	3,503	82,350	144,812	253,078	6,687,072
Due from officers	5,312	5,312	5,312	5,312	-	-	-
Note receivable, stockholder - current	64,976	67,877	79,549	-	-	-	-
Other Receivables	-	-	-	-	-	-	260,441
Total Current Assets	21,486,514	23,830,140	16,815,546	17,830,395	17,227,655	28,064,523	38,251,058
Fixed Assets							
Property, plant and equipment at cost net	3,897,801	3,936,939	6,296,315	6,652,214	8,093,307	11,286,680	9,020,675
Total Fixed Assets	3,897,801	3,936,939	6,296,315	6,652,214	8,093,307	11,286,680	9,020,675
Other Non-Current Assets							
Due from affiliates	446,141	458,997	471,597	239,231	239,231	239,231	-
Deposits	416,199	420,045	204,896	160,039	260,052	181,404	9,322
Cash surrender value of life insurance	104,402	112,853	120,248	126,732	130,546	140,232	149,657
Other non current assets	35,452	35,452	35,452	35,452	34,490	34,490	36,808
Note receivable, stockholder - non current	1,222,409	1,154,533	881,209	-	-	-	-
Investments	-	-	-	-	-	-	153,934
Loan Origination Fees, net	-	-	-	-	-	-	12,307
Total Other Non-Current Assets	2,224,603	2,181,880	1,713,402	561,454	664,319	595,357	362,028
Total Assets	27,608,918	29,948,959	24,825,263	25,044,063	25,985,281	39,946,560	47,633,761
Liabilities							
Accounts Payable	4,031,515	2,746,524	1,552,786	6,388,203	2,486,150	7,856,184	4,023,577
Line of Credit	2,525,000	-	-	-	-	2,000,000	-
Payroll taxes accrued and withheld	26,497	6,282	33,103	53,524	23,497	-	17,021
Accrued Salaries and Wages	-	-	-	-	-	407,672	-
Accrued bonuses	520,500	531,500	424,000	557,500	496,000	552,000	-
Accrued pension and profit sharing	432,409	429,024	428,791	428,529	428,618	425,000	424,517
Accrued property taxes	54,343	54,380	54,228	53,621	54,899	58,178	-
Accrued union benefits	319,635	121,753	152,274	464,780	320,471	276,851	286,298
Accrued expenses other	98,961	75,146	396,891	122,182	96,486	24,502	346,169
Billings in excess of costs and estimated earnings	3,538,771	9,619,109	4,271,077	3,202,927	6,624,172	5,385,006	11,628,362
Current portion of long term debt	237,502	146,711	-	1,070,036	509,523	1,239,061	2,345,598
Other Accrued Taxes	-	-	-	-	-	-	104,285
Accrued Interest	-	-	-	-	-	-	46,882
Total Current Liabilities	11,785,133	13,730,429	7,313,150	12,341,302	11,039,816	18,224,454	19,222,711
Long term Liabilities							
Long term debt net of current portion	920,777	775,230	-	3,720,224	5,361,254	4,998,821	7,294,903
Total Long Term Liabilities	920,777	775,230	-	3,720,224	5,361,254	4,998,821	7,294,903
Total Liabilities	12,705,910	14,505,659	7,313,150	16,061,526	16,401,070	23,223,275	26,517,613
Shareholder's Equity							
Issued and outstanding	31,400	31,400	31,400	31,400	31,400	31,400	31,400
Retained Earnings	15,101,517	15,641,809	17,710,622	18,298,546	18,900,220	26,039,294	3,180,933
Less treasury stock at cost	(230,000)	(230,000)	(230,000)	(9,347,500)	(9,347,500)	(9,347,500)	(9,347,500)
Shareholder's earnings	-	-	-	-	-	-	49,323,700
Less shareholder distributions	-	-	-	-	-	-	(25,072,475)
Preferred stock class A	-	-	-	-	-	-	2,000,000
Preferred stock class B	-	-	-	-	-	-	1,000,000
Total Equity	14,903,008	15,443,300	17,512,113	8,982,537	9,584,211	16,723,285	21,116,148
Total Liabilities & Shareholder's Equity	27,608,918	29,948,959	24,825,263	25,044,063	25,985,281	39,946,560	47,633,762

Sources: Company financial statements and Los Angeles Business Valuations analysis.

Exhibit 2.3
Smith Steel Company, LLC
Historical Cash Flow Statements
 Valuation Date: March 31, 2022

Years ended December 31	2017	2018	2019	2020	2021
Operating Cash Flow					
Net Income	2,172,452	1,720,479	2,904,305	2,246,181	8,086,776
Depreciation and amortization	605,765	640,241	635,308	694,688	877,376
Loss on disposal of equipment	1,391	7,478	(12,398)	(10,360)	(213)
Unrealized gain on equity securities	-	-	-	(13,499)	(33,559)
Increase in cash surrender value of life insurance	(8,451)	(7,395)	(6,484)	(3,814)	(9,686)
Gain on forgiveness of loan	-	-	-	-	(2,171,023)
Interest expense from forgiven loan	-	-	-	-	24,523
Net changes in operating assets and liabilities:					
Contract retainage receivables	1,926,956	8,680,743	(8,360,605)	3,013,333	(12,097,844)
Inventory	(138,457)	(330,162)	(6,982)	47,550	(103,198)
Costs and estimated earnings in excess of billings	1,748,434	(687,456)	966,712	(574,683)	(567,883)
Prepaid expenses	197,733	893	(78,847)	(61,500)	(108,266)
Deposits	(3,846)	215,149	44,857	(100,013)	78,648
Accounts payable	(1,284,993)	(1,193,736)	4,835,417	(3,902,053)	5,370,034
Accrued expenses	(234,258)	271,202	190,849	(260,165)	324,232
Billings in excess of costs and estimated earnings	6,080,338	(5,348,032)	(1,068,150)	3,421,245	(1,239,166)
Cash Flow from Operating Activities	11,063,064	3,969,404	43,982	4,496,910	(1,569,249)
Investing Cash Flow					
Acquisition of property and equipment	(902,441)	(744,872)	(1,035,448)	(2,134,212)	(4,099,467)
Proceeds from disposal of property and equipment	22,700	81,804	57,673	10,360	30,000
Proceeds from disposal of equipment	-	-	-	(83,522)	(3,201)
Loans to affiliates	(12,856)	(12,600)	(14,045)	-	-
Loan origination fees	-	-	(12,017)	-	-
Cash from Investing Activities	(892,597)	(675,668)	(1,003,837)	(2,207,374)	(4,072,668)
Financing Cash Flow					
Proceeds from long term debt	-	-	-	2,146,500	4,879,500
Net repayment under line of credit	(2,525,000)	-	-	-	2,000,000
Payments on long term debt	(236,338)	(921,941)	(2,831,037)	(1,067,552)	(2,366,964)
Repayments on amounts due from officers	-	-	-	5,312	-
Repayments on note receivable - stockholder	64,975	261,652	-	-	-
Payments to acquire treasury stock	-	-	(1,669,755)	-	-
Dividends paid to shareholders	(1,398,713)	(1,995,695)	(924,677)	(1,644,507)	(947,702)
Cash from Financing Activities	(4,095,076)	(2,655,984)	(5,425,469)	(560,247)	3,564,834
Net Increase (decrease) in Cash & Equivalents	6,075,391	637,752	(6,385,324)	1,729,289	(2,077,083)
Cash and cash equivalents, beginning of the year	19,975	6,095,366	6,733,118	347,794	2,077,083
Cash and cash equivalents, end of the year	6,095,366	6,733,118	347,794	2,077,083	-

Sources: Company financial statements and Los Angeles Business Valuations analysis.

EXHIBIT 3 - RATIO AND COMMON SIZE ANALYSIS

For Internal Purposes Only

Exhibit 3.1
Smith Steel Company, LLC
Common-Size Income Statements
Valuation Date: March 31, 2022

Years ended December 31	2016	2017	2018	2019	2020	2021	2022 LTM
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue	100.0%						
Direct Contract Costs							
Materials	30.2%	37.3%	28.2%	40.8%	30.0%	42.3%	42.3%
Labour	11.4%	11.1%	10.8%	11.4%	10.6%	9.4%	9.4%
Outside Fabricators	16.6%	9.5%	3.6%	4.8%	6.6%	3.2%	3.2%
Outside Erectors	8.5%	8.4%	23.7%	5.0%	17.7%	11.8%	11.8%
Outside Detailers	2.2%	3.2%	2.1%	3.3%	2.8%	2.0%	2.0%
Equipment Rental	3.9%	2.6%	2.2%	3.3%	2.8%	3.2%	3.2%
Freight	0.6%	0.5%	0.8%	0.8%	0.5%	0.4%	0.4%
Outside Services	0.2%	0.5%	0.5%	0.2%	0.7%	0.3%	0.3%
Bid Bonding	0.2%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%
Safety Consultant	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Indirect Contract Costs							
Union Fringe Benefits/Dues	7.1%	6.4%	5.2%	5.7%	6.0%	5.9%	5.9%
Wages	1.2%	1.7%	2.0%	1.7%	2.1%	1.0%	1.0%
Depreciation	1.0%	1.5%	1.4%	1.1%	1.1%	0.9%	0.9%
Payroll Taxes	1.3%	1.3%	1.4%	1.4%	1.3%	0.7%	0.7%
Shop Supplies	1.5%	1.3%	1.6%	2.0%	1.5%	1.4%	1.4%
Insurance	0.9%	1.0%	1.0%	0.8%	1.1%	0.9%	0.9%
Employee Benefits	0.4%	0.6%	0.8%	1.2%	0.8%	0.1%	0.1%
Repairs and Maintenance	0.2%	0.4%	0.4%	0.4%	0.3%	0.2%	0.2%
Equipment Rental - Indirect	0.3%	0.3%	0.3%	0.2%	0.3%	0.2%	0.2%
Utilities	0.2%	0.3%	0.5%	0.4%	0.3%	0.2%	0.2%
Truck Expense	0.2%	0.2%	0.2%	0.3%	0.3%	0.2%	0.2%
Miscellaneous Plant Expenses	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Small Tools	0.1%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%
Licenses, permits and bonds	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Indirect Freight	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Uniforms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Advertising - indirect	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total COGS	88.2%	88.3%	86.8%	85.1%	87.5%	84.5%	84.5%
Gross Profit	11.8%	11.7%	13.2%	14.9%	12.5%	15.5%	15.5%
Expenses							
Salaries and Wages - general and admin	3.1%	4.2%	4.7%	4.6%	4.6%	4.7%	4.7%
Employee benefits - general and admin	0.8%	1.2%	1.5%	1.2%	1.1%	1.3%	1.3%
Insurance - general and admin	0.4%	0.4%	0.4%	0.4%	0.2%	0.0%	0.0%
Payroll taxes - general and admin	0.3%	0.4%	0.4%	0.4%	0.4%	1.0%	1.0%
Depreciation - general and admin	0.1%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Office building maintenance and repair	0.1%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%
Travel and entertainment - general and admin	0.1%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%
Taxes, property - general and admin	0.1%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%
Auto expense - general and admin	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%
Professional Fees - general and admin	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	0.1%
Miscellaneous expense - general and admin	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Road truck and trailer - general and admin	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
Dues and subscriptions - general and admin	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Utilities - general and admin	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
Contributions - general and admin	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%
Telephone - general and admin	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Office supplies - general and admin	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
Office expense - general and admin	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
Equipment Rental - general and admin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Printing - general and admin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Engineering Design - general and admin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Repairs - general and admin	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%
Advertising - general and admin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Continuing education - general and admin	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
Taxes and licenses - general and admin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insurance, officer's life - general and admin	0.0%	0.0%	0.0%	0.3%	0.3%	0.2%	0.2%
Amortization - general and admin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insurance - other - general and admin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rent, building - general and admin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Estimating - general and admin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Expenses	5.8%	7.7%	9.0%	8.6%	8.0%	8.4%	8.4%
Total Operating Income	6.0%	4.0%	4.2%	6.3%	4.5%	7.1%	7.1%
Interest and dividend income	0.1%	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%
Gain on disposal of Equipment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Miscellaneous Income	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Unrealised Gain on investment/equity securities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rental income	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Gain on forgiven on loan	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	2.6%
Other Income	0.2%	0.2%	0.3%	0.1%	0.1%	2.8%	2.8%
Unrealized Loss on Investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expense	0.1%	0.2%	0.1%	0.3%	0.5%	0.2%	0.2%
Los on disposal of equipment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Expenses	0.1%	0.2%	0.1%	0.3%	0.5%	0.2%	0.2%
Earnings Before Taxes (EBT)	6.1%	4.0%	4.4%	6.0%	4.1%	9.7%	9.7%
Interest Expense	0.1%	0.2%	0.1%	0.3%	0.5%	0.2%	0.2%
Earnings Before Interest & Taxes (EBIT)	6.2%	4.2%	4.5%	6.4%	4.6%	9.9%	9.9%
Depreciation	1.1%	1.8%	1.6%	1.3%	1.3%	1.0%	1.0%
Amortization	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings Before Interest, Taxes, Dep. and Amort. (EBITDA)	7.3%	6.0%	6.1%	7.7%	5.9%	11.0%	11.0%

Exhibit 3.1
 Smith Steel Company, LLC
 Common-Size Income Statements
 Valuation Date: March 31, 2022

	Historical 2016	Historical 2017	Historical 2018	Historical 2019	Historical 2020	Historical 2021	Historical 2022 LTM
Summarized Income Statement							
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total COGS	88.2%	88.3%	86.8%	85.1%	87.5%	84.5%	84.5%
Gross Profit	11.8%	11.7%	13.2%	14.9%	12.5%	15.5%	15.5%
Total Expenses	5.8%	7.7%	9.0%	8.6%	8.0%	8.4%	8.4%
Total Operating Income	6.0%	4.0%	4.2%	6.3%	4.5%	7.1%	7.1%
Earnings Before Interest & Taxes (EBIT)	6.2%	4.2%	4.5%	6.4%	4.6%	9.9%	9.9%
Earnings Before Taxes (EBT)	6.1%	4.0%	4.4%	6.0%	4.1%	9.7%	9.7%
Net Profit After Tax (NPAT)	5.0%	3.3%	3.6%	4.9%	3.4%	7.9%	7.9%
Adjustments & Addbacks							
Depreciation	1.1%	1.8%	1.6%	1.3%	1.3%	1.0%	1.0%
Less: Depreciation Normalized	-1.1%	-1.8%	-1.6%	-1.3%	-1.3%	-1.0%	-1.0%
Amortization	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Less: Amortization Normalized	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unrealized Loss on Investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expense	0.1%	0.2%	0.1%	0.3%	0.5%	0.2%	0.2%
Los on disposal of equipment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Penalties and Fines	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest and dividend income	-0.1%	-0.1%	-0.2%	-0.1%	0.0%	0.0%	0.0%
Gain on disposal of Equipment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Miscellaneous Income	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%
Unrealised Gain on investment/equity securities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rental income	-0.1%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%
Gain on forgiven on loan	0.0%	0.0%	0.0%	0.0%	0.0%	-2.6%	-2.6%
Patronage Dividends	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Discounts Taken	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Adjustments for Operating Income (Pre Tax)	-0.1%	0.0%	-0.2%	0.2%	0.3%	-2.6%	-2.6%
Adjusted Operating Income (Pre Tax)	6.0%	4.0%	4.2%	6.3%	4.5%	7.1%	7.1%
Adjusted EBITDA	7.1%	5.8%	5.9%	7.6%	5.7%	8.2%	8.2%

Sources: Company financial statements and Los Angeles Business Valuations analysis.

Exhibit 3.2
Smith Steel Company, LLC
Common-Size Balance Sheets
 Valuation Date: March 31, 2022

Years ended December 31

	2016	2017	2018	2019	2020	2021	March 31, 2022
Current Assets							
Cash and equivalents	0.1%	20.4%	27.1%	1.4%	8.4%	0.3%	17.1%
Accounts Receivable	65.8%	54.2%	30.5%	63.6%	49.7%	62.6%	42.0%
Inventory	0.7%	1.2%	2.7%	2.7%	2.4%	1.8%	6.6%
Costs and extrimated earnings in exchange of billings	10.2%	3.6%	7.1%	3.2%	5.3%	4.8%	0.0%
Prepaid expenses	0.7%	0.0%	0.0%	0.3%	0.6%	0.6%	14.0%
Note receivable, stockholder - current	0.2%	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%
Other Receivables	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
Total Current Assets	77.8%	79.6%	67.7%	71.2%	66.3%	70.3%	80.3%
Fixed Assets							
Property, plant and equipment at cost net	14.1%	13.1%	25.4%	26.6%	31.1%	28.3%	18.9%
Total Fixed Assets	14.1%	13.1%	25.4%	26.6%	31.1%	28.3%	18.9%
Other Non-Current Assets							
Due from affiliates	1.6%	1.5%	1.9%	1.0%	0.9%	0.6%	0.0%
Deposits	1.5%	1.4%	0.8%	0.6%	1.0%	0.5%	0.0%
Cash surrender value of life insurance	0.4%	0.4%	0.5%	0.5%	0.5%	0.4%	0.3%
Other non current assets	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Note receivable, stockholder - non current	4.4%	3.9%	3.5%	0.0%	0.0%	0.0%	0.0%
Investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Total Other Non-Current Assets	8.1%	7.3%	6.9%	2.2%	2.6%	1.5%	0.8%
Total Assets	100.0%						
Liabilities							
Accounts Payable	14.6%	9.2%	6.3%	25.5%	9.6%	19.7%	8.4%
Line of Credit	9.1%	0.0%	0.0%	0.0%	0.0%	5.0%	0.0%
Payroll taxes accrued and withheld	0.1%	0.0%	0.1%	0.2%	0.1%	0.0%	0.0%
Accrued Salaries and Wages	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%
Accrued bonuses	1.9%	1.8%	1.7%	2.2%	1.9%	1.4%	0.0%
Accrued pension and profit sharing	1.6%	1.4%	1.7%	1.7%	1.6%	1.1%	0.9%
Accrued property taxes	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.0%
Accrued union benefits	1.2%	0.4%	0.6%	1.9%	1.2%	0.7%	0.6%
Accrued expenses other	0.4%	0.3%	1.6%	0.5%	0.4%	0.1%	0.7%
Billings in excess of costs and estimated earnings	12.8%	32.1%	17.2%	12.8%	25.5%	13.5%	24.4%
Current portion of long term debt	0.9%	0.5%	0.0%	4.3%	2.0%	3.1%	4.9%
Other Accrued Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Accrued Interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Total Current Liabilities	42.7%	45.8%	29.5%	49.3%	42.5%	45.6%	40.4%
Long term Liabilities							
Long term debt net of current portion	3.3%	2.6%	0.0%	14.9%	20.6%	12.5%	15.3%
Total Long Term Liabilities	3.3%	2.6%	0.0%	14.9%	20.6%	12.5%	15.3%
Total Liabilities	46.0%	48.4%	29.5%	64.1%	63.1%	58.1%	55.7%
Shareholder's Equity							
Issued and outstanding	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Retained Earnings	54.7%	52.2%	71.3%	73.1%	72.7%	65.2%	6.7%
Less treasury stock at cost	-0.8%	-0.8%	-0.9%	-37.3%	-36.0%	-23.4%	-19.6%
Shareholder's earnings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	103.5%
Less shareholder distributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-52.6%
Preferred stock class A	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.2%
Preferred stock class B	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%
Total Equity	54.0%	51.6%	70.5%	35.9%	36.9%	41.9%	44.3%
Total Liabilities & Shareholder's Equity	100.0%						

Sources: Company financial statements and Los Angeles Business Valuations analysis.

Exhibit 3.3

Smith Steel Company, LLC

Historical Ratio Analysis

Valuation Date: March 31, 2022

	History 2016	History 2017	History 2018	History 2019	History 2020	History 2021	History 2022 LTM	Median Ratios	Average Ratios
Liquidity									
Current Ratio	1.8	1.7	2.3	1.4	1.6	1.5	2.0	1.6	1.7
Quick Ratio	1.8	1.7	2.2	1.4	1.5	1.5	1.8	1.6	1.7
Working Capital (\$)	9,701,381	10,099,711	9,502,396	5,489,093	6,187,839	9,840,069	19,028,347	9,601,889	8,470,082
Activity									
Working Capital Turnover	6.9	4.9	4.0	6.4	9.3	10.4	5.9	6.6	7.0
Inventory Turnover	285.6	154.7	66.1	60.3	72.2	103.0	37.1	87.6	123.6
Receivables Turnover	3.7	2.8	3.3	4.1	3.8	4.4	3.8	3.7	3.7
Payables Turnover	14.6	12.6	15.7	10.3	10.7	13.7	12.1	13.1	12.9
Total Asset Turnover	2.4	1.7	1.4	1.9	2.1	2.5	1.9	2.0	2.0
Average Collection Period (days)	99.3	130.1	111.9	89.2	96.9	82.8	96.3	98.1	101.7
Days to Sell Inventory	1.3	2.4	5.5	6.1	5.1	3.5	9.8	4.3	4.0
Days of Payables	25.0	29.0	23.3	35.4	34.1	26.7	30.1	27.9	28.9
Operating Cycle	75.6	103.5	94.1	59.8	67.9	59.6	76.1	71.7	76.8
Performance									
Sales/Net Fixed Assets	17.1	12.3	7.6	7.4	7.4	8.6	8.4	8.1	10.1
Sales/Stockholder Equity	4.5	3.2	2.4	3.6	5.8	6.4	4.5	4.1	4.3
Profitability (%)									
Gross Profit Margin	11.8%	11.7%	13.2%	14.9%	12.5%	15.5%	15.5%	12.9%	13.3%
Operating Margin as Reported	6.0%	4.0%	4.2%	6.3%	4.5%	7.1%	7.1%	5.3%	5.3%
EBITDA Margin as Reported	7.3%	6.0%	6.1%	7.7%	5.9%	11.0%	11.0%	6.7%	7.3%
Operating Margin after Depreciation	6.2%	4.2%	4.5%	6.4%	4.6%	9.9%	9.9%	5.4%	6.0%
EBITDA Margin Adjusted	7.1%	5.8%	5.9%	7.6%	5.8%	8.2%	8.2%	6.5%	6.7%
Pretax Profit Margin	6.1%	4.0%	4.4%	6.0%	4.1%	9.7%	9.7%	5.2%	5.7%
Net Profit Margin	5.0%	3.3%	3.6%	4.9%	3.4%	7.9%	7.9%	4.3%	4.7%
Return on Assets	12.0%	5.3%	5.6%	9.4%	7.0%	16.4%	14.1%	8.2%	9.3%
Return on Equity	22.3%	10.2%	8.0%	26.3%	19.0%	39.3%	31.7%	20.7%	20.8%
Leverage									
EBIT/Interest	61.3	24.9	85.1	19.0	9.8	40.5	40.5	32.7	40.1
EBITDA/Interest as Reported	72.1	35.6	116.4	23.0	12.5	44.8	44.8	40.2	50.7
EBITDA/Interest Adjusted	70.3	34.4	111.4	22.6	12.2	33.3	33.3	33.9	47.4
Long-term Debt/Shareholder's Equity	0.2	0.1	0.0	0.4	0.6	0.4	0.3	0.3	0.3
Total Debt/Invested Capital	0.2	0.0	0.0	0.3	0.4	0.3	0.3	0.2	0.2
Total Debt/Total Assets	0.1	0.0	0.0	0.1	0.2	0.2	0.2	0.1	0.1
Total Assets/Common Equity	1.9	1.9	1.4	2.8	2.7	2.4	2.3	2.2	2.2

Sources: Company financial statements and Los Angeles Business Valuations analysis.

EXHIBIT 4 - COST OF CAPITAL ANALYSIS

For Internal Purposes Only

Exhibit 4.1
Smith Steel Company, LLC
Cost of Equity

Valuation Date: March 31, 2022

Build-Up Method, Cost of Equity (CRSP Size Risk Premium):

	Implied ERP	Supply Side ERP	Historical ERP
(1) Risk-Free Rate	2.59%	2.59%	2.59%
(2) Equity Risk Premium	5.68%	5.26%	6.50%
(3) Size Premium	7.89%	7.89%	7.89%
(4) Industry Risk Premium	1.41%	1.95%	2.41%
(5) Company-Specific Risk Premium	0.00%	0.00%	0.00%
(7) Adjustment to cost of equity capital due to taxes on capital gains and dividends	-1.30%	-1.30%	-1.30%
Ke =	16.27%	16.39%	18.09%

Build-Up Method, Cost of Equity (Company-Specific Size Risk Premium):

	Implied ERP	Supply Side ERP	Historical ERP
(1) Risk-Free Rate	2.59%	2.59%	2.59%
(2) Equity Risk Premium	5.68%	5.26%	6.50%
(3) Size Premium	5.95%	5.95%	5.95%
(4) Industry Risk Premium	1.58%	2.18%	2.70%
(5) Company-Specific Risk Premium	0.00%	0.00%	0.00%
(7) Adjustment to cost of equity capital due to taxes on capital gains and dividends	-1.30%	-1.30%	-1.30%
Ke =	14.50%	14.68%	16.44%

Notes:

(1) 20-Year Treasury Bond as of March 31, 2022.

(2) Duff and Phelps LLC 2021 Valuation Handbook — Guide to Cost of Capital.

(3) Duff and Phelps LLC 2021 Valuation Handbook — Guide to Cost of Capital. Size premium for the 10B Decile (market cap. between \$10.59 and \$190.44 million).

(4) Considered data from Duff and Phelps LLC 2021 Valuation Handbook — GICS Code 201020.

(5) Based on analysis of company and industry and on the financial and economic environment as of the Valuation Date.

(6) See Exhibit 4.2 for calculation of beta.

(7) Fannon and Sellers, Taxes and Value. (Oregon; Business Valuation Resources, 2015), Exhibit 8-2, p. 63.

Sources: Los Angeles Business Valuations analysis.

Exhibit 4.2
Smith Steel Company, LLC
Weighted Average Cost of Capital
 Valuation Date: March 31, 2022

Cost of Equity			Comments
	LOW	HIGH	
Build-Up Method (CRSP Size Risk Premium)	16.27%	18.09%	
Build-Up Method (Company-Specific Size Risk Premium)	14.50%	16.44%	
Indicated Range Cost of Equity	14.50%	18.09%	
Cost of Debt			
Average Cost of Debt	4.25%	4.25%	Moody's Seasoned Baa Corporate Bond Yield as of March 31, 2022. Data accessed via Tagnifi database.
Tax Rate	18.78%	18.78%	Effective tax rate from public comparables
After-Tax Cost of Debt	3.45%	3.45%	
Capital Structure			
Debt/Invested Capital	35.03%	35.03%	Based on relevered estimates
Equity/Invested Capital	64.97%	64.97%	Based on relevered estimates
WACC	10.63%	12.96%	

Sources: Los Angeles Business Valuations analysis.

For Internal Purposes Only

EXHIBIT 5 - INCOME APPROACH

For Internal Purposes Only

Exhibit 5.1
Smith Steel Company, LLC
Discounted Economic Income Method - Low Discount Rate
 Valuation Date: March 31, 2022

Assumptions	
(1) WACC	10.63%
(2) Debt-Free Working Capital as a % of Revenue	17.58%
(3) Perpetuity Growth Rate	4.16%
(4) Capitalization Rate	6.47%
(5) Tax Rate	18.78%

	FYE December 31, 2021	Forecast December 31, 2022	9 Months Ended December 31, 2022 Forecast	Years ended December 31,			Terminal Year
				2023	2024	2025	2026
Total Revenue	83,609,653	87,085,191	65,313,893	90,705,202	94,475,693	98,402,917	102,493,390
<i>Growth Rate (year over year)</i>		4.2%		4.2%	4.2%	4.2%	4.2%
Gross Profit	13,689,329	14,258,376	10,693,782	14,851,077	15,468,415	16,111,416	16,781,145
EBITDA, Adjusted	6,822,623	7,106,230	5,329,673	7,401,626	7,709,302	8,029,767	8,363,553
<i>As a % of revenues</i>	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Less: Depreciation	877,376	913,847	685,385	951,835	991,401	1,032,612	1,075,537
Earnings to Invested Capital Before Tax	5,945,247	6,192,383	4,644,287	6,449,792	6,717,900	6,997,154	7,288,016
Estimated Income Tax			872,076	1,211,103	1,261,447	1,313,883	1,368,500
Adjusted Net Income to Invested Capital			3,772,211	5,238,689	5,456,454	5,683,271	5,919,517
<i>As a % of revenues</i>			5.8%	5.8%	5.8%	5.8%	5.8%
Less: Incremental Debt-Free Working Capital			(317,115)	(636,574)	(663,035)	(690,596)	(719,304)
Plus: Depreciation and Amortization			685,385	951,835	991,401	1,032,612	1,075,537
Less: Capital Expenditures			(788,193)	(1,094,610)	(1,140,111)	(1,187,504)	(1,236,867)
Cash Flow to Invested Capital			3,352,288	4,459,340	4,644,708	4,837,783	5,038,883
						Terminal Value	77,857,844
Cash Flow to Invested Capital			3,352,288	4,459,340	4,644,708	4,837,783	77,857,844
Period			0.38	0.62	1.62	2.62	2.62
Discount Factors			0.9627	0.9389	0.8487	0.7671	0.7671
PV of Cash Flows to Invested Capital			3,227,124	4,186,664	3,941,739	3,711,143	59,726,044
Present Value Through 2025		15,066,670					
Terminal Value		59,726,044					
Present Value of Invested Capital		74,792,714					

Notes:

- (1) Projections developed by Intelek in consultation with Management.
- (2) See Exhibit 4.3 for calculation of the weighted average cost of capital.
- (3) The long-term growth rate reflects industry growth expectations and projected long-term inflation.
- (4) Debt-free working capital requirements based on an analysis of historical requirements and an analysis of the industry. See Exhibit 5.3 for normalized DFNWC requirements and incremental DFNWC in discounted cash flow analysis.
- (5) The capitalization rate equals the discount rate less the long-term growth rate.
- (6) Based on projected combined state and federal tax rate per management.
- (7) Depreciation expense and capital expenditures are per client projections.
- (8) To compute the terminal value, the terminal year cash flow is divided by the capitalization rate.
- (9) See Exhibit 5.3 for calculation of excess DFNWC.
- (10) Terminal year assumption is that capital expenditures will be 15% above depreciation for simplification of calculation.

Sources: Los Angeles Business Valuations analysis.

Exhibit 5.1
Smith Steel Company, LLC
Discounted Economic Income Method - High Discount Rate
 Valuation Date: March 31, 2022

Assumptions	
(1) WACC	12.96%
(2) Debt-Free Working Capital as a % of Revenue	17.58%
(3) Perpetuity Growth Rate	4.16%
(4) Capitalization Rate	8.81%
(5) Tax Rate	18.78%

	FYE December 31, 2021	Forecast December 31, 2022	9 Months Ended December 31, 2022 Forecast	Years ended December 31,			Terminal Year
				2023	2024	2025	2026
Total Revenue	83,609,653	87,085,191	65,313,893	90,705,202	94,475,693	98,402,917	102,493,390
<i>Growth Rate (year over year)</i>		4.2%		4.2%	4.2%	4.2%	4.2%
Gross Profit	13,689,329	14,258,376	10,693,782	14,851,077	15,468,415	16,111,416	16,781,145
EBITDA, Adjusted	6,822,623	7,106,230	5,329,673	7,401,626	7,709,302	8,029,767	8,363,553
<i>As a % of revenues</i>	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Less: Depreciation	877,376	913,847	685,385	951,835	991,401	1,032,612	1,075,537
Earnings to Invested Capital Before Tax	5,945,247	6,192,383	4,644,287	6,449,792	6,717,900	6,997,154	7,288,016
Estimated Income Tax			872,076	1,211,103	1,261,447	1,313,883	1,368,500
Adjusted Net Income to Invested Capital			3,772,211	5,238,689	5,456,454	5,683,271	5,919,517
<i>As a % of revenues</i>			5.8%	5.8%	5.8%	5.8%	5.8%
Less: Incremental Debt-Free Working Capital			(317,115)	(636,574)	(663,035)	(690,596)	(719,304)
Plus: Depreciation and Amortization			685,385	951,835	991,401	1,032,612	1,075,537
Less: Capital Expenditures			(788,193)	(1,094,610)	(1,140,111)	(1,187,504)	(1,236,867)
Cash Flow to Invested Capital			3,352,288	4,459,340	4,644,708	4,837,783	5,038,883
						Terminal Value	57,223,491
Cash Flow to Invested Capital			3,352,288	4,459,340	4,644,708	4,837,783	57,223,491
Period			0.38	0.62	1.62	2.62	2.62
Discount Factors			0.9551	0.9267	0.8204	0.7262	0.7262
PV of Cash Flows to Invested Capital			3,201,845	4,132,423	3,810,294	3,513,275	41,556,613
Present Value Through 2025		14,657,837					
Terminal Value		41,556,613					
Present Value of Invested Capital		56,214,450					

Notes:

- (1) Projections developed by Intelek in consultation with Management.
- (2) See Exhibit 4.3 for calculation of the weighted average cost of capital.
- (3) The long-term growth rate reflects industry growth expectations and projected long-term inflation.
- (4) Debt-free working capital requirements based on an analysis of historical requirements and an analysis of the industry. See Exhibit 5.3 for normalized DFNWC requirements and incremental DFNWC in discounted cash flow analysis.
- (5) The capitalization rate equals the discount rate less the long-term growth rate.
- (6) Based on projected combined state and federal tax rate per management.
- (7) Depreciation expense and capital expenditures are per client projections.
- (8) To compute the terminal value, the terminal year cash flow is divided by the capitalization rate.
- (9) See Exhibit 5.3 for calculation of excess DFNWC.
- (10) Terminal year assumption is that capital expenditures will be 15% above depreciation for simplification of calculation.

Sources: Los Angeles Business Valuations analysis.

Exhibit 5.3
Smith Steel Company, LLC
Discounted Economic Income Method
Calculation of Incremental Working Capital
 Valuation Date: March 31, 2022

	2021	12 Months Ended March 31, 2022	12 Months Forecast December 31, 2022	Years ended December 31,			Terminal Year
				2023	2024	2025	2026
Total Revenue	83,609,653	85,281,846	87,085,191	90,705,202	94,475,693	98,402,917	102,493,390
Growth Rate (year over year)			4.2%	4.2%	4.2%	4.2%	4.2%
Normal Debt-Free Net Working Capital as % of Revenue	17.6%	17.6%	17.6%	17.6%	17.6%	17.6%	17.6%
Normal Debt-Free Net Working Capital	14,702,631	14,996,683	15,313,799	15,950,372	16,613,407	17,304,004	18,023,307
Incremental Debt-Free Net Working Capital			317,115	636,574	663,035	690,596	719,304

Determination of surplus of deficit Debt-Free Net Working Capital

Debt-Free Net Working Capital as of the Valuation Date	21,420,827
Less: Normalized Debt-Free Net Working Capital requirements as of the Valuation Date	14,996,683
Surplus or deficit of Debt-Free Net Working Capital as of the Valuation Date	6,424,144

Sources: Company financial statements and Los Angeles Business Valuations analysis.

For Internal Purposes Only

Exhibit 5.5
Smith Steel Company, LLC
Capitalized Economic Income Method - Low Discount Rate

Valuation Date: March 31, 2022

Assumptions	
(1) WACC	10.63%
(2) Debt-Free Working Capital as a % of Revenue	17.58%
(3) Perpetuity Growth Rate	4.16%
(3) Tax Rate	18.78%

	Latest Twelve Months	Most Recent Fiscal Year	Three-Year Average
Net Revenue	85,281,846	83,609,653	61,986,606
Growth Rate	4.16%	4.16%	4.16%
Following Year's Net Revenue	88,826,895	87,085,191	64,563,304
Incremental Net Revenues	3,545,049	3,475,538	2,576,698
Debt-Free Working Capital as a % of revenue	17.58%	17.58%	17.58%
Estimated Incremental Working Capital	623,391	611,168	453,108
Adjusted Pre Tax Income to Invested Capital	6,064,152	5,945,247	3,794,357
Taxes	1,138,690	1,116,363	712,481
Adjusted Net Income to Invested Capital	4,925,462	4,828,884	3,081,876
Growth Rate	4.16%	4.16%	4.16%
Following Year's Net Income to Invested Capital	5,130,207	5,029,614	3,209,985
(4) Plus: Depreciation	930,987	912,733	765,102
(4) Less: Capital Expenditures	(1,070,636)	(1,049,643)	(879,867)
Less: Incremental Working Capital	(623,391)	(611,168)	(453,108)
Normalized Cash Flow to Invested Capital	4,367,167	4,281,536	2,642,111
Capitalization Rate	6.47%	6.47%	6.47%
Indicated Market Value of invested Capital	70,974,441	69,582,785	42,939,131

Sources: Los Angeles Business Valuations analysis.

Exhibit 5.5
Smith Steel Company, LLC
Capitalized Economic Income Method - High Discount Rate

Valuation Date: March 31, 2022

Assumptions	
(1) WACC	12.96%
(2) Debt-Free Working Capital as a % of Revenue	17.58%
(3) Perpetuity Growth Rate	4.16%
(3) Tax Rate	18.78%

	Latest Twelve Months	Most Recent Fiscal Year	Three-Year Average
Net Revenue	85,281,846	83,609,653	61,986,606
Growth Rate	4.16%	4.16%	4.16%
Following Year's Net Revenue	88,826,895	87,085,191	64,563,304
Incremental Net Revenues	3,545,049	3,475,538	2,576,698
Debt-Free Working Capital as a % of revenue	17.58%	17.58%	17.58%
Estimated Incremental Working Capital	623,391	611,168	453,108
Adjusted Pre Tax Income to Invested Capital	6,064,152	5,945,247	3,794,357
Taxes	1,138,690	1,116,363	712,481
Adjusted Net Income to Invested Capital	4,925,462	4,828,884	3,081,876
Growth Rate	4.16%	4.16%	4.16%
Following Year's Net Income to Invested Capital	5,130,207	5,029,614	3,209,985
(4) Plus: Depreciation	930,987	912,733	765,102
(4) Less: Capital Expenditures	(1,070,636)	(1,049,643)	(879,867)
Less: Incremental Working Capital	(623,391)	(611,168)	(453,108)
Normalized Cash Flow to Invested Capital	4,367,167	4,281,536	2,642,111
Capitalization Rate	8.81%	8.81%	8.81%
Indicated Market Value of invested Capital	52,711,702	51,678,139	31,890,278

Sources: Los Angeles Business Valuations analysis.

EXHIBIT 6 - MARKET APPROACH

For Internal Purposes Only

Exhibit 6.1
Smith Steel Company, LLC
Market Approach
Guideline Public Company Method: Comparable Companies Descriptions

Valuation Date: March 31, 2022

Ticker	Company	Industry	Target Description
VMI	VALMONT INDUSTRIES INC	Industrial Goods	<p>Valmont Industries Inc. is engaged in the production of fabricated metal products. Its business is organized into four segments: Engineered Support Structures, Utility Support Structures, Energy and Mining, Coatings and Irrigation. Its products are used in a variety of commercial and industrial activities such as steel manufacture, galvanizing and powder coating and agricultural irrigation, among others.</p> <p>The firm's market base includes state and federal governments, contractors, utility and telecommunications companies, manufacturers and large farm operators, among others. It was incorporated in 1974 and its headquarters are located in Valley, Nebraska.</p>
CNR	CORNERSTONE BUILDING BRANDS, INC.	Building Materials	<p>Cornerstone Building Brands, Inc. is engaged in the design, engineering, manufacture and marketing of metal products for the nonresidential construction industry. Its business is organized into four segments: Engineered building systems, which consist of engineered structural members and panels that are fabricated and roll-formed in a factory; Metal components, which include metal roof and wall systems, metal partitions, metal trim, doors and other related accessories; Insulated metal panels; and Metal coil coating, which consists of cleaning, treating and painting various flat-rolled metals, in coil form. It sells to a broad range of end-user markets including industrial, commercial, institutional and agricultural. The company has operations in the United States, Mexico and Canada. The firm was founded in 1984. It reincorporated in Delaware in 1991. Its headquarters are located in Cary, North Carolina.</p>
IIN	INSTEEL INDUSTRIES INC	Metals & Mining	<p>Insteel Industries, Inc. is engaged in the manufacturer of steel wire reinforcing products for use in concrete construction applications. Its two core products are PC Strand (a seven-wire strand that is used to impart compression forces into precast concrete elements and structures and Welded Wire Reinforcement (engineered reinforcing products for residential and non-residential constructions, consisting of engineered structural mesh, concrete pipe reinforcement and standard welded wire reinforcement). Its business activities are conducted by its wholly-owned subsidiaries Insteel Wire Products Company and Intercontinental Metals Corporation. The firm markets its products to non-residential construction companies and electronics, semiconductors, metalworks and utilities firms, among others. It was incorporated in 1958 and its headquarters are located in Mount Airy, North Carolina.</p>
TPC	TUTOR PERINI CORP	Construction	<p>Tutor Perini Corporation is engaged in general contracting, construction management and design-build services for the construction industry around the world. Its core services are pre-construction planning (manpower, equipment, materials and subcontractors) and self-performed construction services (site work, concrete forming and placement, steel erection, electrical, mechanical, plumbing and HVAC or heating, ventilation and air conditioning). Its business is organized into three segments: Civil (public works construction and repair of highways, bridges, mass transit systems and water management facilities), Building (services to various specialized buildings used in hospitality, gaming, transport, healthcare, government, biotech, pharmaceutical and technology markets) and Specialty Contractors (electrical, mechanical, plumbing, HVAC, and other safety systems for civil, industrial and commercial construction projects).</p> <p>The firm's major projects include the Panorama Tower (Florida), George Washington Bridge Bus Station (New York), Washington Hospital (California), Scarlet Pearl Casino Resort (Mississippi) and McCarran International Airport (Nevada), among others. It was incorporated in 1918 and its headquarters are located in Sylmar, California.</p>
VATE	INNOVATE CORP.	Conglomerates	<p>HC2 Holdings, Inc. is a diversified holding company that focuses on acquiring and investing in businesses with attractive assets. It has eight business segments including Construction, Marine Services, Energy, Telecommunications, Insurance, Life Sciences, Broadcasting and Other. In line with the business segments are its operating subsidiaries: DBM Global Inc., a family of companies providing fully integrated structural and steel construction services; Global Marine Group, a provider of engineering and underwater services on submarine cables; American Natural Gas, a compressed natural gas fueling company; PTGI-International Carrier Services Inc, a provider of internet-based protocol and time-division multiplexing access for the transport of long-distance voice minutes; Continental Insurance Group Ltd., a platform for our run-off long-term care and life and annuity business, through its insurance company, Continental General Insurance Company; Pensend Life Sciences, LLC, which focuses on supporting healthcare and biotechnology product development; HC2 Broadcasting Holdings Inc. and its subsidiaries, a strategic acquirer and operator of Over-The-Air broadcasting stations across the United States; and Other, which comprises businesses that do not meet the separately reportable segment thresholds.</p> <p>The firm was incorporated in Delaware in 1994. Its headquarters are located in New York, New York.</p>

Exhibit 6.1
Smith Steel Company, LLC
Market Approach
Guideline Public Company Method: Comparable Companies Descriptions

Valuation Date: March 31, 2022

Ticker	Company	Industry	Target Description
SMID	SMITH MIDLAND CORP	Building Materials	<p>Smith Midland Corp. is a developer of precast concrete products for use primarily in the construction, highway, utilities and farming industries through its six wholly-owned subsidiaries. It manufactures proprietary products which includes SlenderWall, a patented, lightweight, energy efficient concrete and steel exterior wall panel for use in building construction; J-J Hooks Highway Safety Barrier, a patented, positive-connected highway safety barrier; SoftSound, a proprietary sound absorptive finish used on the face of sound barriers to absorb some of the traffic noise; Sierra Wall, a sound barrier primarily for roadside use; Easi-Set and Easi-Span transportable concrete buildings with patented features; Beach Prisms, which are erosion mitigating modules; and H2Out, a secondary drainage system for panelized exterior cladding. The company's precast, licensing and barrier rental customers are primarily general contractors and federal, state, and local transportation authorities in the Mid-Atlantic, Northeastern, Midwestern and Southeastern regions of the United States. Apart from the United States, the company licenses its proprietary products and non-proprietary products in Canada, Mexico, Belgium, New Zealand, Australia, and Trinidad. Additionally, its precast subsidiaries also produce farm products such as cattleguards and water and feed troughs as well as custom order precast concrete products with various architectural surfaces, as well as generic highway sound barriers, retaining walls and utility vaults. The company was incorporated in 1960 and is headquartered in Midland, Virginia.</p>

Sources: Tagnifi.

For Internal Purposes Only

Exhibit 6.2
Smith Steel Company, LLC
Guideline Public Company Method
Subject & Guideline Company Comparative Ratio Analysis

Valuation Date: March 31, 2022

	VALMONT INDUSTRIES INC	CORNERSTONE BUILDING BRANDS, INC.	INSTEEL INDUSTRIES INC	TUTOR PERINI CORP	INNOVATE CORP.	SMITH MIDLAND CORP	Mean	Median	SMITH STEEL COMPANY, LLC
	2021-12-25	2021-12-31	2022-01-01	2021-12-31	2021-12-31	2021-12-31			2021-12-31
Size (\$ thousands)									
Total Assets	3,447,249	5,827,460	368,779	4,724,898	1,080,600	53,325	2,583,719	2,263,925	39,947
Revenue	3,501,575	5,583,137	649,455	4,641,830	1,205,200	50,642	2,605,307	2,353,388	83,610
EBITDA	385,858	653,016	122,561	345,033	27,000	8,839	257,051	233,797	6,823
Common-Size Balance Sheets									
Current Assets	49.7%	34.1%	61.5%	81.7%	41.0%	52.0%	53.3%	50.9%	70.3%
Net Fixed Assets	17.4%	10.5%	28.0%	9.1%	15.7%	41.1%	20.3%	16.5%	28.3%
Other Assets	33.0%	55.4%	10.4%	9.2%	43.3%	6.8%	26.4%	21.7%	1.5%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Current Liabilities	22.2%	14.7%	17.0%	37.6%	40.7%	26.1%	26.4%	24.1%	45.6%
Long-Term Debt	27.5%	51.7%	0.0%	20.5%	51.5%	7.0%	26.4%	24.0%	12.5%
Other Liabilities	9.3%	13.5%	5.5%	6.5%	6.7%	7.4%	8.1%	7.0%	0.0%
Total Liabilities	59.0%	79.8%	22.4%	64.6%	98.9%	40.5%	60.9%	61.8%	58.1%
Total Equity	41.0%	20.2%	77.6%	35.4%	-5.2%	59.5%	38.1%	38.2%	41.9%
Total Liabilities & Equity	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Margin Analysis (%)									
Gross Margin	25.2%	21.5%	22.2%	10.0%	15.2%	28.5%	20.4%	21.8%	15.5%
EBITDA Margin	11.0%	11.7%	18.9%	7.4%	2.2%	17.5%	11.5%	11.4%	11.0%
EBIT Margin	8.2%	5.5%	16.3%	4.9%	-0.9%	12.2%	7.7%	6.8%	9.9%
Net Income Margin	5.6%	11.9%	12.6%	2.9%	-19.6%	14.9%	4.7%	8.8%	9.7%
Financial Ratios									
Current Ratio	2.2	2.3	3.6	2.2	1.0	2.0	2.2	2.2	1.5
Quick Ratio	1.0	1.3	2.2	0.9	0.7	1.7	1.3	1.1	1.5
Inventory Turnover	4.4	7.4	2.6	NA	75.9	14.4	21.0	7.4	103.0
Accounts Receivable Turnover	6.5	9.0	10.6	3.2	6.3	4.8	6.7	6.4	4.4
Working Capital Turnover	3.7	4.9	4.0	2.2	388.8	3.7	67.9	3.8	10.4
Fixed Asset Turnover	5.8	9.1	6.3	10.8	7.1	2.3	6.9	6.7	8.6
Asset Turnover	1.1	1.0	1.9	1.0	0.3	1.0	1.0	1.0	2.5
Equity/Total Capital	0.6	0.3	1.0	0.6	-0.1	0.8	0.5	0.6	0.7
EBIT/Interest	5.1	3.7	895.9	1.3	-2.4	46.9	158.4	4.4	40.5
EBITDA/ Interest	9.1	3.4	1276.7	5.0	0.5	46.5	223.5	7.0	44.8
Return on Equity	15.5%	82.3%	23.5%	8.4%	-36.3%	27.3%	20.1%	19.5%	39.3%
Return on Assets	6.4%	3.9%	22.2%	4.0%	-1.0%	9.6%	7.5%	5.2%	16.4%
Growth 1-Year									
Revenue	20.9%	20.9%	25.0%	-12.7%	68.1%	15.5%	22.9%	20.9%	54.0%
EBITDA	18.5%	13.6%	168.0%	-6.6%	-1900.0%	43.2%	-277.2%	16.1%	186.8%
EBIT	20.9%	24.1%	264.8%	-13.5%	-62.5%	64.1%	49.6%	22.5%	231.3%
Net Income	39.0%	-236.3%	250.4%	-15.2%	28.7%	184.1%	41.8%	33.9%	260.0%
Growth 5-Year (CAGR)									
Revenue	6.3%	33.3%	11.0%	-0.6%	-7.3%	5.0%	7.9%	5.6%	4.6%
EBITDA	2.3%	43.4%	22.6%	10.5%	-6.6%	17.5%	14.9%	14.0%	13.4%
EBIT	2.4%	33.5%	27.0%	6.0%	NA	13.5%	16.5%	13.5%	14.8%
Net Income	13.9%	86.5%	31.1%	-11.3%	NA	29.6%	30.0%	29.6%	14.6%

Note: Amounts expressed in thousands; except for ratios.

Sources: Tagnifi and Los Angeles Business Valuations analysis.

Exhibit 6.3
Smith Steel Company, LLC
Guideline Public Company Method
Market Value of Invested Capital

Valuation Date: March 31, 2022

	VALMONT INDUSTRIES INC	CORNERSTONE BUILDING BRANDS, INC.	INSTEEL INDUSTRIES INC	TUTOR PERINI CORP	INNOVATE CORP.	SMITH MIDLAND CORP
Market/Ticker	VMI	CNR	IIIN	TPC	VATE	SMID
FYE	2021-12-25	2021-12-31	2021-10-02	2021-12-31	2021-12-31	2021-12-31
Latest Period Ending	2021-12-25	2021-12-31	2022-01-01	2021-12-31	2021-12-31	2021-12-31
Book Value of Equity	1,413,597	1,176,339	286,020	1,673,720	(56,200)	31,750
Book Value of Interest-Bearing Debt	965,395	3,056,618	-	993,654	626,300	7,968
Book Value of Operating Lease Liabilities, Current	-	73,150	-	-	-	89
Book Value of Operating Lease Liabilities, Noncurrent	147,759	251,061	-	-	-	122
Book Value of Preferred Stock	-	-	-	-	-	-
Book Value of Invested Capital	2,526,751	4,557,168	286,020	2,667,374	570,100	39,929
Market Value of Interest-Bearing Debt	1,113,154	3,380,829	-	993,654	626,300	8,179
Market Value of Preferred Stock	-	-	-	-	-	-
Common Shares Outstanding	21,493	126,795	19,636	51,369	77,100	5,232
Price per Share	239	24	37	11	4	18
Market Value of Common Equity	5,128,230	3,083,654	726,336	554,785	284,499	92,868
Market Value of Minority Interests	26,750	-	-	18,799	28,100	-
Market Value of Invested Capital	6,268,134	6,464,483	726,336	1,567,238	938,899	101,047

Note: Amounts expressed in thousands; except for price per share.

Sources: Tagnifi and Los Angeles Business Valuations analysis.

For Internal Purposes Only

Exhibit 6.7
Smith Steel Company, LLC
Guideline Public Company Method
Revenue

Valuation Date: March 31, 2022

Company Name	Latest 12 Months (LTM)			Revenue			MVIC	MVIC/Revenue	
	LTM ENDED	Revenue	LFY - LTM Revenue Growth	3-Year Average	1-Year Growth	3-Year CAGR	MVIC	LTM	3-Year Average
VALMONT INDUSTRIES INC	2021-12-25	3,501,575	NA	3,054,635	20.9%	12.5%	6,268,134	1.8	2.1
CORNERSTONE BUILDING BRANDS, INC.	2021-12-31	5,583,137	NA	5,030,084	20.9%	6.9%	6,464,483	1.2	1.3
INSTEEL INDUSTRIES INC	2022-01-01	649,455	10.0%	506,311	25.0%	13.8%	726,336	1.1	1.4
TUTOR PERINI CORP	2021-12-31	4,641,830	NA	4,803,808	-12.7%	2.1%	1,567,238	0.3	0.3
INNOVATE CORP.	2021-12-31	1,205,200	NA	999,700	68.1%	5.8%	938,899	0.8	0.9
SMITH MIDLAND CORP	2021-12-31	50,642	NA	47,065	15.5%	4.1%	101,047	2.0	2.1
Low					-12.7%	2.1%		0.3	0.3
Median					20.9%	6.3%		1.1	1.4
Mean					22.9%	7.5%		1.2	1.4
High					68.1%	13.8%		2.0	2.1
Smith Steel Company, LLC	2022-03-31	85,282	2.0%	61,987	54.0%	31.9%			

Note: Amounts expressed in thousands; except for multiples.

Sources: Tagnifi and Los Angeles Business Valuations analysis.

For Internal Purposes Only

Exhibit 6.6

Smith Steel Company, LLC

Guideline Public Company Method

Earnings Before Interest, Taxes, Depreciation and Amortization

Valuation Date: March 31, 2022

Company Name	Latest 12 Months (LTM)			3-Year Average	EBITDA				MVIC	MVIC/EBITDA	
	LTM ENDED	EBITDA	EBITDA Margin		LFY-2	LFY-1	LFY	3-Year Average	MVIC	LTM	3-Year Average
VALMONT INDUSTRIES INC	2021-12-25	385,858	11.0%	340,503	11.2%	11.2%	11.0%	11.2%	6,268,134	16.2	18.4
CORNERSTONE BUILDING BRANDS, INC.	2021-12-31	653,016	11.7%	591,496	11.2%	12.4%	11.7%	11.8%	6,464,483	9.9	10.9
INSTEEL INDUSTRIES INC	2022-01-01	122,561	18.9%	53,828	4.2%	8.2%	17.6%	10.0%	726,336	5.9	13.5
TUTOR PERINI CORP	2021-12-31	345,033	7.4%	264,770	1.8%	6.9%	7.4%	5.4%	1,567,238	4.5	5.9
INNOVATE CORP.	2021-12-31	27,000	2.2%	36,333	7.8%	-0.2%	2.2%	3.3%	938,899	34.8	25.8
SMITH MIDLAND CORP	2021-12-31	8,839	17.5%	6,450	9.3%	14.1%	17.5%	13.6%	101,047	11.4	15.7
Low			2.2%		1.8%	-0.2%	2.2%	3.3%		4.5	5.9
Median			11.4%		8.5%	9.7%	11.4%	10.6%		10.7	14.6
Mean			11.5%		7.6%	8.8%	11.2%	9.2%		13.8	15.0
High			18.9%		11.2%	14.1%	17.6%	13.6%		34.8	25.8
Smith Steel Company, LLC	2022-03-31	6,959	8.2%	4,530	7.6%	5.8%	8.2%	7.2%			

Note: Amounts expressed in thousands; except for multiples.

Sources: Tagnifi and Los Angeles Business Valuations analysis.

For Internal Purposes Only

Exhibit 6.8
Smith Steel Company, LLC
Market Approach
Guideline Public Company Method Valuation Summary

Valuation Date: March 31, 2022

Fundamental	Smith Steel Company, LLC	MVIC Multiples					Selected	Indicated Value
		Low	Median	Mean	High			
Latest 12 months								
EBITDA	6,959,075	4.5	10.7	13.8	34.8	10.7	74,223,324	
Revenue	85,281,846	0.3	1.1	1.2	2.0	1.1	97,060,796	
Three-Year Average								
EBITDA	4,530,148	5.9	14.6	15.0	25.8	14.6	66,050,838	
Revenue	61,986,606	0.3	1.4	1.4	2.1	1.4	84,293,390	
						LOW	66,050,838	
						HIGH	97,060,796	

Sources: Tagnifi and Los Angeles Business Valuations analysis.

For Internal Purposes Only

Exhibit 6.9
 Smith Steel Company, LLC
 Market Approach
 Guideline Company Transactions Method: Target Descriptions
 Valuation Date: March 31, 2022

Date Announced	Target	Acquirer	Target Description
12/18/2017	CHICAGO BRIDGE & IRON CO N V	MCDERMOTT INTERNATIONAL INC	Chicago Bridge & Iron Company N.V. is engaged in the marketing and distribution of a range of services geared for the energy infrastructure industry. Its services span technology, engineering, designing, procurement, fabrication, construction, commissioning, maintenance and program management, among others. The firm's business is divided into four segments: Engineering, Construction and Maintenance (EPC or Engineering, Procurement and Construction services for energy infrastructure facilities and integrated maintenance services), Fabrication (fabrication of piping systems, process and nuclear modules, erection of steel plate structures and manufacture of pipe and fittings), Technology (licensed process technologies, catalysts and engineered products as well as planning and project development services) and Environmental Solutions (provide environmental services for private sector and government agencies). The firm enjoys a global market presence. It was incorporated in 1889 and its headquarters are located in Den Haag, Netherlands.
02/22/2021	FORTERRA, INC.	QUIKRETE HOLDINGS, INC.	Forterra, Inc. is engaged in the manufacture and distribution of pipe and precast products to residential, non-residential and infrastructure end-markets in the United States and Eastern Canada. Its product segments include water drainage pipe and precast structures, which are used for stormwater and drainage applications; and water transmission and distribution pipe used to transport potable water and as a component of wastewater systems. It sells its products to the government, residential and non-residential building owners, and developers. In addition, the company is managed by Lone Star Fund IX (U.S.), L.P. The firm was incorporated in Delaware on June 21, 2016. Its headquarters are located in Irving, Texas.
05/17/2012	SKYLINE STEEL LLC	NUCOR CORP	Skyline Steel LLC is a premier steel foundation distributor serving the U.S., Canada, Mexico and the Caribbean. Skyline distributes high quality products to service the most challenging applications including marine construction, bridge and highway construction, heavy civil construction, storm protection, underground commercial parking, and environment containment projects in the infrastructure and construction industries.
09/19/2016	INDEPENDENCE TUBE CORPORATION	NUCOR CORP	ITC operates four strategically located state-of-the-art facilities in Illinois and Alabama that annually produce roughly 600,000 tons and employ approximately 335 teammates. ITC purchases hot-rolled coil from suppliers to produce its HSS steel tubing. The company's manufacturing plants are located in close proximity to Nucor's sheet mills in Decatur, Alabama; Crawfordsville, Indiana; and Ghent, Kentucky.
07/14/2011	CONTINENTAL ALLOYS & SERVICES, INC.	RELIANCE STEEL & ALUMINUM CO	Continental is a leading global materials management company focused on high-end steel and alloy pipe, tube and bar products and precision manufacturing of various tools designed for well completion programs of global energy service companies and has 12 locations in seven countries including the United States, Canada, United Kingdom, Singapore, Malaysia, Dubai and Mexico.
07/20/2021	HANNIBAL INDUSTRIES, INC.	NUCOR CORP	Hannibal Industries, Inc., headquartered in the Los Angeles metro area, is a pallet rack and steel tube manufacturer with a diverse product line that enables the company to offer material handling products to the most massive operations in the world. This employee-owned company is the largest U.S. manufacturer of steel pallet rack west of the Mississippi River. The company's industry leading product offering includes TubeRack, Structural Pallet Rack, Roll-Formed Selective Pallet Rack, Hybrid Systems, Cantilever Systems, Pushback Systems, Pallet Flow Systems, Case Flow Systems, Drive-In Systems and shelving. Engineering and design services offered by the company include: system design; seismic engineering; permit administration; in-house installation and custom fabrication. A true innovator, Hannibal Industries was awarded a patent in 2006 for a pallet rack system adjustable safety restraint, and a patent for its TubeRack in 2015.
6/6/2013	GRACE PACIFIC CORPORATION	ALEXANDER & BALDWIN, INC.	One of Hawaii's largest locally owned construction companies and its largest asphalt paving contractor, Kapolei-based Grace Pacific Corporation has roughly 550 employees and an 88-year history of serving Hawaii. Throughout the years, Grace Pacific has constructed and maintained the roads and highways that have become an integral part of Hawaii's transportation infrastructure. Grace Pacific also offers a wide range of construction-related materials and services including prestressed and precast concrete products, metal framing systems for construction, custom specialty signage, and traffic and roadway safety products. Additional information about Grace Pacific may be found at www.gracepacificcorp.com .
5/1/2022	PETILLO	STERLING CONSTRUCTION CO INC	Petillo Incorporated established its roots in 1994 by President and Chief Executive Officer, Michael Petillo. Since inception, the focus has been providing safe quality workmanship with an added value approach. Over time, our focus has provided a path that has allowed Petillo, Inc., to evolve into a Site Contractor that is considered by many as best in class in commercial construction. The company has invested and maintains an expansive equipment fleet that is accessorized with the latest technology. Today, we maintain the same focus on projects within the Northeastern regions of the United States.

Exhibit 6.9
 Smith Steel Company, LLC
 Market Approach
 Guideline Company Transactions Method: Target Descriptions
 Valuation Date: March 31, 2022

Date Announced	Target	Acquirer	Target Description
10/12/2018	PETERSEN ALUMINUM CORPORATION	CARLISLE COMPANIES INC	Headquartered in Elk Grove Village, Illinois, Petersen's primary business is the manufacture and distribution of market leading architectural metal roof panels, steel and aluminum flat sheets and coils, wall panels, perimeter roof edge systems and related accessories for commercial, residential, institutional, industrial and agricultural markets. Founded by Maurice R. Petersen in 1965, Petersen, through its premier brand PAC-CLAD®, has grown to become a leader in its served markets with approximately \$160 million of annual revenue.
1/5/2017	EFCO CORPORATION	APOGEE ENTERPRISES, INC.	EFCO Corporation is a privately-held U.S. manufacturer of architectural aluminum window, curtainwall, storefront and entrance systems for commercial construction projects.
1/5/2017	W&W AFCO STEEL	ALLEGHANY CORP /DE	W&W AFCO Steel, headquartered in Oklahoma City, Oklahoma is one of the largest and most experienced structural steel fabricators and erectors in the nation. W&W Steel has been in business since 1945 while its subsidiary, AFCO Steel, dates back to 1909, combining for nearly 180 years of experience. With a diverse resume of successfully completed projects, W&W AFCO Steel can provide services to fit any project size and degree of complexity, both domestically and internationally. W&W AFCO Steel has 6 production facilities, totaling 1.8 million square feet, with offices across the U.S. For more information about W&W AFCO Steel, please visit www.wwsteel.com .
05/18/2011	CHICAGO TUBE AND IRON COMPANY	OLYMPIC STEEL INC	Founded in 1914, CTI is one of the largest steel service centers in the United States, with ten operations throughout the Midwest. Inventory, fabrication and processing is facilitated in over 1.2 million square feet of efficient, state-of-the-art facilities. CTI inventories over 30,000 line items of tubing, pipe, bar, valves and fittings from some of the world's premier manufacturers. Its 90-plus year history of consecutive profitability has provided the necessary capital resources for growth, thus ensuring consistent, reliable customer service.
5/6/2018	CENTRAL STEEL & WIRE COMPANY	RYERSON HOLDING CORP	Central Steel & Wire Company is a metal service center with six locations across the Central and Eastern U.S. Central Steel & Wire has a rich history and valued brand spanning more than 100 years, offering a wide selection of products and capabilities, with a commercial portfolio centered on bar, tube, plate, and sheet products.
3/3/2014	VALMONT SM A/S	VALMONT INDUSTRIES INC	Valmont SM A/S is a manufacturer of heavy complex steel structures for a diverse range of industries including wind energy, offshore oil and gas, and electricity transmission.
6/12/2016	SOUTHLAND TUBE, INC.	NUCOR CORP	HSS is used in a broad array of structural and mechanical applications including nonresidential construction, infrastructure, and heavy equipment end-use markets. Southland Tube has one facility located in Birmingham, Alabama, which is well situated to serve the HSS market. Approximately 280 non-unionized teammates work at the Birmingham facility. With annual shipments of about 240,000 tons, Southland Tube has the third largest market share in HSS steel tubing.
7/2/2018	HIRSCHFELD INDUSTRIES	ALLEGHANY CORP /DE	Hirschfeld Industries is a leading fabricator of steel bridges and structural steel for stadiums, airports, and other large commercial and industrial projects.
10/14/2016	PRECAST CONCEPTS, LLC	FORTERRA, INC.	Precast Concepts, LLC manufactures concrete pipe, box culverts, storm detention systems and other precast concrete and related products in Colorado through its three facilities.
05/13/2014	SCHUFF INTERNATIONAL, INC.	INNOVATE CORP.	Schuff Steel is one of the largest, most trusted and experienced structural steel fabricators and erectors in the United States of America.
1/2/2016	SHERMAN-DIXIE CONCRETE INDUSTRIES	FORTERRA, INC.	Headquartered in Nashville, Sherman-Dixie provides communities throughout the country with critical precast concrete utility structures. The company is committed to manufacturing concrete infrastructure systems of the highest quality and has been for more than 65 years. Sherman-Dixie operates eight pipe and precast manufacturing facilities, with four facilities in Tennessee located in Chattanooga, Franklin, Hermitage and Lenoir City. It also operates facilities in neighboring states with locations in Elizabethtown and Lexington, Ky., Cullman, Ala., and Evansville, Ind. For additional information, visit ShermanDixie.com .
3/2/2020	GENEVA PIPE COMPANY, INC.	NORTHWEST PIPE CO	Geneva Pipe Company, Inc. ("Geneva") is a concrete pipe and precast concrete products manufacturer based in Utah. Founded in Orem in 1956, the company has been an integral part of infrastructure development in Utah and the Intermountain West.
07/30/2018	AMERON WATER TRANSMISSION GROUP, LLC	NORTHWEST PIPE CO	Ameron Water Transmission Group, LLC ("Ameron"), a major supplier of engineered welded steel pressure pipe as well as reinforced concrete pipe.
12/14/2020	ACTION STAINLESS & ALLOYS	OLYMPIC STEEL INC	Founded in 1982, Action Stainless & Alloys an Olympic Steel Company, is a distributor of stainless steel and aluminum. As a "full line" distributor, Action Stainless stocks plates, sheets, angles, rounds, flat bars, tubing pipe and much more. We also have a complete range of processing including: -Plasma, Laser and Waterjet cutting -Saw Cutting -Precision Bar Grinding -CNC Machining -Fabrication Our unique setup of having a full array of plate processing (plasma, laser, water jet) within the same facility allows us to fulfill multi-line orders with varying tolerances. Similarly, having our centerless bar grinding coupled with a full complement of CNC machining equipment results in an ability to produce finished parts to our customers' own specifications and drawings. We take pride in being able to provide all of the items of a Bill of Material plus the "hard to find" alloys and sizes when you need them the most. Whether you become a new customer or have been doing business with us for many years, you can always count on Action Stainless to deliver quality products on time, all the time.

Exhibit 6.9
 Smith Steel Company, LLC
 Market Approach
 Guideline Company Transactions Method: Target Descriptions
 Valuation Date: March 31, 2022

Date Announced	Target	Acquirer	Target Description
11/25/2019	MRK INDUSTRIES, INC.	ARMSTRONG WORLD INDUSTRIES INC	MRK Industries, Inc. has provided products and services throughout the building materials industry. With an estimating, engineering and project management staff to fulfill your project or product-lines specific needs we are a complete metal fabricator of standard and custom products.
4/12/2015	ROBERTS	ARGAN INC	Founded in 1977 and headquartered near Greenville, North Carolina, Roberts is designed to work specifically with heavy and light industrial clients. Its fabrication services offer unlimited steel plate fabrication specializing in custom complex ASME code pressure vessels and heat exchangers. In addition, Roberts provides a full service project solutions group for grass roots projects, as well as a plant services group to handle maintenance turnarounds, shutdowns and emergency mobilizations. Roberts will operate as a wholly owned subsidiary of Argan.
4/8/2015	CARR CONCRETE CORPORATION	FOSTER L B CO	Carr is a provider of pre-stressed and precast concrete products located in Waverly
07/31/2018	STEEL CEILINGS, INC.	ARMSTRONG WORLD INDUSTRIES INC	Steel Ceilings, Inc. is a manufacturer of standard and custom aluminum and stainless metal ceilings, including architectural, radiant heating and cooling, and security solutions.
2/5/2011	IRON DECK CORPORATION	TREX CO INC	Deck Corporation is a Denver-based manufacturer of steel deck framing systems.

Sources: Tagnifi and Los Angeles Business Valuations analysis.

For Internal Purposes Only

Exhibit 6.10

Smith Steel Company, LLC

Market Approach

Guideline Company Transactions Method: Detail

Valuation Date: March 31, 2022

Date Announced	Target	Acquirer	SIC Code	Financial Metrics:			MVIC to:		
				Revenue	EBITDA	EBITDA Margin	MVIC	Revenue	EBITDA
12/18/2017	CHICAGO BRIDGE & IRON CO N V	MCDERMOTT INTERNATIONAL INC	1799	9,147,540	(114,740)	-1.3%	4,067,000	0.4	NM
02/22/2021	FORTERRA, INC.	QUIKRETE HOLDINGS, INC.	3272	1,577,770	227,320	14.4%	2,698,520	1.7	11.9
07/14/2011	CONTINENTAL ALLOYS & SERVICES, INC.	RELIANCE STEEL & ALUMINUM CO	7200	392,000		NA	418,000	1.7	
07/20/2021	HANNIBAL INDUSTRIES, INC.	NUCOR CORP	7380		53,620	NA	370,000		6.9
6/6/2013	GRACE PACIFIC CORPORATION	ALEXANDER & BALDWIN, INC.	6500	212,000		NA	307,650	1.5	
5/1/2022	PETILLO	STERLING CONSTRUCTION CO INC	1521	212,000		NA	230,000	1.8	
10/12/2018	PETERSEN ALUMINUM CORPORATION	CARLISLE COMPANIES INC	5051	16,000		NA	202,000	1.3	
1/5/2017	EFCO CORPORATION	APOGEE ENTERPRISES, INC.	5200	25,000		NA	190,350	0.8	
05/18/2011	CHICAGO TUBE AND IRON COMPANY	OLYMPIC STEEL INC	3498	186,730		NA	154,640	0.8	
5/6/2018	CENTRAL STEEL & WIRE COMPANY	RYERSON HOLDING CORP	7380	6,000		NA	153,500	0.3	
3/3/2014	VALMONT SM A/S	VALMONT INDUSTRIES INC	3523	19,000		NA	138,650	0.7	
6/12/2016	SOUTHLAND TUBE, INC.	NUCOR CORP	7380		16,250	NA	130,000		8.0
3/2/2020	GENEVA PIPE COMPANY, INC.	NORTHWEST PIPE CO	3317	43,000		NA	49,400	1.2	
07/30/2018	AMERON WATER TRANSMISSION GROUP, LLC	NORTHWEST PIPE CO	3317	57,000		NA	37,220	0.7	
11/25/2019	MRK INDUSTRIES, INC.	ARMSTRONG WORLD INDUSTRIES INC	3446	14,000		NA	13,500	1.0	
07/31/2018	STEEL CEILINGS, INC.	ARMSTRONG WORLD INDUSTRIES INC	3317	1,000		NA	12,300	1.2	
Low				1,000	(114,740)	-1.3%	12300	0.3	6.9
25th Percentile				16,750	(16,498)	-2.7%	109850	0.7	7.5
Median				50,000	34,935	6.6%	172495	1.1	8.0
Mean				850,646	45,613	6.6%	573296	1.1	8.9
75th Percentile				212,000	97,045	10.5%	323238	1.4	9.9
High				9,147,540	227,320	14.4%	4067000	1.8	11.9
Smith Steel Company, LLC				8,528	696	8.2%			

Sources: Tagnifi and Los Angeles Business Valuations analysis.

For Internal Purposes Only

Exhibit 6.11
Smith Steel Company, LLC
Market Approach
Guideline Company Transactions Method: Summary

Valuation Date: March 31, 2022

LTM	Business MVIC Multiples								Indicated Value
	Smith Steel Company, LLC	Low	25th Percentile	Median	Mean	75th Percentile	High	Selected Multiple	
Net Revenues	85,281,846	0.3	0.7	1.1	1.1	1.4	1.8	0.7	62,895,361
EBITDA	6,959,075	6.9	7.5	8.0	8.9	9.9	11.9	8.0	55,672,604

Three Year Average	Business MVIC Multiples								Indicated Value
	Smith Steel Company, LLC	Low	25th Percentile	Median	Mean	75th Percentile	High	Selected Multiple	
Net Revenues	61,986,606	0.3	0.7	1.1	1.1	1.4	1.8	1.1	65,395,869
EBITDA	4,530,148	6.9	7.5	8.0	8.9	9.9	11.9	8.0	36,241,181
								LOW	36,241,181
								HIGH	65,395,869
								DLOL Adj	30%
								LOW	51,773,116
								HIGH	93,422,670

Sources: Tagnifi and Los Angeles Business Valuations analysis.

EXHIBIT 7 - ASSET APPROACH

For Internal Purposes Only

Exhibit 7.1
Smith Steel Company, LLC
Asset-Based Approach
Asset Accumulation Method

Valuation Date: March 31, 2022

	At Historical Cost	At Fair Market Value Low	At Fair Market Value High
Assets			
Financial assets:			
Cash	8,160,531	8,160,531	8,160,531
Accounts and notes receivable	19,999,530	12,000,000	14,000,000
prepaid expenses	6,687,072	6,687,072	6,687,072
Inventory	3,143,484	2,500,000	3,000,000
Long-term notes receivable	362,028	362,028	362,028
Note receivable from supplier	260,441	260,441	260,441
Total financial assets	38,613,086	29,970,072	32,470,072
Real estate:			
Buildings and improvements	9,020,675	4,500,000	5,500,000
Net real estate	9,020,675	4,500,000	5,500,000
Intangible personal property:			
Trademarks and trade names	-	4,500,000	5,500,000
Goodwill	-	4,500,000	5,500,000
Net intangible personal property	-	9,000,000	11,000,000
Total Assets	47,633,761	43,470,072	48,970,072
Liabilities and Owner's Equity			
Current liabilities:			
Accounts payable	4,023,577	4,023,577	4,023,577
Wages payable	710,815	710,815	710,815
Taxes payable	121,306	121,306	121,306
Accrued liabilities	11,974,531	11,974,531	11,974,531
Short-term debt	2,392,480	2,392,480	2,392,480
Total current liabilities	19,222,711	19,222,711	19,222,711
Noncurrent liabilities:			
Bonds payable	7,294,903	7,294,903	7,294,903
Total noncurrent liabilities	7,294,903	7,294,903	7,294,903
Total Liabilities	26,517,613	26,517,613	26,517,613
Total Owners' Equity	21,116,147	16,952,459	22,452,459
Total Liabilities and Owners' Equity	47,633,761	43,470,072	48,970,072

Sources: Company financial statements, independent appraisals and Los Angeles Business Valuations analysis.

ADDENDUM A – International Valuation Glossary – Business Valuation

For Internal Purposes Only

INTERNATIONAL VALUATION GLOSSARY – BUSINESS VALUATION

Jointly published by



Updated February 24, 2022

PURPOSE

Business valuation providers and users benefit from common understanding of terms with clearly established meanings and consistent application throughout the profession. To this end the following societies and organizations have worked collaboratively to compile definitions for the terms included in this Glossary:

- ASA – American Society of Appraisers
- CBV Institute – Chartered Business Valuators Institute
- RICS – Royal Institution of Chartered Surveyors
- TAQEEM – Saudi Authority for Accredited Valuers

This Glossary updates the International Glossary of Business Valuation Terms originally published in 2001.

SCOPE

This Glossary was developed as part of ongoing efforts to harmonize definitions for terms used in business valuation. It is intended to be a reference tool to facilitate communication within the business valuation profession and with relevant stakeholders and users. **This Glossary is designed to be helpful, but neither authoritative nor prescriptive.**

To that end, the Glossary aims to provide a common understanding of technical terms used within the various sub-practice areas of business valuation, and for those operating in different markets. Users of valuation services are encouraged to familiarize themselves with the appropriate context, as not all terms are applicable to every use.

It is acknowledged that terms used in different markets may vary. **If any term in this glossary conflicts with a published governmental, judicial, or accounting authority, precedence should be given to the use and interpretation of terms as they appear in applicable published authoritative guidance, given the purpose of the valuation.**

Given that the definition for some terms in this Glossary may differ slightly based on the purpose of the valuation and jurisdiction, business valuation professionals¹ should ensure they are using and disclosing the most appropriate definition for the circumstances of the engagement.

Furthermore, organizations such as valuation professional organizations (VPOs), accounting regulatory bodies, tax authorities, and courts may have somewhat different definitions and interpretations. Users are also encouraged to refer to valuation texts and other relevant documents for more information and application guidance on specific terms.

If the business valuation professional believes that one or more of these terms needs to be used in a manner that materially departs from this glossary, it is recommended that the term be defined as

¹ The term "business valuation professionals" is intended to be a generic term to refer to individuals that provide business valuation services, regardless of their jurisdiction or the professional organization to which they belong. Synonymous terms include valuers, valutors, analysts, appraisers, etc. Business valuation professionals may include an individual or group of individuals. Generally, business valuation professionals possess the necessary qualifications, ability, and experience to undertake a valuation engagement. In some jurisdictions, licensing is required in order to provide business valuation services.

used within that valuation engagement. The use of the appropriate definition relies on the professional judgement of the business valuation professional.

In determining the terms to be included in this Glossary, the following items were excluded:

- terms that are defined in a common dictionary.
- generally understood or commonly used business, finance, and accounting terms or terms used in other disciplines.
- practice terminology or performance frameworks.
- terms specific to a particular VPO or used within a particular VPO's standards.
- jurisdictional differences, including terms of local accounting or legal standards. Users of this Glossary are cautioned that when a jurisdictional definition applies, it should take precedence over the definitions in this Glossary (one example of this might be with respect to the term "fair value").

Various valuation and accounting standards were considered in the development of this Glossary, such as International Valuation Standards (IVS), International Financial Reporting Standards (IFRS), United States Generally Accepted Accounting Principles (US GAAP), Uniform Standards of Professional Appraisal Practice (USPAP), and Statement on Standards for Valuation Services (SSVS). While it is acknowledged that US GAAP and IFRS define certain terms related to financial reporting valuation, this Glossary does not include all such terms.

CONSIDERATIONS AND LIMITATIONS

The definitions provided herein are current as of the date of publication. As they are subject to change, this Glossary is intended to be updated periodically. This Glossary uses "see also" to refer to terms that are related, but not synonymous. Synonymous terms are cross-referenced with "also known as." Contrary terms are cross-referenced using "contrast with."

CONTRIBUTORS

This Glossary was prepared with input from the following technical advisors:

- Catalina Miranda (CBV Institute, Canada) – Chair
- Alexander Aronsohn (IVSC, UK)
- Jeffrey Tarbell (ASA, USA)
- Lucas Parris (ASA, USA)
- Muath Alkhalaf (TAQEEM, Saudi Arabia)
- Omar Mohammad Zaman (TAQEEM, Saudi Arabia)
- Steve Choi (RICS, USA)

A grateful acknowledgement to Carla Nunes and Marianna Todorova for their contributions and assistance with this Glossary.

The above group wishes to thank the following organizations for their contribution to the review of this document:

- Chartered Accountants Australia & New Zealand (CA ANZ) (Australia and New Zealand)
- European Association of Certified Valuators and Analysts (EACVA) (Europe)
- Fédération Française des Experts en Evaluation (FFEE) (France)
- Institute of Chartered Accountants in England and Wales (ICAEW) (England and Wales)
- Institute of Valuers and Appraisers, Singapore (IVAS) (Singapore)
- International Institute of Business Valuators (iiBV)
- International Valuation Standards Council (IVSC)
- National Association of Certified Valuators and Analysts (NACVA) (United States)
- The Appraisal Foundation (TAF)

For Internal Purposes Only

A

Adjusted Net Asset Value Method — a method within the **Asset Approach** whereby a business' assets and liabilities (including off-balance sheet assets, **Intangible Assets**, and contingent assets and/or liabilities) are adjusted to market values or another appropriate **Standard of Value**. Also known as adjusted book value method or asset accumulation method.

Adjusted Present Value (APV) — a technique typically used to estimate the value of a levered business as the sum of the value of an unlevered business (i.e., 100% equity financed) and the value of the tax benefits associated with debt financing.

Appraisal — also known as **Valuation**.

Asset Approach — a general manner of estimating the value of a business using one or more methods based on a summation of the value of the assets, net of liabilities, where each has been valued using either the market, income, or cost approach. Also known as asset-based approach. See also **Cost Approach**.

Attrition — the annual percentage rate of loss (or churn) of an existing asset such as a customer relationship **Intangible Asset**.

B

Backsolve Method — a method within the **Market Approach** whereby the total **Equity Value** (or the value of a specific equity class) of a business is implied from a recent transaction in the business' securities.

Basis of Value — also known as **Standard of Value**.

Beta — a measure of the relative risk (or sensitivity) of an individual security versus the risk of a market portfolio. See also **Capital Asset Pricing Model**, **Systematic Risk**, **Unsystematic Risk**, **Levered Beta**, and **Unlevered Beta**.

Binominal Lattice Model — a model typically used to estimate the value of an asset or investment that employs a binomial tree to show the different paths the price of an underlying asset, such as a security, might take over the security's life.

Blockage Discount — an amount or percentage deducted from the current market price of a publicly-traded security to reflect the decrease in the per security value of a block of securities that is of a size that could not likely be sold in a reasonable period given normal trading volume.

Build-up Model — a model in which the expected return for a security (or portfolio of securities) is measured by a **Risk-Free Rate** plus premiums for **Systematic Risk** (e.g., **Equity Risk Premium**, size premium and industry risk premium) and **Unsystematic Risk** (e.g., **Company-Specific Risk Premium**). See also **Capital Asset Pricing Model**.

C

Capital Asset Pricing Model (CAPM) — a single factor asset pricing model that measures the expected return for a security (or portfolio of securities) as the sum of a **Risk-Free Rate** plus a risk premium. The risk premium is equal to the **Systematic Risk** (measured by **Beta**) of the security (or portfolio of securities) multiplied by the risk premium of holding the overall market portfolio. The CAPM is often modified or extended for other risk factors, such as size, country risk, and **Company-Specific Risk**. See also **Build-up Model**.

Capital Structure — the composition of the **Invested Capital** of a business, including debt and **Debt Equivalents**, equity, and **Hybrid Securities**. See also **Simple Capital Structure** and **Complex Capital Structure**.

Capitalization of Earnings Method — a form of the **Capitalization of Economic Income Method**.

Capitalization of Economic Income Method — a method within the **Income Approach** whereby expected **Economic Income** for a representative single period is converted to value through division by a **Capitalization Rate**. Also known as the capitalization method or direct capitalization method.

Capitalization Rate — a divisor (usually expressed as a percentage) used to convert into value the expected **Economic Income** of a normalized single period. The Capitalization Rate is generally calculated as a **Discount Rate** less a long-term growth rate.

Cash Flow — cash inflows or outflows that are generated over a period by an asset, business, or investment; often supplemented by a qualifier in the given valuation context (e.g., discretionary or operating). See also **Net Cash Flow to Equity** and **Net Cash Flow to Invested Capital**.

Company-Specific Risk Premium — an adjustment to the cost of equity to account for **Company-Specific Risk**. Also known as alpha.

Company-Specific Risk — the risk that is unique to a specific investment in a business, in excess of the **Equity Risk Premium**, size risk, and/or country risk (e.g., significant customer concentration, business dependence on key person(s), or lack of product diversification). Also known as **Unsystematic Risk**.

Complex Capital Structure — a **Capital Structure** that includes debt and equity securities with different economic and control rights. Contrast with **Simple Capital Structure**.

Contributory Asset Charge — an economic charge for **Contributory Assets** applied in the **Multi-Period Excess Earnings Method**. See also **Contributory Assets**, **Excess Earnings Method**, and **Multi-Period Excess Earnings Method**.

Contributory Assets — assets (e.g., working capital, machinery and equipment, trademarks, assembled workforce) that are used in conjunction with the subject **Intangible Asset** in the realization of prospective cash flows associated with the **Intangible Asset** being valued. See also **Multi-Period Excess Earnings Method** and **Contributory Asset Charge**.

Control — a level of ownership having sufficient rights (e.g., voting) to direct the management, policies, and disposition of a business.

Control Premium — an amount or percentage by which the pro rata value of a **Controlling Interest** exceeds the pro rata value of a **Noncontrolling Interest** in a business, to reflect the anticipated economic benefits of **Control**. Also known as acquisition premium.

Controlling Interest — an ownership interest in a business that conveys the economic benefits of **Control** to the holder(s) of such interest.

Cost Approach — a general manner of estimating the value of an asset, investment, or (in limited circumstances) a business using one or more methods that reflect the economic principle that a buyer will generally pay no more for an asset than the cost to obtain another asset of equal utility, whether by purchase or by construction. The approach considers the current replacement or reproduction cost and the physical deterioration and all other relevant forms of obsolescence. See also **Asset Approach**.

Cost of Capital — the expected rate of return that the market requires in order to attract funds to a particular investment considering the risk of the investment. See also **Weighted Average Cost of Capital**.

Cost Savings Method — a method within the **Income Approach** whereby the value of an **Intangible Asset** is estimated based on an expected future benefit stream of the asset in terms of the future expenses that are avoided (or reduced) by owning the asset.

Current Value Method — a procedure to allocate the **Equity Value** to the various equity interests (or **Enterprise Value** to the various debt and equity interests) in a business as though the business were to be sold on the **Valuation Date**, without considering the option-like payoffs of the equity interests. Contrast with **Probability-Weighted Expected Return Method** and **Option Pricing Method**.

D

Debt Equivalents — a debt-like financial obligation or other non-equity claim resulting from the signing of a short- or long-term contract (e.g., operating leases, unfunded pension liabilities, asset retirement obligations, contingent liabilities). See also **Capital Structure** and **Hybrid Securities**.

Discount for Lack of Control — an amount or percentage deducted from the pro rata amount of 100% of the entity's **Equity Value** (when determined on a **Controlling Interest** basis) to reflect the absence of some or all of the economic benefits of **Control**.

Discount for Lack of Liquidity — an amount or percentage applied to the value of an ownership interest to reflect a relative lack of **Liquidity**.

Discount for Lack of Marketability — an amount or percentage applied to the value of an ownership interest to reflect a relative lack of **Marketability**.

Discount for Lack of Voting Rights — an amount or percentage applied to the per share value of a voting share to reflect an absence of voting rights.

Discount Rate — a **Rate of Return** used to convert **Economic Income** into present value.

Discounted Cash Flow (DCF) Method — a form of the **Discounted Economic Income Method** based on **Cash Flow**.

Discounted Economic Income Method — a method within the **Income Approach** whereby the present value of expected **Economic Income** is calculated using a **Discount Rate**.

Distributor Method — a variation of the **Multi-Period Excess Earnings Method** that relies upon market-based distributor data or other market inputs to value customer relationship **Intangible Assets**. Sometimes referred to as the disaggregated method.

E

Economic Income — monetary inflows or outflows resulting from business activities (e.g., **Cash Flows**, EBITDA, net income).

Economic Obsolescence — a form of depreciation or loss in value or usefulness of an asset caused by factors external to the asset, especially factors related to changes in demand for products or services produced by the asset. See also **Functional Obsolescence** and **Physical Obsolescence**.

Effective Date — see also **Valuation Date**, **Measurement Date**, or date of value.

End of Period Discounting — a convention used when discounting **Economic Income** to present value that reflects such income being generated at the end of each respective period. Contrast with **Mid-Period Discounting**.

Enterprise Value — the **Market Value of Invested Capital**, typically adjusted to remove all or a portion of cash and cash equivalents, and other **Nonoperating Assets**. See also **Market Value of Invested Capital** and **Invested Capital**.

Equity Instrument — a contract that creates a residual interest in a business' assets after deducting its liabilities.

Equity Risk Premium — the incremental return that investors expect to receive from an investment in public equity securities over that of a risk-free security. It is generally calculated as the difference between the expected rate of return on the overall market and the return on a risk-free instrument. Also known as market risk premium, or equity market risk premium.

Equity Value — the value of a business to its equity holders. Equity Value is generally calculated as the **Market Value of Invested Capital** less the market value of any debt and **Debt Equivalents**, **Hybrid Securities**, and other non-equity claims.

ESG — environmental, social, and governance factors that impact a business or asset and its financial performance and operations (e.g., the impact of sustainability and ethical practices).

Excess Earnings — the amount of expected **Cash Flow** that exceeds the economic charge for the use of the **Contributory Assets** used to generate such cash flow.

Excess Earnings Method — a method of estimating the value of a business, determined as the sum of (i) the value of the selected **Tangible Asset** base, and (ii) the value of all of the **Intangible Assets** (including goodwill) derived by capitalizing **Excess Earnings**. Sometimes referred to as the capitalized excess earnings method.

Expected Cash Flow — the probability-weighted average of the various possible scenarios of a subject business' **Cash Flows**.

Expected Present Value Technique — a present value technique using the **Expected Cash Flow** of an asset, business, or investment.

F

Fair Market Value — a **Standard of Value** considered to represent the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, each acting at arms-length in an open and unrestricted market, when neither is under compulsion to buy or to sell and when both have reasonable knowledge of relevant facts. See also **Market Value**.

Fair Value — a **Standard of Value** for which there are different definitions, depending on the context and purpose. Fair Value is typically defined or imposed by a third party (e.g., by law, regulation, contract, or financial reporting standard-setting bodies). The most commonly used definition for financial reporting purposes is under IFRS and US GAAP, which define Fair Value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fairness Opinion — an opinion as to whether the consideration proposed to be paid or received in a transaction is fair from a financial point of view to the party paying or receiving such consideration.

Forced Liquidation Value — a form of **Liquidation Value** in which an asset or assets are presumed to be sold with less than a reasonable period of market exposure. Contrast with **Orderly Liquidation Value**.

Functional Obsolescence — a form of depreciation in which the loss in value or usefulness of an asset is caused by inefficiencies or inadequacies of the asset itself, when compared to a more efficient or less costly newly developed asset. See also **Economic Obsolescence**, **Physical Obsolescence**, **Replacement Cost Method**, and **Replacement Cost New**.

G

Going Concern — an ongoing operating business enterprise.

Going Concern Value — a **Premise of Value** that assumes the business is an ongoing commercial enterprise with a reasonable expectation of future earning power.

Goodwill — an **Intangible Asset** which represents any future economic benefit arising from a business or a group of assets which is not individually identified or separately recognized. Goodwill can arise as a result of name, reputation, customer loyalty, location, products, and similar factors not separately identified. In the context of a business combination, goodwill is measured as the difference between (A) the aggregate of (i) the value of the consideration transferred (generally at **Fair Value**), (ii) the amount of any noncontrolling interest, and (iii) in a business combination achieved in stages, the acquisition-date **Fair Value** of the acquirer's previously held equity interest in the acquiree, and (B) the net of the acquisition-date amounts of the **Identifiable Assets** acquired and the liabilities as assumed.

Greenfield Method — a method used to estimate the value of certain **Intangible Assets** (e.g., franchise agreements or broadcast spectrum) based on the discounted cash flows of a hypothetical start-up business. The **Greenfield Method** assumes that the subject asset is the only asset of the business at the **Valuation Date** and that investments are made during the start-up period to purchase, build, or rent the other assets required to assemble the business. See also **Contributory Assets**, **Excess Earnings Method**, and **Multi-Period Excess Earnings Method**.

Guideline Public Company Method — a method within the **Market Approach** whereby the value of a business is estimated by application of **Multiples** derived from market prices of securities of publicly traded companies that are engaged in the same or similar lines of business as the subject business.

Guideline Transaction Method — a method within the **Market Approach** whereby the value of a business is estimated by application of **Multiples** derived from one or more transactions of **Controlling Interests** in companies engaged in the same or similar lines of business as the subject business. Sometimes known as guideline merger and acquisition method.

H

Hybrid Securities — a component of a company's **Capital Structure** that cannot be classified purely as debt or equity, as it may have characteristics of both (e.g., convertible debt, convertible preferred stock, employee stock options).

I

Identifiable Intangible Asset — in a financial reporting context, an **Intangible Asset** is identifiable if it meets certain contractual and/or separability criteria as defined by a relevant standard (e.g., IFRS 3 or ASC 805).

Income Approach — a general manner of estimating the value of an asset, business, or investment using one or more methods that convert expected **Economic Income** into a present amount.

Intangible Asset — an asset that lacks physical substance and derives value from the economic properties that grant rights and/or **Economic Income** to its owner (e.g., patents, copyrights, trademarks, or customer relationships). See also **Identifiable Intangible Asset**.

Intellectual Property — a legal concept that refers to creations of the mind that are derived from intellectual or creative effort for which exclusive or fractional rights are recognized (e.g., trademarks, trade names, trade secrets, patents, copyright, design rights, and proprietary information). Intellectual property rights generally give the owner the right to prohibit others from using the property without permission.

Internal Rate of Return — the **Discount Rate** which equates the present value of expected net cash flows to the initial investment (cost).

Intrinsic Value — the value that an investor considers, on the basis of available facts, to be the "true," "real," or fundamental value that will become the **Market Value** when other investors reach the same conclusion. When the term applies to options, **Intrinsic Value** is the difference between the exercise (strike) price of an option and the market price of the underlying security.

Invested Capital — the sum of a business' equity, debt and **Debt Equivalents, Hybrid Securities**, and other non-equity claims. See also **Enterprise Value** and **Market Value of Invested Capital**.

Investment Risk — the uncertainty of realizing **Economic Income** as expected (with respect to amount and/or timing).

Investment Value — a **Standard of Value** considered to represent the value of an asset or business to a particular owner or prospective owner for individual investment or operational objectives. Also known as value to the owner.

K

Key Person Discount — an amount or percentage deducted from the value of an operating business to reflect the reduction in value resulting from the actual or potential loss of a key person upon which the business is highly dependent.

L

Levered Beta — a measure of **Beta** reflecting a **Capital Structure** that includes debt. Also known as equity beta. Contrast with **Unlevered Beta**.

Liquidation Value — the amount, net of relevant costs (e.g., preparation and disposal), that would be realized if the business is terminated, and the assets are sold. See also **Orderly Liquidation Value** and **Forced Liquidation Value**.

Liquidity — the ability to quickly or readily convert an asset, business, or investment to cash at minimal cost. See also **Marketability**.

M

Market Approach — a general manner of estimating a value of an asset, business, or investment by using one or more **Valuation Methods** that compare the valuation subject to other assets, businesses, or investments that have been sold or for which price and other information is available.

Market Capitalization — the sum, at market values, of a business' **Market Capitalization of Equity** and interest-bearing debt.

Market Capitalization of Equity — the aggregate **Equity Value** of a publicly-traded company, calculated as the product of its market price and the number of equity securities outstanding.

Market Value — a **Standard of Value** considered to represent the estimated amount for which an asset or liability should exchange on the **Valuation Date** between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently, and without compulsion. See also **Fair Market Value**.

Market Value of Invested Capital — the sum, at market value, of a business' equity, debt and **Debt Equivalents, Hybrid Securities**, and non-equity claims.

Marketability — the ability to quickly or readily convert an asset, business, or investment to cash at minimal cost that reflects the capability and ease of transfer or salability of that property. Marketability is affected by, among other things, the particular market in which the asset is expected to transact and the characteristics of the asset. See also **Liquidity**.

Measurement Date — also known as **Valuation Date, Effective Date**, or date of value.

Mid-Period Discounting — a convention used in the **Discounted Economic Income Method** that reflects **Economic Income** being generated at a mid-period, approximating the effect of **Economic Income** being generated throughout the period. Contrast with **End of Period Discounting**.

Monte Carlo Method — a statistical technique that samples randomly from a probability-distribution in order to produce different possible outcomes that simulate the various sources of uncertainty that affect the value of a subject asset, business, or investment.

Multi-Period Excess Earnings Method — a method of estimating the value of the primary income-generating **Intangible Asset** within a group of assets, by calculating the **Cash Flow** attributable to that asset after deducting **Contributory Asset Charges**. See also **Excess Earnings Method**.

Multiple — a ratio calculated as the value of a business or security divided by **Economic Income** or a non-financial metric. Also known as market multiple, pricing multiple, or valuation ratio.

N

Net Asset Value — the difference between a business' total assets and liabilities restated at a particular **Standard of Value** rather than accounting book values.

Net Book Value — the difference between a business' total assets and liabilities at accounting book values (synonymous with book equity). With respect to a specific asset, this is the original capitalized cost less accumulated amortization, depreciation, depletion, allowances, or impairment.

Net Cash Flow to Equity — **Cash Flow** available to equity holders after funding business operations, paying taxes, making necessary capital investments, and servicing debt and **Debt Equivalents**, **Hybrid Securities**, and non-equity claims. See also **Net Cash Flow to Invested Capital**. Sometimes referred to as free cash flow to equity.

Net Cash Flow to Invested Capital — **Cash Flow** available to all security holders after funding business operations, paying taxes, and making necessary capital investments. See also **Net Cash Flow to Equity**. Sometimes referred to as free cash flow to invested capital or free cash flow to the firm.

Net Present Value — the value, as of a specified date, of future cash inflows less cash outflows (including the cost of initial investment) calculated using a **Discount Rate**.

Nominal Cash Flows — **Cash Flows** that include the effects of inflation. Contrast with **Real Cash Flows**.

Nominal Rate of Return — a **Rate of Return** that includes the effect of inflation. Contrast with **Real Rate of Return**.

Noncontrolling Interest — an ownership interest that lacks **Control** of the business. Also known as minority interest or minority shareholding.

Nonoperating Assets — assets (or liabilities) not necessary to support the ongoing operations of a business. Sometimes referred to as redundant or surplus assets.

Normalized Earnings — **Economic Income** adjusted for extraordinary, nonrecurring, noneconomic, or other unusual items in order to eliminate anomalies and facilitate comparisons.

Normalizing Adjustments — adjustments to a business' financial statements for **Nonoperating Assets** and liabilities, and/or for extraordinary, nonrecurring, noneconomic, or other unusual items in order to eliminate anomalies and facilitate comparisons.

O

Option Pricing Method — a forward-looking technique used to allocate value between various equity classes with different economic rights, assuming various future outcomes. The Option Pricing Method considers the current **Equity Value** and then allocates that value to the various equity classes considering a continuous distribution of outcomes, rather than focusing on distinct future scenarios.

Orderly Liquidation Value — a form of **Liquidation Value** in which the asset or assets are presumed to be sold over a reasonable period of market exposure to maximize expected return. Contrast with **Forced Liquidation Value**.

P

Physical Obsolescence — a form of depreciation where the loss in value or usefulness of an asset is due to the decrease or expiry in its life from wear and tear, deterioration, exposure to various elements, physical stresses, and similar factors. See also **Economic Obsolescence**, and **Functional Obsolescence**.

Portfolio — an assemblage of various assets, investments, or liabilities.

Portfolio Discount — an amount or percentage deducted from the value of a business to reflect its ownership of dissimilar operations or assets in a combination that might not be attractive to a potential buyer. Also known as conglomerate discount.

Post-Money Value — a business' implied aggregate value immediately following its most recent round of financing. Contrast with **Pre-Money Value**.

Premise of Value — an assumption regarding the circumstances that may be applicable to the subject valuation. See also **Going Concern Value** and **Liquidation Value**.

Pre-Money Value — a business' implied aggregate value immediately preceding its most recent round of financing. Contrast with **Post-Money Value**.

Present Value — the value, as of a specified date, of expected **Economic Income**, calculated using a **Discount Rate**. See also **Net Present Value**.

Price — the monetary or other consideration asked, offered, or paid for an asset, which may be different from the value.

Prior Transaction Method — a method within the **Market Approach** that uses previous transactions involving the subject business as an indicator of value. Also known as subject company transaction method or recent transaction method.

Probability-Weighted Expected Return Method (PWERM) — a scenario-based technique used to estimate the value of an equity interest based on the probability-weighted present value of various discrete future outcomes for the business (i.e., initial public offering, sale, dissolution, or continued operation until a later exit date).

Purchase Price Allocation — a term commonly used to describe the process of allocating the price paid in a business combination among the assets acquired and liabilities assumed of the target business, using a variety of methods.

R

Rate of Return — an amount, expressed as a percentage of the amount of the investment, of anticipated or realized **Economic Income** and/or change in value of an investment.

Real Cash Flows — **Cash Flows** that exclude the effect of inflation over time. Contrast with **Nominal Cash Flows**.

Real Rate of Return — a **Rate of Return** that does not include the effect of inflation. Contrast with **Nominal Rate of Return**.

Relief from Royalty Method — a method that estimates the value of an **Intangible Asset** by reference to the present value of the hypothetical royalty payments that are avoided by owning the asset as compared with licensing it from a third party. Also known as royalty savings method. See also **Royalty**.

Replacement Cost Method — a method under the **Cost Approach** that estimates the value of an asset by calculating the cost, as of the **Valuation Date**, to recreate the functionality or utility of a similar asset. See also **Cost Approach**, and **Replacement Cost New**.

Replacement Cost New — the cost, as of the **Valuation Date**, of an identical new asset or a new asset having the equivalent utility to the subject asset. Also known as reproduction cost new.

Report Date — the date of issuance of a **Valuation** report. Contrast with **Valuation Date**.

Required Rate of Return — the minimum **Rate of Return** acceptable by investors before they will commit money to an investment, given its level of risk.

Risk Premium — a **Rate of Return** added to a base rate (e.g., a **Risk-Free Rate**) to reflect the incremental risk of an asset, business, or investment (e.g., **Equity Risk Premium**, **Unsystematic Risk** premium, country risk premium, or size premium).

Risk-Free Rate — a **Rate of Return** available in the market on an investment perceived as free of default risk.

Royalty — a payment (hypothetical or actual) made for the use of an asset, especially an **Intangible Asset** or a natural resource. See also **Relief from Royalty Method**.

S

Salvage Value — the value of an asset at the end of its economic life given the purpose for which the asset was created. The asset may still have value for an alternative use or for recycling.

Scenario Analysis — the technique of modelling multiple scenarios of possible future **Economic Income** to derive expected value. See also **Monte Carlo Method**, **Option Pricing Method**, and **Probability-Weighted Expected Return Method (PWERM)**.

Simple Capital Structure — a **Capital Structure** that includes a single equity class and may include debt or debt-like preferred securities. Contrast with **Complex Capital Structure**.

Standalone Value — the value of an asset, business, or investment estimated without considerations of potential **Synergies**.

Standard of Value — the definition of value used in a valuation (e.g., **Fair Market Value**, **Market Value**, **Fair Value**, or **Investment Value**). The **Standard of Value** affects the methods, inputs, and assumptions used by the business valuation professional. Also known as **Basis of Value**.

Synergies — the concept that the performance and value of two assets or businesses combined will be greater than the sum of the separate individual parts, resulting from the expectation of economies of scale or post-acquisition benefits.

Synergistic Value — the expected value resulting from a combination of two or more assets or businesses, which is greater than the sum of the separate individual parts.

Systematic Risk — risk that is common to all risky securities and cannot be eliminated through diversification. Also known as market risk and non-diversifiable risk. Contrast with **Unsystematic Risk**. See also **Beta**.

T

Tangible Asset — an asset that has physical form and derives value from its physical properties or tangible nature (e.g., real estate, property, plant, equipment). Contrast with **Intangible Asset**.

Tax Amortization Benefit — the present value of income tax savings resulting from the tax deduction generated by the amortization of an **Intangible Asset**.

Tax Depreciation Benefit — the present value of income tax savings resulting from the tax deduction generated by the depreciation of a **Tangible Asset**.

Terminal Value — an estimate of the value of **Economic Income** of a business beyond the discrete forecast period in the **Discounted Economic Income Method**. Also known as residual value or continuing value.

U

Unlevered Beta — a measure of **Beta** reflecting a capital structure without debt. Also known as asset beta. Contrast with **Levered Beta**.

Unlevered Cost of Capital — the expected **Rate of Return** that the market requires in order to attract funds to a particular investment, assuming an unlevered **Capital Structure**. See also **Weighted Average Cost of Capital**.

Unsystematic Risk — risk specific to an individual security that can be eliminated through diversification. Also known as idiosyncratic risk or diversifiable risk. Contrast with **Systematic Risk**.

V

Valuation — the act or process of developing an opinion or conclusion of value at a **Valuation Date** using a **Premise of Value**, a **Standard of Value**, and one or more **Valuation Approaches**. Also known as **Appraisal**.

Valuation Approach — a general manner of estimating a value that uses one or more specific **Valuation Methods**. See also **Cost Approach**, **Asset Approach**, **Income Approach**, and **Market Approach**.

Valuation Date — the specific point in time at which the conclusion of value applies. Also known as **Effective Date**, **Measurement Date**, or date of value. Contrast with **Report Date**.

Valuation Method — within a **Valuation Approach**, a methodology used to estimate value (e.g., **Discounted Cash Flow Method** under the **Income Approach**).

Valuation Model — a tool used by business valuation professionals to estimate the value of an asset, business, or investment consisting of a series of calculations involving the application of **Valuation Methods** and the business valuation professional's informed judgement.

Value in Exchange — the value of an asset or liability if sold in the open market. Contrast with **Value in Use**.

Value in Use — the value of an asset, business, or investment in its current or continued use. Also known as value in continued use, or existing use value. Contrast with **Value in Exchange**.

W

Waterfall — the contractual allocations of **Cash Flows**, commonly resulting from a liquidity event (e.g., merger, acquisition, initial public offering), to the various ownership classes (e.g., debt, preferred equity, common equity) in a business, reflecting the economic rights of each class.

Weighted Average Cost of Capital (WACC) — a measure of a business' overall **Cost of Capital** in which the expected **Rate of Return** on each component of capital (e.g., debt, equity) is weighted at market value based upon its relative proportion of the **Capital Structure**.

With and Without Method — a method used to estimate the value of an asset by comparing a scenario in which the business uses the asset and another scenario in which the business does not use the asset, all other factors held constant. Also known as premium profits method.

Working Capital — the amount of current assets minus current liabilities held in a business for its day-to-day operational needs. Also known as debt-free net working capital when all or a portion of cash and the current portion of interest-bearing debt is excluded.