

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

Commission File Number: 001-35493



STEEL PARTNERS HOLDINGS L.P.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

590 Madison Avenue, 32nd Floor

New York, New York

(Address of principal executive offices)

13-3727655

(I.R.S. Employer Identification No.)

10022

(Zip Code)

Registrant's telephone number, including area code: (212) 520-2300

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

Title of Each Class	Trading Symbols	Name of Each Exchange on which Registered
Common units, no par value	SPLP	New York Stock Exchange
6.0% Series A Preferred Units	SPLP-PRA	New York Stock Exchange

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

Common Units, no par value

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

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

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

Indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of our common units held by non-affiliates of registrant as of June 30, 2023 totaled approximately \$248.1 million based on the then-closing unit price.

On March 1, 2024, there were 20,719,101 common units outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive proxy statement for the 2024 Annual Meeting of Limited Partners are incorporated by reference into Part III of this annual report on Form 10-K.

STEEL PARTNERS HOLDINGS L.P.
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As used in this annual report on Form 10-K (this "Report" or this "Form 10-K"), unless the context otherwise requires, the terms "we," "us," "our," "SPLP" and the "Company" refer to Steel Partners Holdings L.P., a Delaware limited partnership.

All dollar amounts used in this Report are in thousands, except for common and preferred unit and per common and preferred unit data, unless otherwise indicated.

PART I

FORWARD-LOOKING STATEMENTS AND RISK FACTORS SUMMARY

This Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), including, in particular, forward-looking statements under the headings "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8 - Financial Statements and Supplementary Data." These statements appear in a number of places in this Report and include statements regarding the Company's intent, belief or current expectations with respect to (i) its financing plans, (ii) trends affecting its financial condition or results of operations, and (iii) the impact of competition. The words "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate" and similar expressions are intended to identify such forward-looking statements; however, this Report also contains other forward-looking statements in addition to historical information.

Forward-looking statements are only predictions based upon the Company's current expectations and projections about future events. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by the statements. Certain factors that might cause actual results to differ from our expectations include, but are not limited to:

Risks Related to Our Business

- disruptions to our business as a result of economic downturns;
- negative impact of inflation and supply chain disruptions;
- significant volatility in prices of, and declines in demand for, crude oil;
- fluctuations in commodity prices;
- the negative impact of rising interest rates;
- the potential need for cash funding requirements due to our subsidiaries' sponsorship of defined benefit pension plans;
- our ability to comply with environmental, health and safety laws and regulations;
- increased costs and reduced demand for our services as a result of climate change legislation or regulations;
- our ability to comply with banking and other extensive regulations to which our businesses are subject;
- impacts to our liquidity or financial condition as a result of WebBank's legislative and regulatory requirements;
- our ability to meet our obligations under our senior credit facility through future cash flows as well as future financings, which may be impacted by credit market volatility;
- negative impacts to our business strategy to make acquisitions due to factors such as management diversion and increased costs and expenses;
- divestitures and contingent liabilities from divested businesses could adversely affect our business and financial results;
- losses sustained in our investment portfolio;
- our ability to adequately obtain or protect our intellectual property and licenses, or defend against third-party infringement claims;
- conducting business outside of the United States;
- global trade issues and changes in and uncertainties with trade policies;
- negative impacts to the cost or availability of the materials and products we use in our operations (for example, as a result of changes in U.S. trade policies);
- impacts to our profitability due to litigation or compliance failures;
- a significant disruption in, or breach in security of, our technology systems;
- increased liability, costs or limitations to our service offerings as a result of current and proposed laws and regulations regarding the protection of personal data;
- work stoppages and increased costs due to labor disputes or the unionization of our workforce and suppliers;
- challenges to WebBank's status as lender of the loans it offers and the ability of assignees to collect interest;
- WebBank's ability to satisfy its capital requirements, including any that may arise from the Federal Deposit Insurance Corporation ("FDIC");
- WebBank's ability to maintain its lending programs through its relationships with marketing partners;

- WebBank's exposure to risks related to loans received under the Paycheck Protection Program ("PPP"), including litigation or the possibility that the Small Business Administration ("SBA") may not fund some or all PPP loan guaranties;
- credit and interest rate risks in connection with WebBank's lending activities;
- our businesses have been, and may in the future be, adversely affected by conditions in the financial services industry;
- Steel Connect is a public company which may increase our costs and divert management's attention;
- our subsidiaries' ability to maintain its relationships and business with customers without long-term contracts;
- our ability to effectively remediate the identified material weaknesses in our internal control over financial reporting;
- adverse impacts of public health developments on our business, results of operations, financial condition and cash flows;
- conflict in Ukraine and related volatility; and
- loss of essential employees without timely replacement or substitution.

Risks Related to Our Structure

- the limited recourse that our unitholders have with respect to maintaining actions against our General Partner, our Board, our officers and our Manager (each as defined under Part I, Item 1, "Business");
- limited voting rights of some unitholders under certain provisions of our Partnership Agreement (as defined under Part I, Item 1, "Business");
- conflicts of interest with the minority shareholders of our businesses, which may impact our decisions and may not be in the best interests of our unitholders;
- potential conflicts of interest arising from certain interlocking relationships between us and certain affiliates of Warren G. Lichtenstein, our Executive Chairman, as well as from the business activities of members of our management team; and
- potential conflicts of interest arising from involvement in other business activities.

Risks Related to Our Manager

- our ability to successfully retain the services of Warren G. Lichtenstein, the Chairman and Chief Executive Officer, and Jack L. Howard, the President of our Manager, in running our businesses;
- uncertainty relating to the amount of the Management Fee (as defined in Part I, Item 1, "Business") that will be paid or Class C partnership units that will be issued over time with any certainty;
- potential adverse impacts from the limited liability and indemnification of our Manager under our Management Agreement; and
- limitations on our General Partners' fiduciary duties.

Risks Related to our Common and Preferred Units

- declines in the prices of our common or preferred units;
- our ability to maintain an active market for our common or preferred units as a result of transfer restrictions and other factors; and
- the liquidation and distribution preferences of our preferred units.

Risks Related to Taxation

- our common unitholders' U.S. federal, state and other income tax obligations with respect to their share of our taxable income, regardless of whether they receive any cash distributions from us;
- our unitholders' potential exposure to Internal Revenue Service (the "IRS") initiated tax adjustments for prior years on their personal tax returns;
- negative impacts to our future results of operations as a result of U.S. government tax reform;
- our inability to assure our tax treatment;
- our structure involves complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available;
- adverse tax consequences that our tax-exempt investors may face from our owning common units;
- our subsidiaries' ability to fully utilize their tax benefits, which could result in increased cash payments for taxes in future periods; and
- other factors described in the "Risk Factors" in Part I, Item 1A of this Report.

Any forward-looking statement made in this Report speaks only as of the date hereof, and investors should not rely upon forward-looking statements as predictions of future events. Except as otherwise required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

Item 1. Business

The Company

Steel Partners Holding L.P. (together with its subsidiaries, referred to herein as "SPLP") is a Delaware limited partnership formed in 2008 and is a diversified global holding company that owns and operates businesses and has significant interests in various companies, including diversified industrial products, energy, banking, defense, supply chain management and logistics and youth sports. SPLP operates through the following segments: Diversified Industrial, Energy, Financial Services and Supply Chain. Each of our companies has its own management team with significant experience in their industries. Corporate and Other consists of several consolidated subsidiaries, including, Steel Services Ltd. ("Steel Services"), which, through management services agreements, provides services to us and some of our companies, which include assignment of C-Level management personnel, legal, tax, accounting, treasury, consulting, auditing, administrative, compliance, environmental health and safety, human resources and other similar services. We work with our businesses to increase corporate value over the long term for all stakeholders by implementing our unique strategy discussed in more detail below.

SPLP is managed by SP General Services LLC (the "Manager"), pursuant to the terms of an amended and restated management agreement (the "Management Agreement") discussed in further detail in Note 20 – "Related Party Transactions" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report. Our wholly-owned subsidiary, Steel Partners Holdings GP Inc. (the "General Partner"), is our general partner. The General Partner has a board of directors (the "Board of Directors"). Out of the seven members of the Board of Directors of the General Partner currently serving, two are appointed by our Manager, including Warren G. Lichtenstein, who is the Executive Chairman of our Manager and serves as the Executive Chairman of the Board of Directors.

Products and Product Mix

Diversified Industrial Segment

The Diversified Industrial segment is comprised of manufacturers of engineered niche industrial products, with leading market positions in many of the markets they serve. The businesses in this segment distribute products to customers through their sales personnel, outside sales representatives and distributors in North and South America, Europe, Australia, Asia and several other international markets. Below is additional information related to the businesses within the Diversified Industrial segment.

Joining Materials - The Joining Materials business primarily fabricates precious metals and their alloys into brazing alloys. Brazing alloys are used to join similar and dissimilar metals, as well as specialty metals and some ceramics, with strong, hermetic joints. The Joining Materials business offers these metal joining products in a wide variety of alloys, including gold, silver, palladium, copper, nickel, aluminum and tin. These brazing alloys are fabricated into a variety of engineered forms and are used in many industries, including electrical, appliance, transportation, construction and general industrial, where dissimilar material and metal joining applications are required. Operating income from precious metal products is principally derived from the "value-added" of processing and fabricating and not from the direct purchase and resale of precious metals. The Joining Materials business enters into commodity futures and forward contracts to mitigate the impact of price fluctuations on its precious and certain non-precious metal inventories that are not subject to fixed price contracts.

Tubing - The Tubing business manufactures a wide variety of stainless and low carbon steel tubing products. The Tubing business manufactures some of the world's longest continuous seamless stainless steel tubing coils, serving primarily the petrochemical and oil and gas infrastructure markets. We believe that the Tubing business is also a leading manufacturer of mechanical and fluid-carrying welded low carbon tubing used for diverse industries, including the automotive, heavy truck, heating, cooling and oil and gas markets.

Building Materials - The Building Materials business manufactures and supplies products primarily to the commercial construction and building industries. It manufactures fasteners, adhesives and fastening systems for the U.S. commercial low-slope roofing industry, which are sold to building and roofing material wholesalers, roofing contractors and private label roofing system manufacturers, and a line of engineered specialty fasteners for the building products industry for fastening applications in the remodeling and construction of homes, decking and landscaping.

Performance Materials - The Performance Materials business manufactures woven substrates of fiberglass, quartz, carbon and aramid materials for specialty applications in a wide expanse of markets requiring highly engineered components. Its products are used in a wide range of advanced composite applications, such as commercial and military aerospace components,

printed electronic circuit boards, automotive and industrial components, and substrates for commercial and military armor applications.

Electrical Products - The Electrical Products business designs, manufactures and markets power electronics, motion control, power protection, power quality electromagnetic equipment, and custom ball-screws, gears and gearboxes used in a variety of medical, commercial and military aerospace, computer, datacom, industrial, specialty LED lighting, test and measurement, and telecom applications. Its products are generally incorporated into larger systems to improve operating performance, safety, reliability and efficiency.

Kasco Blades and Route Repair Services ("Kasco") - The Kasco business provides meat-room blade products, repair services and distributed products for the meat and deli departments of supermarkets, restaurants, meat and fish processing plants, and for distributors of electrical saws and cutting equipment, principally in North America and Europe. The Kasco business also provides cutting blades for bakeries, in addition to wood cutting blade products for the pallet manufacturing, pallet recycler and portable saw mill industries in North America.

Metallized Films - The Metallized Films business includes Dunmore Corporation in the U.S. and Dunmore Europe GmbH in Germany (collectively, "Dunmore"), which manufacture and distribute coated, laminated and metallized films for engineered applications in the imaging, aerospace, insulation and solar photo-voltaic markets and also provide products for custom and special applications.

Energy Segment

The Energy segment provides drilling and production services to the oil and gas industry and owns a youth sports business. Below is additional information related to the consolidated businesses within the Energy segment.

Steel Energy - The Energy business provides completion, recompletion and production services to exploration and production companies in the oil and gas business. The services provided include well completion and recompletion, well maintenance and workover, flow testing, down hole pumping, plug and abandonment, well logging and perforating wireline services. The Energy segment primarily provides its services to customers' extraction and production operations in North Dakota and Montana in the Bakken basin, Colorado and Wyoming in the Niobrara basin, Texas in the Permian basin and New Mexico in the San Juan basin.

Steel Sports - Steel Sports is a social impact company committed to creating a new standard in youth sports and coaching while forging the next generation of leaders. The organization strives to provide a first-class youth sports experience emphasizing positive experiences and instilling the core values of Teamwork, Respect, Integrity and Commitment.

Financial Services Segment

Through our subsidiary WebFinancial Holding Corporation, we own 100% of WebBank, which is an FDIC-insured state chartered industrial bank headquartered in Utah. WebBank is subject to comprehensive regulation, examination and supervision of the FDIC and the State of Utah Department of Financial Institutions ("UDFI"). WebBank is not considered a "bank" for Bank Holding Company Act purposes and, as such, SPLP is not regulated as a bank holding company. WebBank's deposits are insured by the FDIC up to maximum allowed by law. WebBank engages in a full range of banking activities including originating loans, issuing credit cards and taking deposits that are federally insured. WebBank originates and funds consumer and small business loans through lending programs with unaffiliated companies that market and service the programs ("Marketing Partners"), where the Marketing Partners subsequently purchase the loans (or interests in the loans) that are originated by WebBank. WebBank also has private-label financing programs that are branded for a specific retailer, manufacturer, dealer channel, proprietary network and bank card programs. WebBank participates in syndicated commercial and industrial as well as asset based credit facilities and asset based securitizations through relationships with other financial institutions. Through its subsidiary, National Partners PFco, LLC ("National Partners"), WebBank provides commercial premium finance solutions for national insurance brokerages, independent insurance agencies and insureds in key markets throughout the U.S. National Partners was acquired in April 2019.

Supply Chain Segment

The Supply Chain segment consists primarily of the operations of Steel Connect, Inc.'s ("Steel Connect" or "STCN") wholly-owned subsidiary, ModusLink Corporation ("ModusLink" or "Supply Chain"), which is an end-to-end global supply chain solutions and e-commerce provider serving clients in markets such as consumer electronics, communications, computing,

medical devices, software and retail. ModusLink designs and executes critical elements in its clients' global supply chains to improve speed to market, product customization, flexibility, cost, quality and service. These benefits are delivered through a combination of industry expertise, innovative service solutions, and integrated operations, proven business processes, an expansive global footprint and world-class technology. ModusLink has an integrated network of strategically located facilities in various countries, including numerous sites throughout North America, Europe and Asia.

Corporate and Other

Corporate and Other consists of several consolidated subsidiaries, including Steel Services, as well as equity method and other investments, and cash and cash equivalents. Its income or loss includes certain unallocated general corporate expenses. Steel Services has management services agreements with certain of our consolidated subsidiaries and other related companies. For additional information on these service agreements see Note 20 - "Related Party Transactions" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report.

Sources and Availability of Raw Materials

The major commodities and raw materials used by the businesses within the Diversified Industrial segment are as follows:

The Joining Materials business uses precious metals such as silver, gold and palladium to produce certain of its products. These precious metals are generally obtained under a consignment arrangement with a financial institution. In addition to precious metals, the raw materials used in the Joining Materials, Tubing, Building Materials, Electrical Products and Kasco businesses consist principally of stainless, silicon and carbon steel, aluminum, copper, tin, nickel alloys, a variety of high-performance alloys, permanent magnets, electronic and electrical components, chemicals and various plastic compositions. The raw materials used in the operations of the Performance Materials business consist principally of fiberglass, quartz and aramid yarns. The raw materials used in the Metallized Films business consist principally of polyester scrim fabric, PET film, organic solvents, aluminum, resins, pigments and adhesives. Raw materials are generally purchased at open market prices from domestic and foreign suppliers. The Diversified Industrial segment businesses have not experienced any significant problem in obtaining the necessary quantities of raw materials. Prices and availability, particularly of raw materials purchased from foreign suppliers, are affected by world market conditions and government policies. The Company enters into commodity futures and forward contracts to mitigate the impact of price fluctuations on its precious and certain non-precious metal inventories that are not subject to fixed price contracts. The raw materials used by these businesses are generally readily available from more than one source.

The businesses in our Diversified Industrial segment also require significant amounts of electricity, oil and natural gas to operate their facilities, and they are subject to price changes in these commodities. A shortage of electricity, oil or natural gas, or a government allocation of supplies resulting in a general reduction in supplies, could increase costs of production and could cause some curtailment of production.

Intellectual Property

The Company's businesses depend in part on trademarks and patents that they own, or the licenses they hold to use others' brand names, proprietary technology and manufacturing techniques. In addition to trademark and patent protection, these businesses rely on copyrights, trade secrets, confidentiality procedures and contractual provisions to protect their intellectual property rights.

Human Capital

Employees

As of December 31, 2023, the Company employed approximately 5,100 employees worldwide.

Competition

There are many companies, larger and smaller, domestic and foreign, which manufacture products or provide services of the type offered by our businesses. Some of these competitors have financial resources greater than our subsidiaries. Some of

these competitors enjoy certain other competitive advantages, including greater name recognition, technical, marketing and other resources, a larger installed base of customers and well-established relationships with current and potential customers.

Competition in the Diversified Industrial segment is based on quality, technology, performance, service, reputation, price, and in some industries, new product introduction.

The Energy business operates in a highly competitive industry that is influenced by price, capacity, reputation and experience. In times of high demand, capacity, reputation and experience are major competitive forces. In times of low demand, service providers will compete on price to attract customers. In addition, the Energy business needs to maintain a safe work environment and a well-trained workforce to remain competitive. Energy services are affected by seasonal factors, such as inclement weather, fewer daylight hours and holidays during the winter months. Heavy snow, ice, wind or rain can make it difficult to operate and to move equipment between work sites, which can reduce its ability to provide services and generate revenues. These seasonal factors affect competitors as well. Because they have conducted business together over several years, the members of our local operations have established strong working relationships with certain of their clients. These strong client relationships provide a better understanding of region-specific issues and enable us to better address customer needs.

The market for Steel Sports' baseball facility services and soccer camps and leagues is very fragmented, and its competitors are primarily small local or regional operations.

The market for banking and related financial services is highly competitive. WebBank competes with other providers of financial services, including a broad range of banks and other nontraditional lending and banking companies that offer financial services. Some of our competitors are larger and may have more financial resources, while some of our competitors enjoy fewer regulatory constraints and may have lower cost structures. The financial services industry has become more competitive as technology advances have lowered barriers to entry, enabling more companies, including nonbank companies, to provide financial services.

The market for the supply chain management service offerings provided by ModusLink is highly competitive. As a provider with service offerings covering a range of supply chain operations and activities across the globe, ModusLink competes with different companies depending on the type of service it is providing or the geographic area in which an activity is taking place. ModusLink faces competition from Electronics Manufacturing Services/Contract Manufacturers (EMS/CM), third party logistics (3PL) providers, Supply Chain Management (SCM) companies and regional specialty companies. For certain digital commerce services, ModusLink's competition includes global outsource providers, software as a service (SaaS) providers, technology providers and computer software providers offering content and document management solutions. As a provider of an outsourcing solution, ModusLink's competition also includes current and prospective clients, who evaluate ModusLink's capabilities in light of their own capabilities and cost structures.

Governmental Regulation

As a public company with many subsidiaries based in the United States and abroad, we are subject to many U.S. federal, state, local and foreign laws and regulations. These requirements, which differ among jurisdictions, include, but are not limited to, those related to environmental protection and management, labor, employment, worker health and safety, import and export, customs and tariffs, cybersecurity, intellectual property, privacy and protection of user data. In addition, WebBank is subject to regulatory capital requirements administered by the FDIC and legal requirements in connection with the consumer and business lending programs that it originates.

These laws and regulations are constantly evolving and may be interpreted, applied, created or amended in a manner that could harm our businesses. Historically, the cost of compliance with these requirements have not had a material adverse effect on our financial position, results of operations or cash flows. We believe that we are in compliance in all material respects with all such laws and regulations and that we have obtained all material licenses and permits that are required for the operation of our businesses. For more information regarding regulatory risks, see the information in Part I, Item 1A, "Risk Factors - *Risks Related to our Business*" and "Risks Related to Taxation," and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Environmental Liabilities" of this Report.

Other Information

Our common units are quoted on the New York Stock Exchange under the symbol "SPLP." Our business address is 590 Madison Avenue, 32nd Floor, New York, New York 10022, and our telephone number is (212) 520-2300. Our website is www.steelpartners.com. We use our website as a channel of distribution of company information. The information we post

through this channel may be deemed material. Accordingly, investors should monitor this channel, in addition to following our press releases, filings with the U.S. Securities and Exchange Commission (the "SEC"), and public conference calls and webcasts. The information contained in, or that can be accessed through, the website is not part of this Report. Annual reports on Form 10-K (including this Report), quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, are available to you free of charge through our website as soon as reasonably practicable after those materials have been electronically filed with, or furnished to, the SEC.

Item 1A. Risk Factors

Our businesses are subject to a number of risks. You should carefully consider the following risk factors, together with all of the other information included or incorporated by reference in this Report, before you decide whether to purchase our common or preferred units. These factors are not intended to represent a complete list of the general or specific risks that may affect us. It should be recognized that other risks may be significant, presently or in the future, and the risks set forth below may affect us to a greater extent than indicated. If any of the following risks occur, our business, financial condition and results of operations could be materially adversely affected. In such case, the trading price of our common and preferred units could decline, and you may lose all or part of your investment. In addition, we own approximately 85.1% of Steel Connect, which is also a publicly listed company and files periodic reports with the SEC. You should carefully consider the risk factors described in Steel Connect's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q which are filed with the SEC and are available at www.sec.gov.

Risks Related to Our Business

Economic downturns in various sectors could disrupt and materially harm our businesses.

Negative trends in the general economy, including rising interest rates and commodity prices, could cause a downturn in the markets for our products and services. A significant portion of our revenues in the Diversified Industrial segment are received from customers in transportation, oil and gas exploration and construction-related industries, which have experienced significant financial downturns in the past. These industries are cyclical, and demand for their products tends to fluctuate due to changes in national and global economic conditions, availability of credit and other factors. In our Energy segment, the level of oil and natural gas exploration and production activity in the United States is affected by the price of oil. Reduced discovery rates of new oil and natural gas reserves, or a decrease in the development rate of reserves in our market areas, weakness in oil and natural gas prices, or our customers' perceptions that oil and natural gas prices will decrease in the future, could result in a reduction in the utilization of our equipment and result in lower revenues or rates for the services of our Energy segment.

In addition, revenues in our Supply Chain segment are dependent on customer traffic and demand for supply chain management services. Our customers' willingness to undertake activities in our business segments depends largely upon prevailing industry conditions that are influenced by many factors over which we have no control. In our Supply Chain segment, our supply chain management services are tied to the demand of our customers' goods. If demand for our customers' products declines, our customers may experience a decline in volumes, which may impact our financial results. As a result, our business may begin to slow before overall market slowdowns, at the point of customer uncertainty, and may recover later than overall market recoveries, as our customers may continue to feel uncertain about future market conditions. If uncertainty around macroeconomic conditions increase, such as due to recessionary conditions, unexpected interest rate fluctuations or inflationary pressures, our future growth prospects, business and results of operations could be materially adversely affected.

Our Financial Services segment could be impacted by tightening of the credit markets and other general economic declines that could result in a decrease in lending and demand for consumer loans. We may also experience a slowdown in our other segments if some customers experience difficulty in obtaining adequate financing due to tightness in the credit markets. In the short term, our customers could react to negative market conditions, and may seek to renegotiate their contracts with us or to cancel their contracts with us even if cancellation involves their paying a cancellation fee. Continued market deterioration could also jeopardize the ability to perform certain counterparty obligations, including those of our insurers, customers and financial institutions. Although we assess the creditworthiness of our counterparties, prolonged business decline or disruptions as a result of economic downturns or lower oil and gas prices could lead to changes in a counterparty's financial stability, liquidity and increase our exposure to credit risk, bad debts or non-performance by our suppliers. Our assets may also be impaired or subject to write-down or write-off as a result of these conditions. There could also be adverse impacts to several of our businesses due to overall negative economic conditions, changes in gross domestic product growth, financial and credit market fluctuations or the unavailability of credit, or geopolitical challenges, including global security concerns and the ongoing conflicts between Russia and Ukraine and the Middle East. These adverse effects would likely be exacerbated if global economic conditions worsen, resulting in wide-ranging, adverse and prolonged effects on general business conditions, which could materially and adversely affect our operations, financial results and liquidity.

Inflation and supply chain disruptions have, and may continue to negatively impact our business and results of operations.

Inflation could continue to increase our costs of labor and other costs related to our business, which could have an adverse impact on our business, financial position, results of operations and cash flows. Current and future inflationary effects may be driven by, among other things, supply chain disruptions, governmental stimulus or fiscal policies, and geopolitical instability, including the ongoing conflict between Ukraine and Russia or the Middle East. We have generally been able to offset increases in these costs through various cost reduction initiatives, as well as adjusting our selling prices to pass some of these higher costs to our customers. Our ability to raise or maintain our selling prices depends on market conditions and certain competitive dynamics. Given the timing of our actions compared to the timing of these inflationary pressures, there may be periods during which we are unable to fully recover the increases in our costs.

Significant volatility in prices of, and declines in customer demand for, crude oil due to factors beyond our control have materially and adversely affected our diversified industrial and energy business segments, and any prolonged instability in the oil industry could negatively impact our business, operations and financial condition.

Certain of our operating companies, particularly those in our Diversified Industrial and Energy segments, are highly dependent on customer demand for, and the availability of, crude oil and natural gas. For example, our portfolio of quality energy segment companies provide a multitude of oilfield services and oil and gas equipment rentals, operate numerous oil rigs and perform well servicing and workover services. The oil and gas industry has historically experienced periodic downturns, which have been characterized by diminished demand for our products and services and downward pressure on the prices that we are able to charge. Sustained market uncertainty can also result in lower demand and pricing for our products and services.

Customer demand is generally dependent on our customers' views of future demand for oil and gas and future oil and gas prices, as well as our customers' ability to access capital. Since the first quarter of 2020, crude oil prices, as well as supply and demand for oil and natural gas, have fluctuated significantly as a result of national and international economic and political conditions, such as the conflict between Ukraine and Russia. In particular, the announcement of price reductions and production increases by members of the Organization of the Petroleum Exporting Countries and its broader partners, including Russia and their allies ("OPEC+") in March 2020 resulted in reduced a sharp decline in oil commodity prices. In October 2022, due to uncertainty in the global economy and oil market outlook, OPEC+ announced it would decrease oil production by 2 million barrels a day, the largest cut since the COVID-19 pandemic began. As a result, the market and our businesses currently continue to experience demand loss, as well as volatility in oil prices, which have recently risen significantly after remaining depressed due to an oil oversupply and lack of available storage capacity. Additionally, oil prices are particularly sensitive to actual and perceived threats to global political stability, including conflicts in oil and gas producing regions, and changes in production from OPEC+ member states. Demand for our services and products may be sensitive to the level of exploration, development and production activity of, and the corresponding capital spending by, oil and natural gas companies. For instance, continuing tensions and instability resulting from the Russian invasion of Ukraine, and conflicts in the Middle East, have increased and could continue to increase volatility in global oil and gas prices, which may adversely affect our profitability of our Diversified Industrial and Energy segments.

In addition, the market prices and demand for oil and natural gas are impacted by governmental regulations and the level of oil and natural gas production in the United States and non-OPEC+ countries, as well as the oil and gas industry's view of future oil and gas prices, which generally determine the level of capital spending for the exploration, development and production of crude oil and natural gas reserves. These and other changes in the oil and natural gas industry have had, and are likely to continue to have for the foreseeable future, a significant adverse impact on our financial condition, results of operations and cash flows. A significant industry downturn, sustained market uncertainty, or increased availability of economical alternative energy sources could result in a reduction in demand for our products and services, which could adversely affect our business, financial condition, results of operations, cash flows and prospects. Due to numerous uncertainties surrounding the resolutions by OPEC+ with respect to oil production discussions, we cannot predict when oil prices, inventory and demand will improve or stabilize.

Our results of operations are affected by fluctuations in commodity prices.

The cost of raw materials is a key element in the cost of our products. In the normal course of business, our operations, particularly those of our Diversified Industrial segment, require the purchase and use of commodities used as raw materials, such as precious metals, steel products and certain non-ferrous metals. The availability of, and prices for, these raw materials expose our businesses to market risk and volatility as a result of, among other factors: worldwide economic conditions; speculative

actions; world supply and demand balances; inventory levels; availability of substitute metals; the U.S. dollar exchange rate; production costs of U.S. and foreign competitors; and anticipated or perceived shortages. In particular, in recent years we have experienced significant fluctuations in precious metal prices, including gold and silver, which has impacted our ability to find suitable sources for use in our manufacturing and maintain adequate inventory levels. Increases in the costs of these commodities and the costs of energy, transportation and other necessary services may adversely affect our profit margins if we are unable to pass along any higher costs in the form of price increases or otherwise achieve cost efficiencies such as in manufacturing and distribution. Price increases have had and could continue to have an adverse effect on our results of operations and operating margins. Disruptions to the supply chain resulting from shortages of raw materials and components have had and could continue to have an adverse effect on our ability to meet commitments to customers.

We seek multiple sources of supply for each of our major raw materials in order to avoid significant dependence on any one or a few suppliers. However, the supply of such materials have been and are likely to continue to be disrupted by higher commodity prices, which increase our costs of production and can result in tighter supplies. Moreover, to the extent customers delay or decrease purchases of our products as a result of raw material cost increases or we are otherwise unable to pass cost increases on to our customers, our results of operations and financial condition could be materially adversely effected. In addition, raw material price fluctuations impact the value of our commodity inventories, in particular, our precious metal inventory. Adjustments to our inventory carrying values could have a negative impact on our profitability and cash flows. Additionally, commodity prices may also fall rapidly from time to time. If commodity prices significantly decline for a sustained period of time, the net realizable value of our existing inventories could be reduced or we could be required to take impairment charges on our inventories, which could adversely affect our results of operations.

Rising interest rates may negatively impact our investments and have an adverse effect on our business, financial condition, results of operations and cash flows.

Changes in interest rates could have an adverse impact on our business by increasing the cost of borrowing, affecting our interest costs (including with respect to our senior credit agreement, which is comprised primarily of variable rate options), and our ability to make new investments on favorable terms or at all. The Federal Reserve Board significantly increased the federal funds rate in 2022 and 2023 and may in the future continue to raise increase rates. Such rate increases have a corresponding impact to our costs of borrowing and may have an adverse impact on our ability to raise funds through the offering of our securities or through the issuance of debt due to higher debt capital costs, diminished credit availability, and less favorable equity markets. Any significant additional federal fund rate increases may have a material adverse effect on our business, results of operations, and financial condition. More generally, interest rate fluctuations and changes in credit spreads on floating rate loans may have a negative impact on our investments and investment opportunities and, accordingly, may have a material adverse effect on our rate of return on invested capital, our net investment income, our net asset value and the market price of our securities. In addition, an increase in interest rates may make it difficult or impossible to make payments on outstanding indebtedness. Any increase in interest rates could have a negative effect on our net interest costs and investments, which could negatively impact our operating results, financial condition and cash flows.

Certain of the Company's subsidiaries sponsor defined benefit pension plans, which could subject the Company to substantial cash funding requirements in the future.

The Company's ongoing operating cash flow requirements include arranging for the funding of the minimum requirements of its subsidiaries' defined benefit pension plans. The Company is generally jointly and severally liable for such subsidiaries' underfunded pension liabilities. The performance of the financial markets and interest rates (given the mix of investment assets in the plan), as well as healthcare trends and associated mortality rates, impact our defined benefit pension plan expense and funding obligations. Significant changes in these factors, including adverse changes in discount rates, investment losses on plan assets and increases in participant life expectancy, may increase our funding obligations and adversely impact our financial condition. Required future contributions are estimated based upon assumptions such as discount rates on future obligations, assumed rates of return on plan assets and legislative changes. Actual future pension costs and required funding obligations will be affected by changes in the factors and assumptions described in the previous sentences, as well as other changes such as any plan termination or other acceleration events. For more information, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" of this Report.

We are subject to risks associated with environmental, health and safety matters.

We (including our businesses) are subject to U.S. federal, state, local and foreign environmental, health and safety ("EHS") laws and regulations in connection with our ongoing and former operations. These requirements include, but are not limited to regulations related to: the development, manufacture, shipping and use of the products produced by our businesses; the

handling, storage, transportation, discharge, recycling, treatment and disposal of raw materials and/or hazardous materials, by-products or wastes used in such products or in production; and the operation of facilities and the use of real property. Compliance with these and other EHS requirements may require us to engage in environmental remediation activities of property currently or previously owned by us or our subsidiaries, retrofit existing facilities with additional pollution-control equipment, undertake new measures in connection with the management of hazardous materials, by-products and wastes or to take other steps to ensure compliance with various legal and regulatory agencies and entities, all of which could require our subsidiaries to incur substantial costs.

Many of the customers in our Energy segment use hydraulic fracturing services, which is the process of creating or expanding cracks, or fractures, in formations underground where water, sand and other additives are pumped under high pressure into the formation. Although our Energy segment is not a provider of hydraulic fracturing services, many of its services complement the hydraulic fracturing process. Fracturing regulations vary widely because they are regulated at the state level. States continue to evaluate fracturing activities and their impact on the environment. Legislation for broader federal regulation of hydraulic fracturing operations and the reporting and public disclosure of chemicals used in the fracturing process could be enacted. Additionally, the U.S. Environmental Protection Agency (the “EPA”) has asserted federal regulatory authority over certain hydraulic fracturing activities involving diesel fuel under the U.S. Safe Drinking Water Act. Our Energy segment’s customers’ operations could be adversely affected if additional regulation or permitting requirements were to be required for hydraulic fracturing activities, which could have an adverse effect on our results of operations.

Although our subsidiaries maintain environmental insurance coverage, this insurance may not be sufficient to cover the financial, legal, business or reputational losses that may result from litigation, regulatory actions, proceedings or investigations as a result of non-compliance or violations of EHS requirements, as well as any other EHS-related matters. A failure or inability by us or any of our subsidiaries to comply with existing or future EHS regulations could therefore require us to incur substantial costs, including cleanup costs, fines or sanctions, and subject us to third-party claims for property damage or personal injury. Any material violations of these laws can lead to significant remediation requirements and administrative oversight, substantial liability, revocations of discharge permits, fines or penalties, and any new laws, regulations and enforcement policies could become more stringent and significantly increase our compliance costs or limit our future business opportunities, negatively impacting our financial condition, business and results of operations.

In addition to EHS legal and regulatory requirements, growing stakeholder engagement with respect to sustainability matters could cause our subsidiaries to alter their manufacturing processes or business operations, which could require them to incur substantial expense. Any failure to comply with stakeholder requests, in particular, the ability to meet customer requirements or sustainability targets, could adversely impact the demand of our businesses’ products and subject us and our subsidiaries to significant costs and liabilities and reputational risks, any of which could adversely affect our business, financial condition and results of operations. For more information on regulations relating to greenhouse gases (“GHG”) emissions, see “The risks associated with climate change, including our ability to comply with legislation or regulations restricting emissions of greenhouse gases, could result in increased costs and reduced demand for our services in our Energy segment.”

The risks associated with climate change, including our ability to comply with legislation or regulations restricting emissions of greenhouse gases, could result in increased costs and reduced demand for our services in our Energy segment.

Increased public concern and governmental action may result in more international, U.S. federal, regional, state and local requirements to monitor, limit, restrict and/or eliminate emissions of GHG. In addition, companies and their stakeholders, including shareholders and non-governmental organizations, are seeking ways to reduce GHG emissions through private ordering. Any such regulation of GHG emissions, or climate impacts generally, could adversely affect our Energy business’s operations, as well as the operations of its customers, as a result of their links to the production and processing of fossil fuels and GHG emissions. Although we are not a fossil fuel producer, our Energy segment directly services companies involved in the production and processing of fossil fuels.

In the United States, no comprehensive climate change legislation has been implemented federally. However, the EPA has adopted rules that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and reporting of GHG emissions from certain petroleum and natural gas system sources, implement standards directing the reduction of methane from certain facilities in the oil and gas sector, and, together with the U.S. Department of Transportation, implement GHG emissions limits on vehicles manufactured for domestic operations. Additionally, various states have adopted or are considering adopting legislation and regulation focused on GHG cap-and-trade programs, carbon taxes, reporting and tracking programs and emissions limits. Additionally, the Biden administration continued to highlight its nascent climate agenda, which includes targets of a (i) carbon pollution-free power sector by 2035 and (ii) net-zero (i.e., carbon reduction is equal to or greater than carbon emissions) economy by 2050. A social

and climate bill aimed at achieving certain of these goals is currently undergoing revision and reconsideration at the congressional level, but if passed, would expand spending and incentives to reduce corporate levels of fossil energy production. President Biden has also announced the United States' Nationally Determined Contribution (the "NDC") under the Paris Agreement at his summit on climate change on April 22, 2021, which focuses on achieving, by 2030, a 50% to 52% reduction from 2005 levels in economy-wide net GHG pollution. In addition, the SEC proposed rules in March 2022 that would require public companies to include extensive climate-related disclosures in their SEC filings. Among other things, the proposed SEC rules, if adopted as written, would mandate disclosures on (i) GHG emissions, including Scope 3 emissions if material or part of a company's emissions goal, (ii) financial impact and expenditure metrics relating to severe weather and climate change and (iii) a company's use of scenario analysis and climate targets. Although the SEC has not finalized these rules, we would expect to incur substantial additional compliance costs to the extent these or similar rules are adopted. The Inflation Reduction Act of 2022 (the "IRA"), which was signed into law in August 2022, directs nearly \$400 billion of federal spending to be used toward reducing carbon emissions and funding clean energy over the next 10 years and is designed to encourage private investment in clean energy, transport and manufacturing. In addition, fossil fuel producers face increasing litigation risks from local governments and financial risks from liquidity sources that have become more attentive to sustainability, such as shareholders who may shift their investments into other sectors and institutional lenders who may decrease to funding fossil fuel companies.

These changes in the investing and financing markets, and cost increases or demand volatility in connection with the adoption and implementation of new or more stringent GHG-related legislation or regulation on the oil and gas sector, could in turn reduce demand for our Energy business's well servicing, workover and other services. Additionally, measures taken with respect to GHG emissions, whether through governmental mandates or private ordering, could increase costs in our Energy segment businesses in the form of taxes or emission allowances, facilities improvements, and energy costs, which would increase our operating expenses through higher utility, transportation, and more expensive materials. Political, litigation and financial risks could also result in the oil and gas customers of our Energy business restricting or cancelling production activities, incurring liability in connection with climate-related changes or impairing their ability to continue operating economically, which could also decrease demand for that business's services.

We could incur significant costs, as a result of complying with or failing to comply with other extensive regulations, including banking regulations, to which our businesses are subject.

We and our businesses are subject to extensive regulation by U.S. and non-U.S. governmental and self-regulatory entities at the federal, state and local levels, including laws related to anti-corruption, privacy matters, banking, health and safety, import laws and export control and economic sanctions, and the sale of products and services to government entities. In addition, the consumer and business lending programs offered by WebBank are subject to extensive legal requirements at the federal and state levels, as described below.

As discussed above, our businesses must comply with substantial additional regulations. Failure to comply with these or any other regulations could result in civil and criminal, monetary and non-monetary penalties, disruptions to our business, limitations on our ability to manufacture, import, export and sell products and services, disbarment from selling to certain federal agencies, damage to our reputation and loss of customers and could cause us to incur significant legal and investigatory fees. Compliance with these and other regulations may also require us to incur significant expenses. The products and operations of our businesses are also often subject to the rules of industrial standards bodies such as the International Organization for Standardization ("ISO"), and failure to comply with these rules could result in withdrawal of certifications needed to sell our products and services and otherwise adversely impact our financial condition.

WebBank operates in a highly regulated environment, and its lending programs are subject to extensive federal and state regulation. Ongoing legislative and regulatory actions may significantly affect our liquidity or financial condition.

The consumer and business lending programs offered by WebBank are subject to extensive legal requirements at the federal and state levels. Among the laws that may be applicable to some or all of the programs offered by WebBank are:

- the Federal Truth in Lending Act and Regulation Z promulgated thereunder, which require certain disclosures to borrowers regarding the terms of their loans and impose requirements and restrictions when extending consumer credit;
- the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the Federal Trade Commission Act and state laws that prohibit unfair, deceptive, or abusive acts or practices;
- the Federal Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination in the extension of credit on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act;

- the Fair Credit Reporting Act, which governs the use of credit reports and the reporting of information to credit bureaus, and imposes restrictions on the marketing of credit products through prescreened solicitations based on credit report information;
- the Electronic Fund Transfer Act and Regulation E promulgated thereunder, which require certain disclosures and imposes certain requirements on banks that provide electronic transfers of funds for consumers;
- the Service Members Civil Relief Act and the Military Lending Act, which impose rate limitations and other requirements in connection with the credit obligations of active duty military personnel and certain of their dependents;
- federal and state laws relating to privacy and the safeguarding of personally identifiable consumer information and data breach notification;
- the Bank Secrecy Act, which relates to compliance with anti-money laundering, customer due diligence and record-keeping policies and procedures; and
- laws governing the permissibility of the interest rates and fees that are charged to borrowers.

The extent and complexity of this regulatory environment has increased WebBank's regulatory compliance burden and therefore has increased its regulatory risk. If WebBank or its programs do not comply with these laws, it may be subject to claims for damages, fines, penalties or other relief, and may face regulatory scrutiny, including examination and enforcement action, and some violations could result in an underlying loan being found invalid or unenforceable, or subject to payment defenses. Any of these violations could result in the imposition of liability on WebBank, although WebBank may have indemnification rights for certain claims. In addition, there could be limitations on WebBank's ongoing or future business.

As part of the bank regulatory process, the Federal Reserve, the FDIC and the UDFI, among other federal and state agencies, may periodically conduct examinations of WebBank, including compliance with laws and regulations. The authority of the FDIC and the UDFI includes the ability to examine WebBank, and its Marketing Partners and the lending programs with such Marketing Partners. The FDIC and the UDFI also may bring enforcement actions against WebBank and its Marketing Partners if they detect any violations of law. These enforcement actions could result in monetary liability on WebBank, increased compliance obligations or limitations on its ongoing and future business.

Other regulators, including the Consumer Financial Protection Bureau ("CFPB"), the Federal Trade Commission ("FTC") and state regulators and attorneys-general, has, and may in the future, bring investigations and enforcement actions against WebBank's Marketing Partners. These actions against Marketing Partners may increase WebBank's own regulators' scrutiny of WebBank's business and could result in an increased risk of investigations or claims being brought against WebBank. The U.S. Congress and state legislatures and federal and state regulatory authorities continually review banking laws, regulations and policies for possible changes. The CFPB may revise or enact new regulatory requirements or revise or adopt new regulatory interpretations that could affect WebBank, its Marketing Partners and programs. In 2023, a new chairman took office at the FDIC, and he adopted a different set of priorities than the prior agency leadership, which could result in increased scrutiny on WebBank's business. The Biden administration may make other changes that could also affect WebBank. The FDIC has adopted a final rule codifying its practices for supervising certain industrial banks and their parent companies. Although the rule does not directly apply to us or to WebBank at this time, the potential impact that the rule may have on our business, financial condition or results of operations in the future remains uncertain. The FDIC and other banking regulators have also adopted a final rule regarding the obligations of banks when contracting with third parties, which includes WebBank's relationships with its Marketing Partners. In June 2023, Colorado enacted a law to opt out from interest rate preemption afforded state-chartered banks, such as WebBank, with respect to loans and certain types of credit cards issued to Colorado consumers, pursuant to the Depository Institutions Deregulation and Monetary Control Act of 1980 ("DIDMCA"). The law becomes effective July 1, 2024. Iowa and Puerto Rico previously opted out of the DIDMCA. The consumer and business lending programs offered by WebBank rely on WebBank's ability to charge the interest rates and fees permitted by WebBank's home state of Utah to consumers and businesses that are residents of other jurisdictions. Colorado's opt out from the DIDMCA and any opt outs by other states or jurisdictions, could negatively impact WebBank's ongoing or future business. We cannot predict whether additional legislation or regulations will be enacted and, if enacted, the effect that it would have on our business, financial condition or results of operations.

Future cash flows from operations or through financings may not be sufficient to enable the Company to meet its obligations under its senior credit facility, and this would likely have a material adverse effect on its businesses, financial condition and results of operations, and credit market volatility may affect our ability to refinance our existing debt, borrow funds under our existing lines of credit or incur additional debt.

As of December 31, 2023, the Company had \$399,300 available under its senior credit facility and \$190,449 of outstanding indebtedness under its senior credit facility. There can be no assurances that the Company or its subsidiaries will continue to have access to their lines of credit if their financial performance does not satisfy the financial covenants set forth in

the applicable financing agreements. If the Company or its subsidiaries do not meet certain of its financial covenants, and if they are unable to secure necessary waivers or other amendments from the respective lenders on terms acceptable to management, their ability to access available lines of credit could be limited, their debt obligations could be accelerated by the respective lenders and liquidity could be adversely affected.

If the Company's or its subsidiaries' cash needs are significantly greater than anticipated or they do not materially meet their business plans, or there are unanticipated downturns in the markets for the Company's and its subsidiaries' products and services, the Company or its subsidiaries may be required to seek additional or alternative financing sources. Future disruption and volatility in credit market conditions could have a material adverse impact on the Company's ability or that of its subsidiaries to refinance debt when it comes due on terms similar to our current credit facilities, or to draw upon existing lines of credit or incur additional debt if needed. There can be no assurance therefore that any such financing will be available or available on acceptable terms. The inability to generate sufficient cash flows from operations or through financings could impair the Company's or its subsidiaries' liquidity and would likely have a material adverse effect on their businesses, financial condition and results of operations.

Our business strategy includes acquisitions, and acquisitions entail numerous risks, including the risk of management diversion and increased costs and expenses, all of which could negatively affect the Company's profitability.

Our business strategy includes, among other things, strategic acquisitions, as well as potential opportunistic acquisitions and strategic actions with respect to our existing investments, such as restructurings, strategic partnerships and collaborations and activist activity. This overall acquisition and investment strategy entails several risks, including the diversion of management's attention from other business concerns, the incurrence of substantial legal and other advisory fees (including, in the case of activist activity, proxy solicitation fees) and the potential need to finance such acquisitions with additional equity and/or debt. Additionally, to the extent that we are already invested in the entities that are the subject of our acquisitions and other activities, our actions may be temporarily disruptive to the value of the investments, which could adversely affect our financial condition.

In addition, once completed, acquisitions may entail further risks, including: unanticipated costs and liabilities of the acquired businesses, including environmental liabilities, that could materially adversely affect our results of operations; increased regulatory compliance relating to the acquired business; difficulties in assimilating acquired businesses, their personnel and their financial reporting systems, which would prevent the expected benefits from the transaction from being realized within the anticipated timeframe; negative effects on existing business relationships with suppliers and customers; and loss of key employees of the acquired businesses. In addition, any future acquisitions could result in the incurrence of additional debt and related interest expense, contingent liabilities and amortization expense related to intangible assets, which could have a material adverse effect on our business, financial condition, operating results and cash flows, or the issuance of additional equity, which could dilute our unitholders' interests.

There can be no assurance that we will be able to negotiate any pending acquisition successfully, receive the required approvals for any acquisition or otherwise conclude any acquisition successfully, or that any acquisition will achieve the anticipated synergies or other positive results. Overall, if our acquisition strategy is not successful or if acquisitions are not well integrated into our existing operations, the Company's profitability, business and financial condition could be negatively affected.

Divestitures and contingent liabilities from divested businesses could adversely affect our business and financial results.

We continually evaluate the performance and strategic fit of all of our businesses and may sell businesses or product lines. Divestitures involve risks, including difficulties in the separation of operations, services, products and personnel, the diversion of management's attention from other business concerns, the disruption of our business, the potential loss of key employees and the retention of uncertain contingent liabilities, including environmental liabilities, related to the divested business. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the achievement of our strategic objectives. We may also dispose of a business at a price or on terms that are less desirable than we had anticipated, which could result in significant asset impairment charges, including those related to goodwill and other intangible assets, that could have a material adverse effect on our financial condition and results of operations. In addition, we may experience greater dis-synergies than expected, the impact of the divestiture on our revenue growth may be larger than projected, and some divestitures may be dilutive to earnings. There can be no assurance whether the strategic benefits and expected financial impact of any divestiture will be achieved. We cannot assure you that we will be successful in managing these or any other significant risks that we encounter in divesting a business or

product line, and any divestiture we undertake could materially and adversely affect our business, financial condition, results of operations and cash flows.

We may sustain losses in our investment portfolio, which could have an adverse effect on our results of operations, financial condition and liquidity.

A portion of our assets consists of equity securities which are adjusted to fair value each period, as well as other investments. An adverse change in economic conditions or setbacks to such companies, their operations or business models may result in a decline in the value of these investments. Such declines in value are principally recognized in net income or loss in accordance with U.S. GAAP. Any adverse changes in the financial markets and declines in value of our investments may result in additional losses and could have an adverse effect on our results of operations, financial condition and liquidity.

If our businesses are unable to adequately obtain or protect the intellectual property and licenses upon which they rely, or other third parties claim that our businesses have infringed upon or otherwise violated their intellectual property, we could face material adverse effects to our financial condition, businesses and results of operations.

The success of each of our businesses depends in part on the trademarks and patents that they own, or their licenses to use others', brand names, proprietary technology and manufacturing techniques. In addition to trademark and patent protection, these businesses rely on copyrights, trade secrets, confidentiality procedures and contractual provisions to protect their intellectual property rights. The steps they have taken to protect their intellectual property rights may not prevent third parties, including our competitors, from using their intellectual property without their authorization or independently developing substantially similar intellectual property. Infringement or misappropriation of our businesses' intellectual property rights, such as the unauthorized manufacture or sale of materials, could result in uncompensated lost market and revenue opportunities. Despite these steps to monitor and detect unauthorized use of our businesses' intellectual property by third parties, any such unauthorized use could reduce or eliminate any competitive advantage our businesses have developed, cause them to lose sales or otherwise harm their business. The businesses' ability to enforce their intellectual property rights is subject to litigation risks, as well as uncertainty as to the protection and enforceability of those rights in some countries. If the businesses seek to enforce their intellectual property rights, it may be subject to claims that those rights are invalid or unenforceable, and others may seek counterclaims against the businesses, which could have a negative impact on their business. If the businesses are unable to enforce and protect intellectual property rights, or if they are circumvented, rendered obsolete or invalidated by the rapid pace of technological change, or stolen or misappropriated by employees or third parties, it could have an adverse impact on their competitive position and business.

Third parties may also assert claims that the products, solutions and services of our businesses' infringe upon the rights of others. Whether or not meritorious, defense of these claims can be expensive and time-consuming to defend and resolve, and may divert the efforts and attention of management and personnel. In addition, the laws of foreign countries may not effectively protect our businesses' intellectual property rights. In such cases, the unauthorized use of proprietary information and intellectual property may be made more difficult, time-consuming and costly and could subject our businesses to significant liability for damages and invalidate their property rights. If our businesses face claims based on the theft or unauthorized use or disclosure of third-party trade secrets and other confidential business information, defense against such claims could result in significant expenses and harm our competitive position, all of which could have a significant adverse impact on our business and results of operations.

We conduct business outside of the United States, which may expose us to additional risks not typically associated with companies that operate solely in the United States.

We conduct business and have operations or own interests in securities of companies with operations outside the United States. These operations have additional risks, including risks relating to currency exchange, changes in tariffs, less developed or efficient financial markets than in the United States, absence of uniform accounting, auditing and financial reporting standards, differences in the legal and regulatory environment, different publicly available information in respect of companies in non-U.S. markets, economic and political risks, public health crises and possible imposition of non-U.S. taxes. There can be no assurance that adverse developments with respect to such risks will not adversely affect our assets that are held in certain countries or the returns from these assets.

We also face several risks inherent in conducting business internationally, including compliance with international and U.S. laws and regulations that apply to our international operations. These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, U.S. laws such as export control laws and the Foreign Corrupt Practices Act, and similar laws in other countries which also prohibit corrupt payments to

governmental officials or certain payments or remunerations to customers. Given the high level of complexity of these laws, there is a risk that some provisions may be inadvertently breached. Also, we may be held liable for actions taken by our local partners. Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers or our employees, administrative remedies and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products and services in one or more countries.

In addition, a significant portion of Steel Connect's revenue historically has come from Mainland China, and Steel Connect's business in turn faces certain specific risks relating to operations in Mainland China and its complex and unpredictable political, economic and legal environment. The interpretation and enforcement of many laws, regulations and rules in China involve significant uncertainties, including with respect to intellectual property protection. The legal protections and remedies available in the event of any claims or disputes related to, among other things, confidential information or intellectual property, may be limited and any litigation in Mainland China may be protracted and result in substantial costs and diversion of resources and management attention. Moreover, Steel Connect's ability to operate in Mainland China may be adversely affected by changes in U.S. and Chinese laws and regulations, such as those related to, among other things, international trade, taxation, intellectual property, currency controls, network security, employee benefits and other matters. Additionally, the U.S. administration has advocated greater restrictions on trade generally and significant increases on tariffs on certain goods imported into the United States, particularly from Mainland China and has taken steps toward restricting trade in certain goods. China and other countries have retaliated in response to new trade policies, treaties and tariffs implemented by the United States. If any of these events occur, Steel Connect's business, financial condition and results of operations could be materially and adversely affected.

Global trade issues and changes in and uncertainties with respect to trade policies, trade sanctions, tariffs and international trade disputes, may significantly increase the costs or limit supplies of materials and products used in our operations.

We import raw materials and products used in our operations from jurisdictions outside of the United States. There is inherent risk, based on the complex relationships among the United States and the countries in which we conduct our business, that political, diplomatic, and national security factors can lead to global trade issues and changes in trade policies and export regulations. Trade restrictions, including withdrawal from or modification of existing trade agreements, negotiation of new trade agreements, non-tariff trade barriers, local content requirements, and imposition of new or retaliatory tariffs against certain countries or covering certain products, including developments in U.S.-China trade relations and sanctions against Russia, could limit our ability to import certain raw materials and products used in our operations. Policies impacting exchange rates and commodity prices or those limiting the export or import of commodities could have a material adverse effect on the international flow of commodities, which may result in a corresponding negative effect on our operations.

These trade conflicts and related escalating governmental actions that result in additional tariffs, duties and/or trade restrictions could increase our operating costs, cause disruptions or shortages in our supply chains and/or negatively impact the United States, regional or local economies, and, individually or in the aggregate, materially and adversely affect our business and our consolidated financial results.

Litigation or compliance failures could adversely affect our profitability.

The nature of our businesses and our investment strategies expose us to various litigation matters. We contest these matters vigorously and make insurance claims where appropriate. However, litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome of any litigation. These lawsuits may include claims for compensatory damages, punitive and consequential damages and/or injunctive relief. The defense of these lawsuits may divert our management's attention, we may incur significant expenses in defending these lawsuits, and we may be required to pay damage awards or settlements or become subject to equitable remedies that could adversely affect our operations and financial condition. Moreover, any insurance or indemnification rights that we may have may be insufficient or unavailable to protect us against such losses or result in significantly higher premiums in the future. In addition, developments in legal proceedings in any given period may require us to adjust the loss contingency estimates that we have recorded in our consolidated financial statements, record estimates or reserves for liabilities or assets previously not susceptible of reasonable estimates or pay cash settlements or judgments. Any of these developments could adversely affect our financial condition in any particular period. Although we make accruals as we believe warranted, the amounts that we accrue could vary significantly from any amounts we actually pay due to the inherent uncertainties in the estimation process. For more information, see Part I, Item 3, "Legal Proceedings".

A significant disruption in, or breach in security of, our technology systems could adversely affect our business.

We rely on information and operational technology systems in the conduct of our business to process, transmit and store electronic information, to manufacture our products and to manage or support a variety of critical business processes and activities. In some cases, we may rely upon third-party providers of hosting, support and other services to meet our information technology requirements. Our information and operational technology systems are subject to disruption, damage or failure from a variety of sources, including, without limitation, computer viruses, security breaches, cyber-attacks, ransomware attacks, natural disasters and defects in design. We may also face increased cybersecurity risks associated with an extensive workforce now working remotely, as remote working environments have become less secure and more susceptible to hacking attacks, including phishing and social engineering attempts. Cybersecurity incidents in particular are evolving and include, but are not limited to, use of malicious software, attempts to gain unauthorized access to data or control of automated production systems, and other security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data. We have implemented various measures to manage and mitigate risks related to technology systems and network disruption. We maintain an information security program that includes cybersecurity awareness training for employees, consistent infrastructure security practices across user account access, endpoint protection, email and perimeter security, as well as continuous monitoring and logging of network activity and tracking for rapid incident response. We believe that these preventative actions provide us and our businesses with adequate measures of protection against security breaches and work to reduce technology disruptions and cybersecurity risks. However, given the unpredictability of the timing, nature and scope of technology security incidents and disruptions, our businesses have been, and could potentially be, subject to production downtimes, operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, theft, other manipulation or improper use of our systems and networks or financial losses from remedial actions, any of which could have a material adverse effect on our competitive position, financial condition, reputation or results of operations. We have experienced, and could experience in the future, actual or attempted cyber-attacks of our information technology systems or networks, yet none of these actual or attempted cyber-attacks has had a material effect on our operations or financial condition. Further, any failure by our hosting and support partners or other third-party service providers in the performance of their services could materially harm our business.

A breach of our information technology systems could also result in the misappropriation of intellectual property, business plans or trade secrets. Any failure of our systems or those of our third-party service providers could result in unauthorized access or acquisition of such proprietary information, and any actual or perceived security breach could cause significant damage to our reputation and adversely impact our relationships with our customers. Additionally, while our security systems are designed to maintain the physical security of our facilities and information systems, accidental or willful security breaches or other unauthorized access by third parties to our facilities or our information systems could lead to misappropriation of proprietary and confidential information.

If any person, including any of our employees or those with whom we share such information, negligently disregards or intentionally breaches our established controls with respect to our client, customer or employee data, or otherwise mismanages or misappropriates that data, we could be subject to significant monetary damages, litigation, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions.

We take cybersecurity seriously and devote significant resources and tools to protect our systems, products and data, prevent unwanted intrusions and disclosures and provide periodic training to our employees, in compliance with applicable U.S. federal and state laws and non-U.S. laws and regulations addressing cybersecurity. However, these security and compliance efforts are costly to implement and may not be successful. As cyber threats are continually evolving, our controls and procedures may become inadequate and we may be required to devote additional resources to modifying or enhancing our systems in the future. There can be no assurance that we will be able to prevent, detect and adequately address or mitigate such cyber-attacks or security breaches. We may also be required to expend resources to remediate cyber-related incidents or to enhance and strengthen our cybersecurity. Based on our cybersecurity program, we do not maintain dedicated cybersecurity insurance. Any such breach could have a material adverse effect on our operations and our reputation and could cause irreparable damage to us or our systems, regardless of whether we or our third-party providers are able to adequately recover critical systems following a systems failure.

Current and proposed laws and regulations regarding the protection of personal data could result in increased risks of liability or increased cost to us or could limit our service offerings.

Some of our businesses collect and store personal data and any security breaches of our systems could result in the misappropriation or unauthorized disclosure of personal data belonging to us or to our employees, partners, customers or suppliers. The regulatory environment surrounding information security and privacy is increasingly demanding. We are subject

to numerous U.S. federal and state laws and non-U.S. laws and regulations governing the privacy, security and protection of personal and confidential information of our customers and employees. In particular, the European Union ("E.U.") has adopted the General Data Protection Regulation, (the "GDPR"), which contains numerous requirements for processing personal data of, and honoring the exercise of GDPR specific rights by, E.U.-based data subjects and provides for penalties up to the greater of €20,000 or 4% of worldwide gross revenue for violation. We are subject to the GDPR with respect to our E.U. operations and employees. Privacy laws such as the GDPR and similar laws and regulations are increasing in complexity and number, change frequently and sometimes conflict. In particular, as the E.U. member states reframe their national legislation to harmonize with the GDPR, we will need to monitor compliance with each relevant E.U. member states' laws and regulations, including where permitted derogations from the GDPR are introduced. U.S. states, such as California, have adopted comprehensive data privacy laws. Additional laws may be enacted at the state or at the U.S. federal level. The GDPR, any resultant changes in E.U. member states' national laws and regulations, and existing or new U.S. federal or state data privacy laws and regulations may increase our compliance obligations and may necessitate the review and implementation of policies and processes relating to our collection, security and use of data.

This increase in compliance obligations could also lead to an increase in compliance costs which may have an adverse impact on our business, financial condition and results of operations. Moreover, failure to comply with these data protection and privacy regulations and rules in various jurisdictions, or to resolve any serious privacy or security complaints, could subject us to regulatory sanctions, criminal prosecution or civil liability. Additionally, if we violate applicable laws, regulations or duties relating to the use, privacy or security of personal data, we could be subject to civil liability or criminal prosecution, be forced to alter our business practices and suffer reputational harm.

Labor disputes, as well as the continued or further unionization of our, and our suppliers', workforce could increase our costs and cause work stoppages that may have an adverse effect on the Company's business.

Some of our businesses are party to collective bargaining agreements with various labor unions in the United States and internationally. For more information, see Part I, Item 1, "Business – Employees". We may be subject to, among other things, strikes, work stoppages or work slowdowns as a result of disputes under these collective bargaining agreements and labor contracts or our potential inability to negotiate acceptable contracts with these unions. If the unionized workers in the U.S. or internationally were to engage in a strike, work stoppage or other slowdown, if other employees were to become unionized or if the terms and conditions in future labor agreements were renegotiated, our businesses could experience a significant disruption in their operations, which could cause them to be unable to deliver products to customers on a timely basis. Such disruptions could also result in loss of business and higher ongoing labor costs.

In addition, our Diversified Industrial segment may be impacted by work stoppages or slowdowns experienced by automakers, or their suppliers, which could result in slowdowns or closures of assembly plants where our products are included in assembled vehicles. The labor strike by the United Auto Workers ("UAW") resulted in temporary work stoppages or slowdowns at the U.S. locations of assembly plants and distribution facilities of certain of the Diversified Industrial segment's customers. The strike has impacted our operations, but to date has not had a material impact on our consolidated results. The UAW has recently reached a tentative labor agreement with each of the impacted auto makers. If the tentative agreements are not ratified, and a continued or expanded strike ensues, it could materially adversely impact our automotive supply chain (causing delay or non-delivery of goods and services) and could materially reduce the demand for our goods and services to our customers. If this occurs, it could have a material adverse effect on our business and our results of operations.

Additionally, we believe some of our direct and indirect suppliers have unionized workforces. Strikes, work stoppages or slowdowns experienced by suppliers could result in slowdowns or closures of facilities where components of our products are manufactured or delivered. Any interruption in the production or delivery of these components could reduce sales, increase costs and have a material adverse effect on us.

WebBank's status as lender of the loans it offers, and the ability of assignees to collect interest, may be challenged, and these challenges could negatively impact WebBank's ongoing and future business.

WebBank's business includes lending programs with Marketing Partners, where the Marketing Partners provide origination servicing for the loans and subsequently purchase the loans (or interests in the loans) that are originated by WebBank. There have been litigation and regulatory actions which have challenged lending arrangements where a bank has made a loan and then sold and assigned it to an entity that is engaged in assisting with the origination and servicing of the loan. Some of these cases have alleged that the marketing and servicing entity should be viewed as the "true creditor" of the loans originated through the lending program, and the bank should be disregarded. If this type of challenge is successful, state law interest rate limitations and other requirements that apply to non-bank lenders would then be applicable, instead of the federal

interest rate laws that govern bank lenders. Other cases have relied on the claim that even if a bank originated a loan based on the federal interest rate laws, an assignee of a bank is not permitted to rely on the federal law and is instead subject to state law limitations. In addition, several states have adopted laws that purport to identify which entity is the lender of a loan. For example, in 2021, Maine adopted a law that, among other things, may deem an entity to be the lender of a loan if it meets certain statutory requirements. Certain of these challenges have been brought or threatened in programs involving WebBank. In 2021, Congress enacted a joint resolution under the Congressional Review Act that was signed by the president that had the effect of repealing a regulation adopted by the Office of the Comptroller of the Currency. That regulation had provided clarity on the question of when a bank is the lender of a loan and, although not directly applicable to WebBank, may have provided support for the manner in which WebBank conducts its lending business. Because of the repeal, these arguments will not be available in the event of a future challenge. Additional cases or regulatory actions, if successfully brought against WebBank or its Marketing Partners or others, could negatively impact WebBank's ongoing and future business. WebBank continues to structure its programs, and to exercise control over these programs, to address these risks, although there can be no assurance that additional cases or regulatory actions will not be brought in the future. State regulators have also made claims that WebBank and its Marketing Partners are required to obtain licenses under state laws, and those licenses may have the effect of restricting the business of the licensed entity.

WebBank is subject to capital requirements, and SPLP could be called upon by the FDIC to infuse additional capital into WebBank to the extent that WebBank fails to satisfy its capital requirements.

WebBank is subject to capital requirements administered by various federal regulators in the U.S. and, accordingly, must meet specific capital guidelines. The Federal Reserve and other federal banking regulators have implemented the global regulatory capital requirements of Basel III and certain requirements implemented by the Dodd-Frank Act. FDIC regulations implementing the Basel III Accord modified WebBank's minimum capital requirements by defining what constitutes capital for regulatory capital purposes and adding a 4.5% Common Equity Tier 1 ratio and increased the Tier 1 capital ratio requirement from 4% to 6%. FDIC regulations also require WebBank to comply with a total capital ratio of 8% and a leverage ratio of 4%. Additionally, WebBank is expected to maintain a Capital Conservation Buffer (composed solely of common equity Tier 1 capital) equal to 2.5% above the new regulatory minimum capital requirements. The Capital Conservation Buffer is on top of the minimum risk-weighted capital ratios and had the effect of increasing those ratios by 2.5% each. A failure of WebBank to maintain the aggregate minimum capital required by the Capital Conservation Buffer will impair its ability to make certain distributions (including dividends and stock repurchases) and discretionary bonus payments to executive officers. A failure of WebBank to maintain capital as required by the FDIC's minimum capital requirements would subject WebBank to the FDIC's prompt corrective action regime, which may further impair WebBank's ability to make payments or distributions and may require a capital restoration plan or other corrective regulatory measures. As a result, our business, results of operations, financial condition and prospects could be adversely affected.

The Federal Reserve Board, the Office of the Comptroller of the Currency and the FDIC have continued to amend regulations implementing Basel III in the United States in certain respects and are expected to make further amendments to these regulatory capital rules. On July 27, 2023, the Federal Reserve Board, the Office of the Comptroller of the Currency and the FDIC issued a proposal that would significantly revise U.S. regulatory capital requirements for large banking organizations. If adopted as proposed, it would not directly modify the capital requirements applicable to WebBank. However, the Company cannot predict whether any changes adopted in the final rule will have an impact on WebBank or whether there will be any additional amendments to the regulatory capital rules directly applicable to WebBank. The Company currently cannot predict the specific impact and long-term effects that Basel III and its implementation in the U.S. will have on WebBank and the banking industry more generally.

Furthermore, the Dodd-Frank Act codified a longstanding policy that all companies that directly or indirectly control an FDIC-insured bank are required to serve as a source of financial strength for such institution. As a result, SPLP could be called upon by the FDIC to infuse additional capital into WebBank to the extent that WebBank fails to satisfy its capital requirements, including at times that SPLP might not otherwise be inclined to provide it and even if doing so may adversely affect SPLP's ability to meet its other obligations, which include limitations on capital contributions to WebBank specified in the Company's senior credit facility.

WebBank's lending programs depend on relationships with Marketing Partners.

WebBank offers its lending programs with Marketing Partners. For the years ended December 31, 2023 and 2022, the two highest grossing contractual lending programs combined accounted for approximately 24.9% and 18%, respectively, of WebBank's total net revenue. If its Marketing Partners do not provide origination services or other services to WebBank, or

provide those services in a faulty manner, that may negatively impact WebBank's ongoing and future business. In addition, if the Marketing Partners or other third parties do not purchase the loans (or interests in loans) that are originated by WebBank, then WebBank may need to retain those loans (or interests in loans), which may negatively impact its ongoing and future business. Marketing Partners are also required to indemnify WebBank for certain liabilities that may arise from the lending programs. If Marketing Partners are unable or unwilling to satisfy their indemnification obligations, then WebBank would face increased risk from liability for claims made in private litigation or regulatory enforcement actions. Additionally, Marketing Partners may rely on outside sources of capital to meet their obligations. Market conditions and other factors may affect the availability of capital for Marketing Partners. The availability of capital may affect the volume of loans that can be originated through WebBank's lending programs. In recent periods, the availability of capital has been more limited for several of WebBank's Marketing Partners, resulting in a decrease in loan volume and a negative impact on WebBank's business.

WebBank is subject to risks of litigation from its borrowers or others regarding the processing of loans for the Paycheck Protection Program, or PPP, and risks that the Small Business Administration may not fund some or all PPP loan guaranties.

The CARES Act included a \$349,000,000 loan program administered through the Small Business Administration's ("SBA") referred to as the Paycheck Protection Program. The PPP had subsequently been expanded and extended under additional legislation. Under the PPP, small businesses and other entities and individuals could apply for loans from existing SBA lenders and other approved regulated lenders. WebBank participated as a lender in the PPP. Because of the short timeframe between the passing of the CARES Act and the opening of the PPP, there was some ambiguity in the laws, rules and guidance regarding the operation of the PPP along with the continually evolving nature of the SBA rules, interpretations and guidelines concerning this program, which exposes WebBank to risks relating to noncompliance with the PPP. Since the launch of the PPP, several banks have been subject to litigation regarding the process and procedures that such banks used in processing applications for the PPP. As such, WebBank may be exposed to the risk of litigation, from both borrowers and non-borrowers that approached WebBank regarding PPP loans, regarding its process and procedures used in processing applications for the PPP. WebBank may also be subject to investigations or enforcement actions by state and federal authorities, including the SBA. If any such litigation or government action is brought against WebBank and is not resolved in a manner favorable to WebBank, it may result in significant financial liability or adversely affect its reputation. In addition, litigation and government actions can be costly, regardless of outcome. Any financial liability, litigation costs or reputational damage caused by PPP-related litigation or government actions could have a material adverse impact on WebBank's business, financial condition and results of operations.

WebBank also has credit risk on PPP loans if a determination is made by the SBA that there is a deficiency in the manner in which the loan was originated, underwritten, certified by the borrower, funded, or serviced by WebBank or its third-party servicers, such as an issue with the eligibility of a borrower to receive a PPP loan, which may or may not be related to the ambiguity in the laws, rules and guidance regarding the operation of the PPP. In the event of a loss resulting from a default on a PPP loan and a determination by the SBA that there was a deficiency in the manner in which the PPP loan was originated, certified by the borrower, funded, or serviced by WebBank or its third-party services, the SBA may deny its liability under the guaranty, reduce the amount of the guaranty, or, if it has already paid under the guaranty, seek recovery of any loss related to the deficiency from WebBank.

We are subject to credit and interest rate risk in connection with our lending activities, and our financial condition and results of operations may be negatively impacted by factors that adversely affect our borrowers.

WebBank originates various types of banking activities, and our financial condition and results of operations are affected by the ability of borrowers to repay their loans or leases in a timely manner. Borrowers may be unable to repay their loans due to various factors, some of which are outside of their control. Similarly, borrowers under our commercial loans and related financing products (typically, small-sized businesses) may be more susceptible to even mild or moderate economic declines than larger commercial borrowers, which may subject the WebBank to a higher risk of loan loss. Many borrowers have been negatively impacted by recent events impacting financial, real estate, and securities markets, including geopolitical turmoil, rising interest rates, inflation, adverse developments in the financial services industry, and other recent events that have caused market and economic volatility, and may continue to be similarly or more severely affected in the future. The risk of non-payment by borrowers is assessed through our underwriting processes and other risk management practices, which may not be able to fully identify, price and mitigate such risk. WebBank could also be impacted by tightening of the credit markets and other general economic declines that could result in a decrease in lending and demand for consumer loans.

WebBank derives a portion of its income from the excess of interest collected over interest paid. The rates of interest WebBank earns on assets and pays on liabilities generally are established contractually for a period of time. Market interest rates

change over time. Accordingly, WebBank's results of operations, like those of most financial institutions, are impacted by changes in interest rates and the interest rate sensitivity of its assets and liabilities. WebBank monitors and measures its exposure to changes in interest rates in order to comply with applicable government regulations and to limit the risk that changing interest rates could have a negative impact on its results of operations. There can be no assurance, however, that, in the event of adverse changes in interest rates, WebBank's efforts to limit interest rate risk will be successful.

Our businesses have been, and may in the future be, adversely affected by conditions in the financial services industry.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar events, have in the past and may in the future lead to erosion of customer confidence in the banking system, deposit volatility, liquidity issues, and other adverse developments. For example, the closures of Silicon Valley Bank, Signature Bank and Silvergate Capital Corporation, as well as acquisitions of Credit Suisse and First Republic Bank at regulators' behest, in the first half of 2023 created bank-specific and broader financial institution liquidity risks and concerns. Although depositors of these banks were largely protected, it is not certain that the Federal Reserve or FDIC will treat future bank failures similarly. While we did not have any material deposits at any of these institutions, uncertainty remains over liquidity concerns in the financial services industry and potential impacts on the broader global economy, and our business, our customers and suppliers, and/or the industry as a whole may be adversely impacted in ways that we cannot predict.

If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash and cash equivalents may be threatened. In addition, if any of our customers, suppliers or other parties with whom we conduct business are unable to access funds, such parties' ability to pay or perform their obligations to us or to enter into new commercial arrangements requiring additional payments to us or additional funding could be adversely affected. Moreover, sufficient external financing may not be available to us on a timely basis, on commercially reasonable terms to us, or at all. Any of these events could adversely affect our business and financial condition.

Our majority-owned subsidiary, Steel Connect, Inc., is a public company which may expose us to additional costs, and our management may be required to devote substantial time to compliance initiatives.

On May 1, 2023, our ownership of Steel Connect increased to 84.0% and as a public company, with a majority-owned subsidiary that is also a public company, we incur significant legal, accounting and other expenses to comply with the requirements applicable to public companies. Additionally, under our management services agreement with Steel Services, many of our personnel and other resources are devoted to ensuring we, and Steel Connect, comply with requirements applicable to public companies. This further exhausts management and other personnel resources that could be used for other revenue-generating activities.

Changes in Steel Connect's relationships with significant clients, including the loss or reduction in business from one or more of them, could have a material adverse impact on its business.

Steel Connect depends on a small number of clients for a substantial portion of its business. For its fiscal years ended July 31, 2023 and 2022, Steel Connect's 10 largest clients accounted for approximately 83% and 78% of consolidated net revenue, respectively. Two customers accounted for approximately 41% and 13% of Steel Connect's consolidated net revenue for the fiscal year ended July 31, 2023, and two customers accounted for 31% and 12% of Steel Connect's consolidated net revenue for the fiscal year ended July 31, 2022. No other clients accounted for greater than 10% of Steel Connect's consolidated net revenue for its fiscal years ended July 31, 2023 and 2022.

In general, the Steel Connect does not have any agreements which obligate any client to buy a material amount of services from it or designate it as an exclusive service provider. Consequently, the Steel Connect's net revenue is subject to demand variability by our clients. The level and timing of orders placed by Steel Connect's clients vary for a variety of reasons, including seasonal buying by end-users, the introduction of new technologies and general economic conditions. Changes in relationships with significant clients may require Steel Connect to evaluate its other long-lived assets for impairment, which may require Steel Connect to record an impairment charge. Decreases in client demand or volumes or loss of business from one or

more of these clients could have a materially adverse impact on Steel Connect's business, financial condition or results from operations.

In addition, a large portion of Steel Connect's revenue comes from clients in the technology and consumer products sectors, which is intensely competitive and subject to rapid changes. A reduction or interruption in supply, including disruptions to Steel Connect's global supply chain or a significant natural disaster (including as a result of climate change) or otherwise, a failure to appropriately cancel, reschedule, or adjust Steel Connect's requirements based on Steel Connect's business needs, or a decrease in demand for Steel Connect's services could materially adversely affect Steel Connect's business, operating results, and financial condition and could materially damage customer relationships. There has been and may continue to be market shortages of semiconductor and other electrical component supplies, which has affected, and could further affect, Steel Connect's clients in the computing and consumer electrical markets and, consequently, their demand for Steel Connect's offerings. During periods of component shortages for Steel Connect's clients, it may also encounter reduced client demand, and accordingly, Steel Connect's revenue and profitability could suffer until other component sources can be developed.

Our subsidiaries do not have long-term contracts with all of their customers, and the loss of customers with which we do not have long-term contracts could materially adversely affect our financial condition, business and results of operations.

Our businesses are based primarily upon individual orders, sales and service agreements with customers and not long-term contracts. As such, these customers could cease buying products or using our services at any time, for any reason, and with little or no notice, and we will have no recourse in the event a customer no longer wants to purchase products from us or use our services. If a significant number of our customers reduce or elect not to purchase products or use our services, or we have to make price concessions in order to retain certain customers, it could materially adversely affect our financial condition, business and results of operations. In the event of termination, our subsidiaries' contracts sometimes provide for fees for winding down the products or services, but these fees may not be sufficient for us to maintain the revenues associated with the canceled contract or to compensate for the losses incurred in finding replacement sources of revenue.

Failure to maintain effective internal control over financial reporting could result in material misstatements in our financial statements, and a failure to meet its reporting and financial obligations, each of which could adversely affect our results of operations and financial condition.

We have in the past, and may in the future, conclude that our internal controls and procedures over financial reporting were not effective. Several years ago we identified material weaknesses in our internal control over financial reporting which were remediated as of December 31, 2022. However, the use of such remediation measures may not be sufficient going forward, and any failure to maintain effective internal control could lead us to conclude that we have one or more material weaknesses in the future. Failure to maintain effective internal control or further revisions of our prior financial statements, among other things, could cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common and preferred units and limit our ability to raise capital, may cause us to fail to meet our reporting obligations and may require us to incur additional costs to improve our internal control system. If we cannot provide reliable financial reports or prevent fraud and errors in our financial statements, our reputation and operating results could also be materially adversely affected. In addition, we could become subject to investigations by the stock exchange on which our securities are listed, the SEC and other regulatory authorities or private litigation, which could require additional financial and management resources. For more information, including on our remediation plan, see Part II, Item 9A, "Controls and Procedures."

Epidemics, pandemics, outbreaks of disease and other adverse public health developments have, and may in the future have, an adverse effect on our business, results of operations, financial condition and cash flows.

Epidemics, pandemics, outbreaks of novel diseases and other adverse public health developments in countries and states where we operate may arise at any time. Such developments, including the COVID-19 pandemic, have had, and in the future may have, an adverse effect on our business, results of operations, financial condition and cash flows. These effects include disruption in the global financial markets, reduced customer demand for our businesses' products, disruption in or closures of our manufacturing operations or those of our customers and suppliers, delays and disruption in the supply chain, limited productivity and efficiency of our personnel, availability of qualified personnel and increased cybersecurity risks associated with remote working environments, could increase our costs, limit our ability to meet customer demand or otherwise have a material adverse effect on our business, results of operations, financial condition and cash flows. The extent to which our operating and financial results will be and may continue to be affected by public health emergencies will depend on various factors beyond our

control, such as the continued severity and duration of the public health emergencies, including any sustained geographic resurgence; the emergence of new variants and strains of a contagious disease or virus; and the success of actions to contain or mitigate the effects of the public health emergency. A public health emergency, and volatile regional and global economic conditions stemming from a public health emergency, may also magnify the impact of other risks described in this “Risk Factors” section.

The conflict in Ukraine and related price volatility and geopolitical instability could negatively impact our business.

In late February 2022, Russia launched significant military action against Ukraine. The conflict has caused, and could intensify, volatility in crude oil and natural gas, and the extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have a substantial negative impact on the global economy and/or our business for an unknown period of time. There is evidence that the increase in crude oil prices during the first half of calendar year 2022 was partially due to the impact of the conflict between Russia and Ukraine on the global commodity and financial markets, and in response to economic and trade sanctions that certain countries have imposed on Russia. Any such volatility and disruptions may also magnify the impact of other risks described in this “Risk Factors” section.

Loss of essential employees could have a significant negative impact on our business.

Our success is largely dependent on the skills, experience and efforts of our management and other employees. The loss of the services of one or more members of our senior management or of numerous employees with essential skills could have a negative effect on our business, financial condition and results of operations.

In particular, we rely on an adequate supply of skilled employees at our businesses. Trained and experienced personnel in our businesses’ industries are in high demand. We cannot predict whether we will be able to attract, motivate and maintain an adequate skilled workforce necessary to operate our existing and future businesses efficiently, or that labor expenses will not increase as a result of a shortage in the supply of skilled personnel and inflationary pressures on wages thereby adversely impacting our financial performance. While our businesses generally operate with high employee turnover, any material increases in employee turnover rates or any widespread employee dissatisfaction could also have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Structure

The unitholders have limited recourse to maintain actions against the General Partner, the Board of Directors, our officers and the Manager.

The Limited Partnership Agreement of SPLP, or the “Partnership Agreement,” contains broad indemnification and exculpation provisions that limit the right of a unitholder to maintain an action against the General Partner, the Board of Directors, our officers and the Manager, or to recover losses or costs incurred due to action or inaction by these parties which have a negative effect on the Company.

Our Partnership Agreement contains certain provisions that may limit the voting rights of some unitholders.

Our Partnership Agreement contains specific provisions that are intended to comply with regulatory limitations on the ownership of our securities as a result of our ownership of WebBank. Under the Partnership Agreement, a person or group that acquires beneficial ownership of 10% or more of the common units without the prior approval of the Board of Directors may lose voting rights with respect to all of its common units in excess of 9.9%.

We may have conflicts of interest with the minority shareholders of our businesses and decisions may need to be made by disinterested directors, without the participation of directors or officers associated with the Manager and the Company. These decisions may be different from the decisions we would make and may or may not be in the best interests of our unitholders.

Because we own less than 100% of certain affiliates, and we may engage in transactions with these affiliates from time to time, the boards of directors and officers of those businesses, including directors and officers associated with our Manager and the Company, have fiduciary duties to their respective shareholders. As a result, they may make decisions that are in the best interests of their shareholders generally but which are not necessarily in the best interest of our unitholders. In dealings with us, the directors and officers of our businesses may have conflicts of interest and decisions may have to be made without their

participation. Such decisions may be different from the decisions we would make and may not be in the best interests of our common and preferred unitholders, which may have an adverse effect on our business and results of operations.

There are certain interlocking relationships among us and certain affiliates of Warren G. Lichtenstein, our Executive Chairman, which may present potential conflicts of interest.

Warren G. Lichtenstein, our Executive Chairman and a substantial unitholder, is the Chief Executive Officer of our Manager. As of December 31, 2023, Mr. Lichtenstein directly owned approximately 3.7% of our outstanding common units. In addition, affiliates of our Manager, including Mr. Lichtenstein, beneficially own approximately 75.9% of our outstanding common units, although Mr. Lichtenstein disclaims beneficial ownership of any common units not directly held by him. We have entered into transactions and/or agreements with these entities. There can be no assurance that such entities will not have interests in conflict with our own, or that Mr. Lichtenstein will not have interests different than those of our unitholders.

Certain members of our management team may be involved in other business activities that may involve conflicts of interest, possibly diverting their attention from the Company's operations.

Certain individual members of our management team, including Warren G. Lichtenstein, our Executive Chairman, and Jack L. Howard, our President, may from time to time be involved in the management of other businesses, including those owned or controlled by our Manager and its affiliates. Accordingly, these individuals may focus a portion of their time and attention on managing these other businesses. Conflicts may arise in the future between our interests and the interests of the other entities and business activities in which such individuals are involved.

Risks Related to Our Manager

We depend on Warren G. Lichtenstein, the Chairman and Chief Executive Officer of the Manager, and Jack L. Howard, the President of the Manager, in running our businesses. The loss of their services could have a material adverse effect on our business, results and financial condition.

Our success depends on the efforts, skills, reputation and business contacts of Warren G. Lichtenstein, the Chairman and Chief Executive Officer of the Manager and Jack L. Howard, the President of the Manager. While the key members of the Manager have worked for the Manager and its affiliates for many years, our Manager does not have any employment agreements with any of the key members of its management team, and their continued service is not guaranteed. The loss of the services of Mr. Lichtenstein or Mr. Howard could have a material adverse effect on our asset values, revenues, net income and cash flows and could harm our ability to maintain or grow our existing operations or pursue additional opportunities in the future.

We cannot determine the amount of the Management Fee that will be paid or Class C partnership units that will be issued over time with any certainty.

The Manager is entitled to receive a fee (the "Management Fee") at an annual rate of 1.5% of total partners' capital. Our total partners' capital will be impacted by the performance of our businesses and other businesses we may acquire in the future, as well as the issuance of additional common or preferred units. Changes in our total partners' capital and in the resulting Management Fee could be significant, resulting in a material adverse effect on our results of operations. In addition, if our performance declines, assuming our total partners' capital remains the same, the Management Fee will increase as a percentage of our income. In addition, SPH SPV-I LLC, an affiliate of the Manager, holds incentive units which entitle the holder generally to share in 15% of the increase in the equity value of the Company, as calculated for the twenty trading days prior to each year end. The incentive units' share of such appreciation is reflected by classifying a portion of the incentive units as Class C units of the Company. Any issuance of such Class C units will result in dilution to existing limited partners' holdings in the Company.

Our Manager's liability is limited under the Management Agreement, and we have agreed to indemnify our Manager against certain liabilities. Such indemnification may incentivize our Manager to take unnecessary risks with respect to actions for which it will be indemnified.

Under the Management Agreement, our Manager, its members, officers, employees, affiliates, agents and legal representatives are not liable for, and we have agreed to indemnify such persons from, any loss or expense, including without limitations, any judgment, settlement, reasonable attorneys' fees and other costs and expenses incurred in connection with the defense of any actual or threatened proceeding, other than losses resulting from willful misconduct or gross negligence in the performance of such indemnified person's obligations and duties. Such indemnification may incentivize our Manager to take unnecessary risks with respect to actions for which it will be indemnified.

The Partnership Agreement limits the General Partner's fiduciary duties to our unitholders.

The Partnership Agreement contains provisions that modify and reduce the fiduciary standards to which the General Partner otherwise would be held by state fiduciary duty law. For example, our limited partnership agreement provides that when our General Partner is acting in its individual capacity, as opposed to in its capacity as our General Partner, it may act without any fiduciary obligations to holders of our units, whatsoever. When our General Partner, in its capacity as our general partner, is permitted or required to make a decision in its "sole discretion" or "discretion" or that it deems "necessary or appropriate" or "necessary or advisable," then, except as otherwise provided in our limited partnership agreement, our General Partner will be entitled to consider only such interests and factors as it desires and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting us or any holder of our units and will not be subject to any different standards imposed by our limited partnership agreement, the Delaware Limited Partnership Act, or under any other law, rule or regulation or in equity. These standards reduce the obligations to which our General Partner would otherwise be held.

The above modifications of fiduciary duties are expressly permitted by Delaware law. Hence, we and holders of our units will only have recourse and be able to seek remedies against our General Partner if our General Partner breaches its obligations pursuant to our limited partnership agreement. Unless our General Partner breaches its obligations pursuant to our limited partnership agreement, we and holders of our units will not have any recourse against our General Partner even if our General Partner were to act in a manner that was inconsistent with traditional fiduciary duties. Furthermore, even if there has been a breach of the obligations set forth in our limited partnership agreement, our limited partnership agreement provides that our General Partner and its officers and directors will not be liable to us or holders of our units for errors of judgment or for any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that our General Partner or its officers and directors acted in bad faith or engaged in fraud or willful misconduct. These provisions restrict the remedies available to unitholders for actions that without such limitations might constitute breaches of duty including fiduciary duties.

Risks Related to Our Common and Preferred Units

We may issue additional common or preferred units, or other series of units, in the future without the consent of unitholders and at a discount to the market price of such units. In particular, sales of significant amounts of the common or preferred units may cause the respective prices of the units to decline.

Under the terms of the Partnership Agreement, additional common or preferred units, or additional series of units, may be issued without the consent of unitholders at a discount to the market price. In addition, other classes of securities may be issued with rights that are senior to or which otherwise have preferential rights to the rights of the common and preferred units. Sales of significant amounts of the common or preferred units in the public market or the perception that such sales of significant amounts may occur could adversely affect their respective market prices. Moreover, the perceived risk of any potential dilution could cause common or preferred unitholders to attempt to sell their units and investors to "short" the common or preferred units, a practice in which an investor sells units that he or she does not own at prevailing market prices, hoping to purchase units later at a lower price to cover the sale. Any event that would cause the number of common or preferred units being offered for sale to increase would likely cause the respective units' market price to further decline. These sales might also make it more difficult for us to sell additional common or preferred units in the future at a time and price that we deem appropriate.

Transfer restrictions contained in the Company's Partnership Agreement and other factors could hinder the development of an active market for our common or preferred units.

There can be no assurance as to the volume of our common or preferred units or the degree of price volatility for our common and preferred units traded on the New York Stock Exchange. There are transfer restrictions contained in the Company's Partnership Agreement to help protect the tax benefits of the net operating loss ("NOL") carryforwards of certain of the Company's corporate subsidiaries and other portfolio companies, and such transfer restrictions could hinder development of an active market for our common and preferred units. Unless renewed, the transfer restrictions will expire on June 1, 2025.

The preferred units give the holders thereof liquidation and distribution preferences over our common unitholders.

We currently have one series of preferred units outstanding. All of these units rank senior to the common units with respect to distribution rights and rights upon liquidation. Subject to certain exceptions, as long as any preferred units remain outstanding, we may not declare any distribution on our common units unless all accumulated and unpaid distributions have been declared and paid on the preferred units. In the event of our liquidation, winding-up or dissolution, the holders of the

preferred units would have the right to receive proceeds from any such transaction before the holders of the common units. The payment of the liquidation preference could result in common unitholders not receiving any consideration if we were to liquidate, dissolve or wind up, either voluntarily or involuntarily.

Risks Related to Taxation

All statutory references in this section are to the Internal Revenue Code of 1986, as amended, or the "Code."

Our common unitholders may be subject to U.S. federal, state and other income tax on their share of our taxable income, regardless of whether they receive any cash distributions from us.

As long as the Company is treated for U.S. federal income tax purposes as a partnership and not as a publicly traded partnership taxable as a corporation, our common unitholders will be subject to U.S. federal, state, local and possibly, in some cases, foreign income tax on their allocable share of our taxable income, whether or not they receive cash distributions from us. Distributions to a unitholder will generally be taxable to the unitholder for U.S. federal income tax purposes only to the extent the amount distributed exceeds the unitholder's tax basis in the unit, in contrast with the treatment of a shareholder in a corporation, who will generally report a distribution of earnings from the corporation as dividend income for U.S. federal income tax purposes. In contrast, unitholders who receive a distribution of earnings from the Company will not report the distribution as dividend income but will instead report the holder's allocable share of the Company's items of income, gain, loss, deduction, and credit for U.S. federal income tax purposes.

Any future determination to declare distributions on the Company's common units will remain at the discretion of the Board of Directors of the General Partner and is separately determined regardless of the allocation of taxable income. Accordingly, our common unitholders may be required to make tax payments in connection with their ownership of common units that exceed their cash distributions in any given year. Common unitholders may not receive cash distributions equal to their allocable share of our net taxable income or gain, or even the amount of their U.S. federal, state, and local income tax liability that results from that income or gain. To the extent taxable income is allocated to unitholders in excess of the cash distributions made, the excess amount would typically be applied to increase the tax basis of unitholders' investment in the Company under applicable U.S. federal income tax laws.

Items of income, gain, loss and deduction with respect to the units could be reallocated if the IRS does not accept the assumptions or conventions used by the Company in allocating such items.

U.S. federal income tax rules applicable to partnerships are complex and often difficult to apply to publicly traded partnerships. The Company will apply certain assumptions and conventions in an attempt to comply with applicable rules and to report items of income, gain, loss and deduction to unitholders in a manner that reflects the unitholders' beneficial interest in such tax items, but these assumptions and conventions may not be in compliance with all aspects of the applicable tax requirements. It is possible that the U.S. Internal Revenue Service (the "IRS") will successfully assert that the conventions and assumptions used by the Company do not satisfy the technical requirements of the Code or the Federal Tax Regulations codified under 26 C.F.R., referred to herein as the Treasury Regulations, and could require that items of income, gain, loss and deduction be adjusted or reallocated in a manner that adversely affects one or more unitholders.

The Company and its current unitholders may be liable for adjustments to the Company's prior year tax returns as a result of centralized partnership audit procedures.

For tax years beginning on or after January 1, 2018, the Company is subject to partnership audit rules enacted as part of the Bipartisan Budget Act of 2015 (the "Centralized Partnership Audit Regime"). Under the Centralized Partnership Audit Regime, any IRS audit of the Company would be conducted at the Company level, and if the IRS determines an adjustment is warranted, the default rule is that the Company would pay an "imputed underpayment" including interest and penalties, if applicable, resulting from such adjustment. The Company may instead elect to make a "push-out" election, in which case the partners for the year that is under audit would be required to take into account the adjustment on their own income tax returns and the Company would not be liable for such adjustments. There can be no assurance that the Company will be eligible to make such an election or that the Company will, in fact, make such an election for any given adjustment. If the Company is not able to or otherwise does not make such an election, then our then-current unitholders, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate amount of taxes that would have been due had the Company elected the alternate procedure, and then-current unitholders may bear taxes attributable to income allocable to other unitholders or former unitholders, including taxes (as well as penalties and interest, if applicable) with respect to periods prior to such holder's ownership of common units.

Amounts available for distribution to our unitholders may be reduced as a result of our obligation to pay taxes associated with an adjustment.

Changes in tax rates, laws or regulations, including U.S. government tax reform, could have a negative impact on our results of operations.

The Company and its subsidiaries are subject to taxation in the U.S. and foreign jurisdictions. Changes in various tax laws can and do occur. For example, tax legislation was enacted on December 22, 2017, that, among other things, reduced the U.S. corporate income tax rate from 35% to 21% but also limited annual interest deductions and the use of U.S. NOLs to offset taxable income. In addition, on August 16, 2022, the U.S. enacted the Inflation Reduction Act, which, among other provisions, imposes a 15% minimum tax on the adjusted financial statement income of certain large corporations and a 1% excise tax on corporate stock repurchases by U.S. publicly traded corporations and certain U.S. subsidiaries of non-U.S. publicly traded corporations, as well as significant enhancements of U.S. tax incentives relating to climate and energy investments. Although no material impact is currently expected, the full effect of these and other tax legislation in the U.S. and other jurisdictions on the operations of the Company and its subsidiaries is uncertain, and may impact the Company's financial results. Under various provisions of the Code and relevant case law, the IRS has also become increasingly aggressive in deploying "soft doctrines" to challenge transactions as prioritizing form over economic substance and being motivated by tax considerations. The application of these doctrines is often uncertain and could produce adverse tax results with respect to transactions in which we engage.

Additionally, longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are subject to potential evolution. In connection with the Base Erosion and Profit Shifting Integrated Framework provided by Organization for Economic Cooperation and Development (the "OECD"), the OECD recently reached agreement to align countries on a minimum corporate tax rate and an expansion of the taxing rights of market countries, and therefore, determination of multi-jurisdictional taxation rights and the rate of tax applicable to certain types of income may be subject to potential change. There can be no assurance that future changes to the U.S. federal, state and local and foreign tax laws will not be proposed or enacted that could materially or adversely impact our business or financial results. If and when any or all of these changes are put into effect, they could result in tax increases where we do business both in and outside of the United States, and could have a material adverse effect on the results of our operations.

Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes and is not assured. If we are taxed as a corporation for U.S. federal income tax purposes, it could adversely impact our results of operations.

A partnership generally is not a taxable entity under U.S. federal income tax law, and distributions by a partnership to a partner are generally not taxable to the partnership or the partner unless the amount of money distributed to such partner exceeds the partner's adjusted basis in its partnership interest. Section 7704 generally provides that publicly traded partnerships are taxed as corporations. However, an exception, referred to as the "Qualifying Income Exception," exists with respect to publicly traded partnerships of which 90% or more of the gross income of such partnership for every taxable year consists of "qualifying income" as defined in the Code, and for whom registration is not required under the Investment Advisers Act. We intend to manage our affairs so that we will meet the Qualifying Income Exception for our current taxable year and each succeeding tax year. Nonetheless, there can be no assurance that the IRS will not disagree with the positions we take or that there will not be changes in our business or to U.S. federal income tax laws that could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to U.S. federal income taxation as an entity.

If we were taxed as a corporation, among other things, (i) our net income would be taxed at corporate income tax rates, which is currently 21%, and would likely pay state income tax at varying rates, thereby substantially reducing our profitability, (ii) no income, gains, losses or deductions would flow through to our unitholders and (iii) distributions to our common unitholders generally would constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles) and would be taxable as such. Because a tax would be imposed upon us as a corporation, our cash available for distribution to a unitholder would be substantially reduced. Therefore, treatment of us as a corporation for U.S. federal income tax purposes would result in a material reduction in the anticipated cash flow and after-tax return to a unitholder, likely causing a substantial reduction in the value of our units.

Our structure involves complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available.

The U.S. federal income tax treatment of our common unitholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be

available. The U.S. federal income tax rules are constantly under review by persons involved in the legislative process, the Internal Revenue Service, and the U.S. Department of Treasury, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations, and other modifications and interpretations. The present U.S. federal income tax treatment of owning our common units reflected herein may be modified by administrative, legislative, or judicial interpretation at any time, and any such action may affect investments and commitments previously made.

Our Partnership Agreement permits our General Partner to modify it from time to time, including the allocation of items of income, gain, loss and deduction (including unrealized gain and unrealized loss to the extent allowable under U.S. federal income tax law), without the consent of our unitholders, to address certain changes in U.S. federal income tax regulations, legislation or interpretation or to preserve the uniformity of our common units. In some circumstances, such revisions could have a material adverse impact on some or all common unitholders. In addition, we formed a subsidiary partnership, to which we contributed certain of our assets (the "Subsidiary Partnership"). To preserve the uniformity of common units, we (but not the Subsidiary Partnership) made an election permitted under Section 754, and we will adopt the remedial allocation method under Section 704(c) with respect to items of income, gain, loss and deduction attributable to assets contributed to us (which we will contribute to the Subsidiary Partnership), to account for any difference between the tax basis and fair market value of such assets at the time of contribution, or attributable to the "book-up" or "book-down" of our assets prior to their contribution to the Subsidiary Partnership, or while they were held by the Subsidiary Partnership, to account for the difference between the tax basis and fair market value of such assets at the time of a mark-to-market event. We intend generally to make allocations under Section 704(c) to our common unitholders in accordance with their respective percentage interests. However, built-in gain or built-in loss in existence and allocable to the assets we contributed to the Subsidiary Partnership, when recognized, will be allocated to our common unitholders as of the contribution date. We intend to prepare our tax returns on the basis that buyers of common units from such unitholders will not inherit such unitholders' built-in gains or built-in losses as of that date as a result of the election under Section 754. However, it is not clear whether this position will be upheld if challenged by the IRS. While we believe it represents the right result, there is no law directly on point.

Tax-exempt entities and non-U.S. persons face unique tax issues from owning common units that may result in adverse tax consequences to them.

A holder of common units that is a tax-exempt organization may be subject to U.S. federal income taxation to the extent that its allocable share of our income consists of unrelated business taxable income ("UBTI"). A tax-exempt partner of a partnership may be treated as earning UBTI if the partnership regularly engages in a trade or business that is unrelated to the exempt function of the tax-exempt partner, if the partnership derives income from debt-financed property (as we may borrow money) or if the tax-exempt organization's partnership interest itself is debt-financed. Further, with respect to taxable years beginning after December 31, 2017, a tax-exempt entity with more than one unrelated trade or business (including by attribution from investment in a partnership such as ours that is engaged in one or more unrelated trades or businesses) may be required to compute the UBTI of such tax-exempt entity separately with respect to each such trade or business (including for purposes of determining any net operating loss deduction). As a result, it may not be possible for tax-exempt entities to utilize losses from an investment in our partnership to offset unrelated business taxable income from another unrelated trade or business or vice versa.

If we are engaged in a U.S. trade or business, distributions to non-U.S. persons generally will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons generally will be required to file U.S. federal tax returns and pay tax on their share of our taxable income. Gain recognized from a sale or other disposition of our common units by a non-U.S. person may be subject to federal income tax as income effectively connected with a U.S. trade or business. Moreover, the transferee of our units (or the transferee's broker, if applicable) is generally required to withhold 10% of the amount realized by the transferor unless the transferor certifies that it is not a non-U.S. person. Recent final Treasury Regulations provide for the application of this withholding rule to open market transfers of interests in publicly traded partnerships beginning on January 1, 2023. Under these regulations, the "amount realized" for purposes of this withholding is the gross proceeds paid or credited upon the transfer.

Our interests in certain of our businesses are held in intermediate holding companies treated as corporations for U.S. federal income tax purposes; such corporations may be liable for significant taxes and may create other adverse tax consequences, which could potentially adversely affect the value of our common units.

The Company holds its interest in certain of our businesses through intermediate holding companies treated as corporations for U.S. federal income tax purposes. The intermediate holding companies are generally liable for U.S. federal income tax at regular rates on all of their taxable income as well as applicable state, local, and other taxes. These taxes reduce the amount of distributions available to be made on our common units. In addition, these taxes may be increased if the IRS or state tax authorities were to successfully reallocate deductions or income of the related entities conducting our business, which would

likewise reduce the amount of cash available for distributions to holders of our common units and adversely affect the value of an investment in the Company.

Our subsidiaries may not be able to fully utilize their tax benefits, which could result in increased cash payments for taxes in future periods.

The past operations of certain of our subsidiaries and portfolio companies have generated significant net operating losses ("NOLs") and other tax benefits. NOLs may be carried forward to offset federal and state taxable income in future years and reduce the amount of cash paid for income taxes otherwise payable on such taxable income, subject to certain limitations and adjustments. If fully utilized, our subsidiaries' NOLs and other carryforwards could provide them with significant tax savings in future periods. Their ability to utilize these tax benefits in future years will depend upon their ability to generate sufficient taxable income and to comply with the rules relating to the preservation and use of NOLs, as well as potential future changes in tax laws. The potential benefit of the NOLs and other carryforwards may be limited or permanently lost as a result of the following:

- the inability to generate sufficient taxable income in future years to use such benefits before they expire as NOLs generated for taxable years beginning on or before December 31, 2017, have a limited carryforward period;
- a change in control of our subsidiaries that would trigger limitations on the amount of taxable income in future years that may be offset by NOLs and other carryforwards that existed prior to the change in control; and
- examinations and audits by the IRS and other taxing authorities that could reduce the amount of NOLs and other credit carryforwards that are available for future years.

Certain of our subsidiaries maintain valuation allowances against their NOLs and other carryforwards due to uncertainty regarding their ability to generate sufficient taxable income in future periods. Their inability to utilize the NOLs and other carryforwards could result in increased cash payments for taxes in future periods.

Holders of our common units may be subject to state, local, and foreign taxes and return filing requirements as a result of owning such units.

In addition to U.S. federal income taxes, holders of our common units may be subject to other taxes, including state, local, and foreign taxes and estate, inheritance, or intangible taxes that are imposed by the various jurisdictions in which we do business or own property now or in the future, even if the holders of our common units do not reside in any of those jurisdictions. Holders of our common units may be required to file state and local income tax returns and pay state and local income taxes in some or all of these jurisdictions in the U.S. and abroad. Further, holders of our common units may be subject to penalties for failure to comply with those requirements. It is the responsibility of each unit holder to file all U.S. federal, state, local, and foreign tax returns that may be required of such unit holder.

The Company may not be able to furnish to each unitholder specific tax information within 90 days after the close of each calendar year, which means that holders of common units who are U.S. taxpayers should anticipate the need to file annually a request for an extension of the due date for their income tax returns.

As a publicly traded partnership, our operating results, including distributions of income, dividends, gains, losses, or deductions, and adjustments to carrying basis, will be reported on Schedule K-1 and distributed to each unitholder annually. It may require longer than 90 days after the end of our fiscal year to obtain the requisite information from all lower-tier entities so that Schedule K-1s may be prepared for the unitholders. Consequently, holders of common units who are U.S. taxpayers should anticipate the need to file annually with the IRS (and certain states) a request for an extension past the applicable due date of their income tax return for the taxable year.

In addition, each unitholder generally is required to file U.S. federal and state tax returns consistently with the information provided by us for the taxable year for all relevant tax purposes. In preparing this information, we will use various accounting and reporting conventions to determine each unitholder's share of income, gain, loss, deduction, and credit. The IRS or state tax authorities may successfully contend that certain of these reporting conventions are impermissible, which could result in an adjustment to such holder's income or loss and could result in an increase in overall tax due.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

The Audit Committee ("Audit Committee") of the Company's Board of Directors (the "Board") is involved in the oversight of the Company's enterprise risk management program, including risks of cybersecurity threats. In general, the Company seeks to address cybersecurity risks through a comprehensive, cross-functional approach that is focused on ensuring each operating company is implementing effective and efficient controls, technologies, and other processes to assess, identify, prevent and mitigate cybersecurity threats and effectively respond to cybersecurity incidents when they occur.

Cybersecurity risk management and strategy

Each operating company assesses its own cybersecurity risk profile and designs and implements technical safeguards and other risk management policies; however, as one of the critical elements of the Company's overall enterprise risk management approach, the Company's cybersecurity program to which all operating companies are a part, includes:

- **Collaboration:** Through ongoing communications with management and the Company's IT department, each operating company's IT department monitors the prevention, detection, mitigation and remediation of cybersecurity threats and incidents applicable to the particular operating company in real time, and reports such threats and incidents to the Data Breach Response Team, who will then report to the Audit Committee when appropriate.
- **Technical Safeguards:** Although each operating company assesses and implements its appropriate technical safeguards for its business, generally the Company deploys technical safeguards that are designed to protect the Company's information systems from cybersecurity threats such as safeguards are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence.
- **Incident Response and Recovery Planning:** The Company has established and maintains comprehensive incident response and recovery plans that address the Company's response to a cybersecurity incident. The Company has adopted a Cybersecurity Incident Policy and has established a Data Breach Response Team to timely, consistently, and compliantly address cybersecurity threats that may occur despite the Company's safeguards.
- **Outside Consultants:** The Company engages various outside consultants, including forensic specialists, public relations and data breach resolutions firms, outside attorneys and other third parties, to among other things, obtain information of a cybersecurity incident and isolate compromised systems and electronic data from further exposure; and determine and execute mitigation and remediation options and plans.
- **Education and Awareness:** The Company provides awareness training to its personnel regarding cybersecurity threats to help identify, avoid and mitigate cybersecurity threats, and to communicate the Company's evolving information security policies, standards, processes and practices.

Cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company or its financial position, results of operations and/or cash flows.

Governance

As discussed above, the Board has delegated to the Audit Committee the responsibility for monitoring and overseeing the Company's overall cybersecurity and other information technology risks, controls, strategies and procedures. The Audit Committee periodically evaluates the Company's (and each operating company's) information security strategies to ensure its effectiveness. The Company's management reports to the Audit Committee as part of every quarterly scheduled meeting of the Audit Committee (or more frequently, as needed) regarding technological risk exposure and cybersecurity risk management strategy. In addition, the full Board may review and assess cybersecurity risks as part of its responsibilities for oversight of the Company's broad enterprise risk management program.

The Company's IT department, in coordination with the Company's legal department, General Counsel ("GC"), Chief Financial Officer ("CFO"), Senior Vice President of Finance ("SVP Finance") and as needed each operating company's IT department (collectively, the "Data Breach Response Team"), works collaboratively to promptly respond to any cybersecurity incidents in accordance with the Company's Cybersecurity Incident Policy. The Company's response planning is reviewed annually and kept up to date with industry developments.

Management's Expertise

The Company's Senior Vice President, Information Technology, holds a Master's degree in business administration and industrial psychology. He has served in various roles in information technology for over 26 years. Staying informed on

developments in the cyber industry is crucial to the Company's effective prevention, detection, mitigation and remediation of any cybersecurity incidents.

Item 2. Properties

At December 31, 2023, we operated in 89 locations consisting of manufacturing facilities, warehouses, offices, sales, service and laboratory spaces throughout the United States and internationally. Of these, we owned 26 locations consisting of approximately 2.3 million square feet and leased space at 63 locations consisting of approximately 2.9 million square feet.

At December 31, 2023 we had major operations at the following locations:

- Diversified Industrial - Camden, Delaware; Brewster, New York; Bristol, Pennsylvania; Addison and Glendale Heights, Illinois; Evansville, Indiana; Agawam, Massachusetts; Rockford, Minnesota; St. Louis, Missouri; Charlotte and Statesville, North Carolina; Anderson, South Carolina; Cudahy, Muskego and Pleasant Prairie, Wisconsin; Warwick, Rhode Island; Laval, Canada; Matamoros, Mexico and Tecate, Mexico; Welham Green and Blackwood, United Kingdom; Freiburg and Pansdorf, Germany; Riberac, France; and Suzhou, China.
- Energy - The Energy business owns office space in Arnegard and Williston, North Dakota; Farmington, New Mexico; and Andrews, Texas; and leases office space in Johnstown, Colorado and Midland, Texas. Steel Sports leases space in Yaphank, New York and Johnstown, Colorado for its baseball service operations and office space in Virginia Beach, Virginia.
- Financial Services - Salt Lake City, Utah; Summit, New Jersey; Denver, Colorado; and Miami, Florida.
- Supply Chain - ModusLink leases space in Miami, Florida; Smyrna, Tennessee; Tlaquepaque, Zapopan and Apodaca, Mexico; Milperra, Australia; Chongqing, Kunshan, Shanghai and Shenzhen, China; Atsugi, Japan; Penang, Malaysia; Singapore; Apeldoorn and Venray, Netherlands; Brno, Czech Republic; Cork and Kildare, Ireland; and Phan Thong, Thailand.
- Corporate – New York, New York; Hermosa Beach, California; and Miami, Florida.

Management believes all of our properties have been well maintained, are in good condition and are adequate and suitable for our business as presently conducted.

Item 3. Legal Proceedings

In the ordinary course of our business, the Company is subject to periodic lawsuits, investigations, claims and proceedings, including, but not limited to, contractual disputes, employment, environmental, health and safety matters, claims associated with our historical acquisitions and divestitures, and other legal proceedings. For more information on material legal proceedings which are ongoing or recently resolved, see "Litigation Matters" in Note 19 - "Commitments and Contingencies" to the Consolidated Financial Statements, included in Part II, Item 8, Financial Statements and Supplementary Data, of this Report. For an additional discussion of certain risks associated with legal proceedings, see also Part I, Item 1A, "Risk Factors" of this Report.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

As of December 31, 2023, we had 21,296,067 common units issued and outstanding. Our common units, no par value, are quoted on the New York Stock Exchange under the symbol "SPLP."

Holders

As of December 31, 2023, there were approximately 119 unitholders of record, including Cede & Co., the nominee of the Depository Trust Company. The number of record holders may not be representative of the number of beneficial owners of our common stock, whose shares are held in street name by banks, brokers and other nominees.

Equity Performance Graph

Consistent with the rules applicable to "Smaller Reporting Companies," we have elected scaled disclosure reporting, and therefore have omitted information required by this Item.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

The Board of Directors has approved the repurchase of up to an aggregate of 8,770,240 of the Company's common units (the "Repurchase Program"), which is inclusive of 1,000,000 common units approved in May 2023. Any purchases made under the Repurchase Program will be made from time to time on the open market or in negotiated transactions off the market, in compliance with applicable laws and regulations. The timing, manner, price and amount of any repurchase will depend on economic and market conditions, share price, trading volume, applicable legal requirements and other factors. In connection with the Repurchase Program, the Company may enter into a stock purchase plan. The Repurchase Program has no termination date. During the year ended December 31, 2023, the Company purchased 462,628 common units for an aggregate purchase price of \$20,040. From the inception of the Repurchase Program until December 31, 2023 the Company had purchased 7,808,620 common units for an aggregate purchase price of approximately \$164,398. As of December 31, 2023, there remained 961,620 units that may yet be purchased under the Repurchase Program.

The following table provides information about our repurchases of common units during the quarter ended December 31, 2023. During that period, we did not act in concert with any affiliate or any other person to acquire any of our common stock and, accordingly, we do not believe that purchases by any such affiliate or other person (if any) are reportable in the following table.

Period	Total number of units purchased	Average price paid per unit	Total number of units purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of units that may yet be purchased under the plans or programs
October 1-31, 2023	—	\$ —	—	969,632
November 1-30, 2023	2,156	\$ 38.80	2,156	967,476
December 1-31, 2023	5,856	\$ 39.00	5,856	961,620
Total	8,012		8,012	

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes thereto that are available elsewhere in this Report. The following is a discussion and analysis of SPLP's consolidated results of operations for the years ended December 31, 2023 and 2022. In

addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Report, particularly in Part I, Item 1A, "Risk Factors". All monetary amounts used in this discussion are in thousands, except common and preferred units, per common and preferred unit, and per share data.

Business Segments

SPLP operates through the following segments: Diversified Industrial, Energy, Financial Services and Supply Chain, which are managed separately and offer different products and services. Corporate and Other consists of several consolidated subsidiaries, including Steel Services, equity method and other investments, and cash and cash equivalents. Its income or loss includes certain unallocated general corporate expenses. For a more complete description of the Company's segments, see Part I, Item 1, "Business - Products and Product Mix" found elsewhere in this Report.

Significant Developments

Following is a summary of significant developments that have impacted the Company in 2023 and early 2024. For additional discussion of these matters, please see the Company's Consolidated Financial Statements, included in Part II, Item 8, Financial Statements and Supplementary Data, of this Report.

STCN Transfer and Exchange Agreement

On April 30, 2023, the Company and Steel Connect, Inc., executed a series of agreements, in which the Company and certain of its affiliates (the "Steel Partners Group") transferred an aggregate of 3,597,744 shares of common stock, par value \$0.10 per share, of Aerojet Rocketdyne Holdings, Inc. ("Aerojet") held by the Steel Partners Group to Steel Connect in exchange for 3,500,000 shares of newly created Series E Convertible Preferred Stock of Steel Connect (the "Series E Convertible Preferred Stock" and such transfer and related transactions, the "Exchange Transaction"). Following approval on June 6, 2023 by the Steel Connect stockholders pursuant to the rules of The Nasdaq Stock Market LLC, the Series E Convertible Preferred Stock is convertible into an aggregate of 184.9 million shares (19.8 million shares post June 21, 2023 reverse/forward stock split) of Steel Connect common stock, par value \$0.01 per share (the "common stock" or "Common Stock"), and will vote together with the Steel Connect common stock and participate in any dividends paid on the Steel Connect common stock, in each case on an as-converted basis. Upon conversion of the Series E Convertible Preferred Stock, when combined with STCN common stock, STCN convertible debt, if converted, and STCN Series C preferred shares, also if converted, owned by the Company, would result in the Steel Partners Group holding approximately 84.0% of the outstanding equity interests of Steel Connect. The Exchange Transaction closed on May 1, 2023, the date that the consideration was exchanged between the Company and Steel Connect and as of that date Steel Connect became a consolidated subsidiary for financial reporting purposes. Steel Connect is not consolidated for Federal income tax purposes because the ownership in Steel Connect is dispersed between different federal tax consolidation groups. Steel Connect's assets and liabilities have been included in the Company's consolidated balance sheet, with a related noncontrolling interest of 16.0% of STCN's common stock. Prior to May 1, 2023, the Company held a 49.6% ownership interest in Steel Connect and accounted for its investment in Steel Connect in accordance with the equity method of accounting. The Company remeasured the previously held equity method investment to its fair value based upon a valuation of Steel Connect, as of the date of the Exchange Transaction. The Exchange Transaction accomplishes the Company's objective, which is to increase ownership in Steel Connect in order to benefit from future earnings and growth and strengthens Steel Connect's balance sheet to permit it to do acquisitions. The financial results of Steel Connect have been included in the Company's consolidated financial statements from the Exchange Transaction date of May 1, 2023 (see Note 5 - "Acquisitions and Divestitures").

Common Unit Repurchase Program

During the year ended December 31, 2023, the Company purchased 462,628 common units for an aggregate purchase price of \$20,040. From the inception of the Repurchase Program until December 31, 2023 the Company had purchased 7,808,620 common units for an aggregate purchase price of approximately \$164,398. As of December 31, 2023, there remained 961,620 units that may yet be purchased under the Repurchase Program. From January 1, 2024 through March 1, 2024, the Company repurchased 579,961 common units for \$25,344.

Preferred Unit Repurchase Program

On February 2, 2024, the board of directors of the general partner of the Company approved the repurchase of up to 400,000 of the Company's 6.0% Series A preferred units (the "Preferred Repurchase Program"). Any purchases made by the Company and/or its applicable subsidiaries under the Preferred Repurchase Program will be made from time to time on the open market or in negotiated transactions off the market, in compliance with applicable laws and regulations. The timing, manner, price and amount of any repurchase will depend on economic and market conditions, share price, trading volume, applicable legal requirements and other factors. The Preferred Repurchase Program has no termination date. From January 1, 2024 through March 1, 2024, the Company repurchased 76,146 preferred units for \$1,830.

RESULTS OF OPERATIONS

Comparison of the Years Ended December 31, 2023 and 2022

	Year Ended December 31,	
	2023	2022
Revenue	\$ 1,905,457	\$ 1,695,441
Cost of goods sold	1,103,017	1,096,936
Selling, general and administrative expenses	504,960	383,377
Asset impairment charges	865	3,162
Interest expense	18,400	20,649
Gains from sales of businesses	(58)	(85,683)
Realized and unrealized gains on securities, net	(7,074)	(34,791)
All other expense, net *	124,141	36,293
Total costs and expenses	1,744,251	1,419,943
Income before income taxes and equity method investments	161,206	275,498
Income tax (benefit) provision	(1,674)	73,944
Loss (income) of associated companies, net of taxes	8,878	(4,611)
Net income	154,002	206,165
Net income attributable to noncontrolling interests in consolidated entities	(3,173)	(193)
Net income attributable to common unitholders	\$ 150,829	\$ 205,972

* Includes Finance interest expense, Provision for credit losses, and Other income, net from the Consolidated Statements of Operations

Revenue

Revenue in the year ended December 31, 2023 increased \$210,016, or 12.4%, as compared to 2022, as a result of higher revenue from the Financial Services segment and favorable impact of the recently added Supply Chain segment, partially offset by lower sales from the Diversified Industrial segment and lower revenue from the Energy segment.

Cost of Goods Sold

Cost of goods sold in the year ended December 31, 2023 increased \$6,081, or 0.6%, as compared to 2022, resulting from the recently added Supply Chain segment, partially offset by lower revenue for the Diversified Industrial and Energy segments discussed above.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") in 2023 increased \$121,583, or 31.7%, as compared to 2022. The SG&A increase was primarily driven by: (1) \$86,800 increase for the Financial Services segment primarily due to higher credit performance fees due to higher CRT balances and higher personnel expenses related to incremental headcount, (2) \$25,200 increase for the Supply Chain segment, and (3) \$24,100 increase for the Diversified Industrial segment primarily due to net pension expense, despite the impact of the divestiture of SLPE business of \$5,000. These increases were partially offset by lower Corporate SG&A expenses of \$15,400 due primarily to lower legal fees as compared to the last year period.

Asset Impairment Charges

The Company recorded asset impairment charges of \$865 in 2023 and \$3,162 in 2022, respectively. The 2023 charges were primarily driven by idle machinery and equipment associated with the Building Materials and Electrical Products business

units within the Diversified Industrial segment. The 2022 charges were primarily related to the implementation costs of an ERP project associated with the Kasco business within the Diversified Industrial segment.

Interest Expense

Interest expense for the years ended December 31, 2023 and 2022 was \$18,400 and \$20,649, respectively. The lower interest expense in 2023 was primarily due to lower average debt levels, partially offset by higher average interest rates.

Gains from Sales of Businesses

The Company recognized a pre-tax gain of \$85,683 in 2022, primarily related to the divestiture of the SLPE business from the Diversified Industrial segment.

Realized and Unrealized Gains on Securities, Net

Realized and unrealized gains on securities, net for the year ended December 31, 2023 was \$7,074, as compared to \$34,791 for the year ended December 31, 2022. The changes in realized and unrealized gains on securities, net over the respective periods are primarily due to mark-to-market adjustments on the Company's portfolio of securities.

All Other Expense, Net

All other expense, net for the years ended December 31, 2023 and 2022 totaled \$124,141 and \$36,293 respectively. The incremental all other expense, net for the years ended December 31, 2023 was primarily due to higher finance interest expense of \$63,525 and higher provisions for credit losses of \$28,647 related to the Financial Service segment, as compared to 2022.

Income Taxes

As a limited partnership, we are generally not responsible for federal and state income taxes, and our profits and losses are passed directly to our limited partners for inclusion in their respective income tax returns. The Company's tax provision represents the income tax expense or benefit of its consolidated corporate subsidiaries. For the year ended December 31, 2023, a tax benefit of \$1,674 was recorded, as compared to a tax provision of \$73,944 in 2022. The Company's effective tax rate for the year ended December 31, 2023 was a benefit of 1.0% as compared to a provision of 26.8% for the year ended December 31, 2022. The lower effective tax rate for the year ended December 31, 2023, was primarily due certain tax-deferred transactions associated with internal restructurings undertaken by the Company and the partial release of valuation allowances on the Company's deferred tax assets, partially offset by increased state and foreign income taxes associated with the Company's operations.

Loss (Income) of Associated Companies, Net of Taxes

The Company recorded loss from associated companies, net of taxes, of \$8,878 in 2023, as compared to income from associated companies, net of taxes of \$4,611 in 2022. For the details of each of these investments and the related mark-to-market adjustments in both periods, see Note 10 - "Investments" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report.

Segment Analysis

	Year Ended December 31,	
	2023	2022
Revenue:		
Diversified Industrial	\$ 1,193,964	\$ 1,285,666
Energy	179,438	181,811
Financial Services	416,911	227,964
Supply Chain	115,144	—
Total	\$ 1,905,457	\$ 1,695,441
Segment income before interest expense and income taxes:		
Diversified Industrial	\$ 70,937	\$ 200,629
Energy	16,247	13,608
Financial Services	74,248	63,477
Supply Chain	8,726	—
Corporate and Other	570	23,044
Income before interest expense and income taxes	170,728	300,758
Interest expense	18,400	20,649
Income tax (benefit) provision	(1,674)	73,944
Net income	\$ 154,002	\$ 206,165
Segment depreciation and amortization:		
Diversified Industrial	\$ 41,424	\$ 41,805
Energy	10,065	10,546
Financial Services	835	750
Supply Chain	3,569	—
Corporate and Other	672	654
Total depreciation and amortization	\$ 56,565	\$ 53,755
Loss (income) of associated companies, net of taxes:		
Corporate and other	\$ 8,878	\$ (4,611)
Total	\$ 8,878	\$ (4,611)

Diversified Industrial

Net sales in 2023 decreased by \$91,702, or 7.1%, as compared to 2022. The decrease was primarily due to lower sales for the Building Materials business unit, driven by lower sales volume from its roofing products, partially offset by higher volume from its FastenMaster products.

Segment operating income in 2023 decreased by \$129,692, or 64.6%, as compared to 2022. The lower operating income was primarily driven by a pre-tax gain of \$86,507 related to the divestiture of the SLPE business in 2022 and lower sales performance in 2023 as mentioned above, as well as higher personnel costs in 2023.

Energy

In 2023, net revenue decreased \$2,373, or 1.3%, as compared to 2022, primarily due to lower rig hours, partially offset by favorable pricing.

Segment operating income increased \$2,639, or 19.4% in 2023, as compared to 2022. The increase of operating income was primarily driven by lower material and labor costs despite the lower revenue in 2023.

Supply Chain

The Company added the Supply Chain segment on May 1, 2023 with revenue of \$115,144 and operating income of \$8,726.

Corporate and Other

Operating income was \$570 in 2023, as compared to \$23,044 in 2022. The fluctuations were primarily due to changes in investment gains and losses from both marketable securities and associated companies. Higher investment gain from 2022 was partially offset by higher legal fees.

For additional information on the Company's investments, see Note 2 - "Summary of Significant Accounting Policies" and Note 10 - "Investments" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report.

Financial Services

Revenue in 2023 increased \$188,947, or 82.9%, as compared to 2022. The increase was primarily due to an increase in interest income and fees from higher asset based lending, credit risk transfer, held for sale balances, and interest rates, as well as higher non-interest income driven by increased volume as compared to 2022.

Segment operating income in 2023 increased \$10,771, or 17.0%, as compared to 2022. The increase was primarily due to higher revenue as discussed above, partially offset by higher SG&A costs, finance interest expense, and provision for credit losses in 2023, as compared to 2022. The higher SG&A cost was driven by higher credit performance fees due to higher credit risk transfer balances as well as higher personnel expense related to an increase in employees. The higher finance interest expense was due to an increase in deposits and higher rates. The higher provision for credit losses primarily resulted from the deterioration in value of the collateral supporting one of WebBank's asset-based lending loans, partially offset by lower retentions of held for maturity loans.

Net Interest Income, Margin and Interest Rate Spreads

Net interest income is the difference between interest earned on interest-earning assets and interest incurred on interest-bearing liabilities. By its nature, net interest income is especially vulnerable to changes in the mix and amounts of interest-earning assets and interest-bearing liabilities. In addition, changes in the interest rates and yields associated with these assets and liabilities can significantly impact net interest income. The following table summarizes the average balances, the amount of interest earned or incurred and the applicable yields for interest-earning assets and the costs of interest-bearing liabilities that generate net interest income. For purposes of calculating the yields in these schedules, the average loan balances also include the principal amounts of nonaccrual and restructured loans. However, interest received on nonaccrual loans is included in income only to the extent that cash payments have been received and not applied to principal reductions. In addition, interest on restructured loans is generally accrued at reduced rates.

	Year Ended December 31,					
	2023			2022		
	Average Outstanding Balance	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Yield/ Rate
Interest-earning assets:						
Loans receivable	\$ 1,914,585	\$ 335,253	17.5 %	\$ 1,097,173	\$ 164,214	15.0 %
PPP loans	31,704	616	1.9 %	159,262	3,170	2.0 %
Held-to-maturity securities	209,618	18,002	8.6 %	141,230	8,930	6.3 %
Available-for-sale investments	4,432	265	6.0 %	2,670	166	6.2 %
Federal funds sold	968	38	3.9 %	2,241	25	1.1 %
Interest-bearing deposits	217,840	6,712	3.1 %	221,650	3,025	1.4 %
Total interest-earning assets	2,379,147	360,886	15.2 %	1,624,226	179,530	11.1 %
Non interest-earning assets	4,456			35,925		
Total assets	<u>\$ 2,383,603</u>			<u>\$ 1,660,151</u>		
Interest-bearing liabilities:						
Savings accounts	\$ 300,095	14,189	4.7 %	\$ 257,548	3,852	1.5 %
Time deposits	1,642,555	66,144	4.0 %	919,453	12,558	1.4 %
Other borrowings	\$ 26,634	99	0.4 %	\$ 141,939	497	0.4 %
Total interest-bearing liabilities	1,969,284	80,432	4.1 %	1,318,940	16,907	1.3 %
Non interest-bearing liabilities	82,506			54,854		
Total liabilities	2,051,790			1,373,794		
Shareholder's equity	331,813			286,357		
Total liabilities and shareholder's equity	<u>\$ 2,383,603</u>			<u>\$ 1,660,151</u>		
Net interest income		<u>\$ 280,454</u>			<u>\$ 162,623</u>	
Spread on average interest-bearing funds			11.1 %			9.2 %
Net interest margin			11.8 %			9.5 %
Return on assets			2.4 %			3.0 %
Return on equity			17.2 %			17.3 %
Equity to assets			13.9 %			17.2 %
Equity to assets (excluding PPP loans)			14.1 %			19.1 %

WebBank has several lending arrangements with companies where it originates credit card and other loans for consumers and small businesses. These loans are classified as held for sale and are typically sold after origination.

The following table presents the effects of changing rates and volumes on WebBank's net interest income for the periods indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The total column represents the sum of the prior columns. For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately, based on the changes due to rate and the changes due to volume.

	Year Ended December 31,					
	2023 vs 2022			2022 vs 2021		
	Increase/(Decrease)			Increase/(Decrease)		
	Due to Volume	Due to Rate	Total	Due to Volume	Due to Rate	Total
Interest earning assets:						
Loans receivable	\$ 139,273	\$ 31,766	\$ 171,039	\$ 79,190	\$ 8,089	\$ 87,279
PPP loans	(2,480)	(74)	(2,554)	(33,325)	13,394	(19,931)
Held-to-maturity securities	5,215	3,857	9,072	6,746	1,739	8,485
Available-for-sale investments	105	(6)	99	17	101	118
Federal funds sold	(4)	17	13	—	23	23
Interest-bearing deposits	(51)	3,738	3,687	35	2,774	2,809
Total earning assets	142,058	39,298	181,356	52,663	26,120	78,783
Savings accounts	734	9,603	10,337	309	2,970	3,279
Time deposits	15,409	38,177	53,586	5,238	5,900	11,138
Other borrowings	(397)	(1)	(398)	(5,209)	5	(5,204)
Total funds	15,746	47,779	63,525	338	8,875	9,213
Net variance	\$ 126,312	\$ (8,481)	\$ 117,831	\$ 52,325	\$ 17,245	\$ 69,570

Balance Sheet Analysis

Loan Portfolio

As of December 31, 2023, net loans receivable accounted for 78% of WebBank's total assets, as compared to 79% at the end of 2022. The following table presents WebBank's loans outstanding by type of loan as of December 31, 2023 and the four other most recent year-ends.

	As of December 31,									
	2023		2022		2021		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Real estate loans:										
Commercial - owner occupied	\$ 72	— %	\$ 80	— %	\$ 92	— %	\$ 209	— %	\$ 230	— %
Commercial - other	2,006	0.1 %	907	0.1 %	571	0.1 %	463	— %	429	0.1 %
Total real estate loans	2,078	0.1 %	987	0.1 %	663	0.1 %	672	— %	659	0.1 %
Commercial and industrial	980,722	49.2 %	857,817	54.1 %	779,536	73.9 %	2,279,672	90.6 %	251,349	32.2 %
Consumer loans	142,410	7.1 %	123,204	7.8 %	76,067	7.2 %	147,652	5.9 %	302,714	38.7 %
Loans held for sale	868,884	43.6 %	602,675	38.0 %	198,632	18.8 %	88,171	3.5 %	226,532	29.0 %
Total loans	1,994,094	100.0 %	1,584,683	100.0 %	1,054,898	100.0 %	2,516,167	100.0 %	781,254	100.0 %
Less:										
Allowance for loan losses	(25,486)		(29,690)		(13,925)		(27,059)		(36,682)	
Total loans receivable, net	\$ 1,968,608		\$ 1,554,993		\$ 1,040,973		\$ 2,489,108		\$ 744,572	

The following table includes a maturity profile for the loans that were outstanding as of December 31, 2023:

Due During Years Ending December 31,	Real Estate	Commercial & Industrial	Consumer	Loans Held for Sale
2024	\$ —	\$ 646,889	\$ 92,248	\$ 868,884
2023-2028	72	333,833	50,162	—
2029 and thereafter	2,006	—	—	—
Total	<u>\$ 2,078</u>	<u>\$ 980,722</u>	<u>\$ 142,410</u>	<u>\$ 868,884</u>

Nonperforming Lending Related Assets

Total non-accruing loans were \$814 and \$788 at December 31, 2023 and 2022, respectively.

	As of December 31,				
	2023	2022	2021	2020	2019
Non-accruing loans:					
Commercial and industrial	814	788	—	—	—
Total	814	788	—	—	—
Accruing loans delinquent:					
90 days or more	15,060	15,940	3,497	8,701	8,051
Total	15,060	15,940	3,497	8,701	8,051
Total non-performing assets	\$ 15,874	\$ 16,728	\$ 3,497	\$ 8,701	\$ 8,051
Total as a percentage of total assets	0.6 %	0.9 %	0.2 %	0.3 %	0.9 %

Summary of Loan Loss Experience

The methodologies used to estimate the allowance for credit losses ("ACL"), which includes the allowance for loan losses and reserves for unfunded loan commitments, depend upon the impairment status and portfolio segment of the loan. Loan groupings are created for each loan class and are then graded against historical and industry loss rates. After applying historic loss experience, as described above, we review the quantitatively derived level of ACL for each segment using qualitative criteria. We track various risk factors that influence our judgment regarding the level of the ACL across the portfolio segments. The following table summarizes activity in WebBank's ACL related to allowance for loan losses and reserves for unfunded commitments for the periods indicated:

	As of December 31,				
	2023	2022	2021	2020	2019
Balance at beginning of period (a)	\$ 34,432	\$ 13,925	\$ 27,059	\$ 36,682	\$ 17,659
Charge offs:					
Commercial and industrial	(51,691)	(6,095)	(8,101)	(14,250)	(8,667)
Consumer	(9,262)	(4,011)	(9,205)	(21,042)	(17,918)
Total charge offs	(60,953)	(10,106)	(17,306)	(35,292)	(26,585)
Recoveries:					
Commercial real estate	59	27	27	22	22
Commercial and industrial	1,479	1,534	2,532	1,313	461
Consumer	425	1,133	1,490	2,388	1,752
Total recoveries	1,963	2,694	4,049	3,723	2,235
Net charge offs	(58,990)	(7,412)	(13,257)	(31,569)	(24,350)
Additions charged to operations	50,044	23,177	123	21,946	43,373
Balance at end of period	\$ 25,486	\$ 29,690	\$ 13,925	\$ 27,059	\$ 36,682
Ratio of net charge offs during the period to average loans outstanding during the period	3.1 %	0.6 %	0.6 %	1.6 %	3.8 %

(a) The beginning balance as of January 1, 2023 for the allowance for credit losses does not agree to the ending balances as of December 31, 2022 due to the adoption of ASU 2016-13 on January 1, 2023 as described in Note 2 - "Summary of Significant Accounting Policies".

The distribution of WebBank's allowance for credit losses on loans at the dates indicated is summarized as follows:

	As of December 31,									
	2023		2022		2021		2020		2019	
	Amount	% of Loans in Each Category of Total Loans	Amount	% of Loans in Each Category of Total Loans	Amount	% of Loans in Each Category of Total Loans	Amount	% of Loans in Each Category of Total Loans	Amount	% of Loans in Each Category of Total Loans
Commercial real estate	75	0.1 %	28	0.1 %	23	0.1 %	22	— %	24	0.1 %
Commercial and industrial	14,744	49.2 %	18,493	54.1 %	9,205	73.9 %	9,293	90.7 %	10,920	32.2 %
Consumer loans	10,667	7.1 %	11,169	7.8 %	4,697	7.2 %	17,744	5.9 %	25,738	38.8 %
Loans held for sale	—	43.6 %	—	38.0 %	—	18.8 %	—	3.4 %	—	28.9 %
Total loans	\$ 25,486	100.0 %	\$ 29,690	100.0 %	\$ 13,925	100.0 %	\$ 27,059	100.0 %	\$ 36,682	100.0 %

LIQUIDITY AND CAPITAL RESOURCES

Anticipated Sources and Uses of Cash Flow

SPLP (excluding its operating subsidiaries, the "Holding Company") is a diversified global holding company with assets that principally consist of the stock of its direct subsidiaries, equity method and other investments, and cash and cash equivalents. The Company works with its businesses to enhance their liquidity and operations and to increase long-term value for the Company's unitholders and stakeholders through balance sheet improvements, capital allocation policies, and operational and growth initiatives, which are further described in Part I, Item 1 - "Business - Business Strategy."

Management uses the following strategies to continue to enhance liquidity: (1) continue to implement improvements using the Steel Business System throughout all the Company's operations to increase sales and operating efficiencies, (2) support profitable sales growth both organically and potentially through acquisitions and (3) evaluate from time to time and as appropriate, strategic alternatives with respect to the Company's businesses and/or assets. The Company continues to examine all of its options and strategies, including acquisitions, divestitures and other corporate transactions, to increase cash flows and stakeholder value.

Historically, the Company has financed its operations and met its capital requirements primarily through funds generated from operations, borrowings from lending institutions, sale of investments and sale of facilities or assets that were not fully utilized. The following table summarizes our liquidity:

	December 31,	
	2023	2022
Cash and cash equivalents	\$ 577,928	\$ 234,448
WebBank cash and cash equivalents	170,286	174,257
Cash and cash equivalents, excluding WebBank	407,642	60,191
Readily available borrowing capacity under the Credit Agreement	399,300	410,700
	<u>\$ 806,942</u>	<u>\$ 470,891</u>

Debt and Financing Arrangements

The Company's senior credit facility which was amended and restated in its entirety in December 2021 (the "Credit Agreement") consists of senior secured revolving credit facility in an aggregate principal amount not to exceed \$600,000 (the "Revolving Credit Loans"), which includes a \$50,000 subfacility for swing line loans, a \$50,000 subfacility for standby letters of credit and a foreign currency sublimit (available in euros and pounds sterling) equal to the lesser of \$75,000 and the total amount of the Revolving Credit Commitment. The Credit Agreement covers substantially all of the Company's subsidiaries, with the exception of WebBank. Availability under the Credit Agreement is based upon earnings and certain covenants, including a maximum ratio limit on Total Leverage and a minimum ratio limit on Interest Coverage, each as defined in the Credit Agreement. The Credit Agreement is subject to certain mandatory prepayment provisions and restrictive and financial covenants, primarily the leverage ratios described above. The Company was in compliance with all financial covenants as of December 31, 2023. If the Company does not meet its financial covenants, and if it is unable to secure necessary waivers or other amendments from its lenders on terms acceptable to management, its ability to access available lines of credit could be limited, its debt obligations could be accelerated and liquidity could be adversely affected. The Credit Agreement will expire on December 29, 2026, and all outstanding amounts will be due and payable.

The Company believes that it and its operating subsidiaries have access to adequate resources to meet their needs for normal operating costs, capital expenditures, pension payments, debt obligations and working capital for their existing business, as well as to fund its taxes, legal and environmental matters, for at least the next twelve months. These resources include cash and cash equivalents, investments, cash provided by operating activities and unused lines of credit. The Holding Company and its operating businesses' ability to satisfy their debt service obligations, to fund planned capital expenditures and required pension payments, and to make acquisitions or repurchase units under its common unit Repurchase Program will depend upon their future operating performance, which will be affected by prevailing economic conditions in the markets in which they operate, as well as financial, business and other factors, some of which are beyond their control. As indicated above, there can be no assurances that the Holding Company and its operating businesses will continue to have access to their lines of credit if their financial performance does not satisfy the financial covenants set forth in their respective financing agreements, which could also result in the acceleration of their debt obligations by their respective lenders, adversely affecting liquidity.

As of December 31, 2023, the Company's working capital was \$562,224, as compared to working capital of \$156,085 as of December 31, 2022. The increase in working capital during the year ended December 31, 2023, was primarily due to an increase in loans receivable of \$450,791 related primarily to an increase in loans held for sale and an increase in cash and cash equivalents of \$343,480 primarily due to the Company's disposal of its interest in Aerojet common Stock, partially offset by an increase in retail depository accounts (current liabilities) of \$351,108. As of December 31, 2023, the availability under the Credit Agreement was approximately \$399,300. During the years ended December 31, 2023 and 2022, capital expenditures were \$51,451 and \$47,541, respectively. The Company currently expects 2024 capital expenditures in the range of \$43,000 to \$56,000 in 2024. The Company and its subsidiaries have ongoing commitments, including funding of the minimum requirements of its subsidiaries' pension plans. For the year ending December 31, 2024, the minimum required contribution to the Company's pension plans is \$10,260. Required future pension contributions are estimated based upon assumptions such as discount rates on future obligations, assumed rates of return on plan assets and legislative changes. Actual future pension costs and required funding obligations will be affected by changes in the factors and assumptions described in the previous sentence, including the impact of declines in pension plan assets and interest rates, as well as other changes such as any plan termination or other acceleration events.

Sources and uses of cash flows from continuing operations for the years ended December 31, 2023 and 2022, are as follows:

	December 31,	
	2023	2022
Net cash provided by (used in) operating activities	\$ 21,222	\$ (210,230)
Net cash used in investing activities	(142,202)	(176,558)
Net cash provided by financing activities	464,561	297,172
Net change for the period	\$ 343,581	\$ (89,616)

Cash Flows from Operating Activities

During the year ended December 31, 2023, the Company generated \$21,222 of cash, which was primarily due to operating income of \$154,002 and adjustments to operating income, including depreciation and amortization of \$56,565 and provision for credit losses of \$51,824, partially offset by changes in operating assets and liabilities of \$244,964. During the year ended December 31, 2022, the Company used \$210,230 of cash, which was primarily due changes in operating assets and liabilities of \$421,258, partially offset by operating income of \$206,165.

Cash Flows from Investing Activities

During the year ended December 31, 2023, the Company used \$142,202 of cash, which was primarily due to purchases of investments of \$208,836, loan originations, net of collections of \$208,571 and purchases of property, plant, and equipment of \$51,451, partially offset by proceeds from the sales of investments of \$213,319, an increase of \$65,896 in cash on consolidation due to the transfer and exchange agreement with Steel Connect, and proceeds from the maturities of investments for \$45,731.

During the year ended December 31, 2022, the Company used \$176,558 of cash, which was primarily due to the purchases of investments of \$310,798, loan originations, net of collections of \$90,030, purchases of property, plant, and equipment of \$47,541 and the acquisition of Security Premium Finance for \$47,280, partially offset by proceeds from the maturities of investments of \$156,050 and proceeds from the sales of businesses for \$142,426.

Cash Flows from Financing Activities

During the year ended December 31, 2023, the Company generated \$464,561 of cash, which was primarily due to an increase in deposits of \$513,211, partially offset by repayments of PPP borrowings of \$26,486 and share purchases of \$20,040.

During the year ended December 31, 2022, the Company generated \$297,172 of cash, which was primarily due to an increase in deposits of \$743,593, partially offset by repayments of PPP borrowings of \$291,117, net revolver loan repayments of \$90,616, and share repurchases of \$44,973.

WebBank manages its liquidity to provide adequate funds to meet anticipated financial obligations, such as certificate of deposit maturities and to fund customer credit needs. WebBank had \$170,286 and \$174,257 in cash and cash equivalents, time deposits placed at other institutions and federal funds sold at December 31, 2023 and 2022, respectively. WebBank had \$50,000 and \$55,000 in lines of credit from its correspondent banks at December 31, 2023 and 2022 respectively. WebBank had

\$325,175 and \$285,584 available from the Federal Reserve discount window at December 31, 2023 and 2022, respectively. Therefore, WebBank had a total of \$545,461 and \$514,841 in cash, lines of credit and access to the Federal Reserve Bank discount window at December 31, 2023 and 2022, respectively, which represents approximately 21.8% and 26.9%, respectively, of WebBank's total assets (excluding PPP loans funded through the PPP Liquidity Facility).

Deposits

Deposits at WebBank at December 31, 2023 and 2022 were as follows:

	2023	2022
Current	\$ 1,711,585	\$ 1,360,477
Long-term	370,107	208,004
Total	<u>\$ 2,081,692</u>	<u>\$ 1,568,481</u>

The increase in deposits at December 31, 2023, as compared to 2022, is due to WebBank's asset growth. The average original maturity for time deposits at December 31, 2023 was 15 months, as compared to 14 months at December 31, 2022.

The following table details the maturity of time deposits as of December 31, 2023:

	Maturity				
	< 3 Months	3 to 6 Months	6 to 12 Months	> 12 Months	Total
Certificate of deposits less than \$100	\$ 564,613	\$ 417,685	\$ 310,445	\$ 369,939	\$ 1,662,682
Certificate of deposits of \$100 or more	8,621	22,748	18,891	168	50,428
Total certificates of deposits	<u>\$ 573,234</u>	<u>\$ 440,433</u>	<u>\$ 329,336</u>	<u>\$ 370,107</u>	<u>\$ 1,713,110</u>

Off-Balance Sheet Risk

It is not the Company's usual business practice to enter into off-balance sheet arrangements such as guarantees on loans and financial commitments, indemnification arrangements and retained interests in assets transferred to an unconsolidated entity for securitization purposes. SPLP uses the same credit policy in making commitments and conditional obligations as it does for on-balance sheet instruments.

WebBank is a party to financial instruments with off-balance sheet risk. In the normal course of business, these financial instruments include commitments to extend credit in the form of loans as part of WebBank's lending arrangements with Marketing Partners. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized on the Company's consolidated balance sheets. The contractual amounts of those instruments reflect the extent of involvement WebBank has in particular classes of financial instruments.

At December 31, 2023 and 2022, WebBank's undisbursed commitments under these instruments totaled \$340,621 and \$606,537, respectively. Commitments to extend credit are agreements to lend to a borrower who meets the lending criteria established by WebBank through one of WebBank's lending agreements with its Marketing Partners, provided there is no violation of any condition established in the contract with the counterparty to the lending arrangement. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee, and in some cases are subject to ongoing adjustment by WebBank. Since certain of the commitments are expected to expire without the credit being extended, the total commitment amounts do not necessarily represent future cash requirements. WebBank evaluates each prospective borrower's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by WebBank upon extension of credit, is based on management's credit evaluation of the borrower and WebBank's Marketing Partner.

WebBank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. WebBank uses the same credit policy in making commitments and conditional obligations as it does for on-balance sheet instruments.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of financial condition and results of operations is based upon its consolidated financial statements, which have been prepared in conformity with U.S. GAAP. Preparation of these consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. Estimates are based on historical experience, expected future cash flows and various other assumptions that are believed to be reasonable under the circumstances, the results

of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Note 2 - "Summary of Significant Accounting Policies" to Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report, includes a summary of the significant accounting policies and methods used in the preparation of the consolidated financial statements. The following is a discussion of the critical accounting policies and methods used by the Company.

Goodwill and Other Intangible Assets, Net

Goodwill represents the difference between the purchase price and the fair value of identifiable net assets acquired in a business combination. We review goodwill for impairment annually in the fourth quarter, and test for impairment during the year if an event occurs or circumstances change that would indicate the carrying amount may be impaired. Examples of such events would include pertinent macroeconomic conditions, industry and market considerations, overall financial performance and other factors. An entity can choose between using the Step 0 approach or the Step 1 approach.

For the Step 0 approach, an entity may assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. An entity has an unconditional option to bypass the Step 0 assessment for any reporting unit in any period and proceed directly to performing the first step of the goodwill impairment test. An entity may resume performing the Step 0 assessment in any subsequent period. For the Step 1 approach, which is a quantitative approach, the Company will calculate the fair value of a reporting unit and compare it to its carrying amount. There are several methods that may be used to estimate a reporting unit's fair value, including the income approach, the market approach and/or the cost approach. The amount of impairment, if any, is determined by comparing the fair value of a reporting unit with its carrying amount and recognizing an impairment charge based on the amount that the carrying amount exceeds the reporting unit's fair value. The loss recognized should not exceed the total goodwill allocated to the reporting unit.

For 2023, the Company utilized a quantitative approach for all of its reporting units. The assessment was based on a combination of income and market approaches to estimate the fair value of the reporting units, which indicated that the fair values of the reporting units exceeded their respective carrying values. Significant assumptions used in the discounted cash flow analyses included expected future earnings and cash flows, which are based on management's current expectations, as well as the related risk-adjusted discount rate used to estimate fair value. There were no goodwill impairment charges recorded as a result of these assessments. It is possible in future periods that further declines in market conditions, customer demand or other potential changes in operations may increase the risk that these assets are impaired. At December 31, 2023, the goodwill related to the Electrical Products reporting unit is at risk of future impairment if the fair value of this reporting unit, and its associated assets, decrease in value due to the amount and timing of expected future cash flows, decreased customer demand for Electrical Products' services, an inability to execute management's business strategies, or general market conditions, such as economic downturns, and changes in interest rates, including discount rates. Future cash flow estimates are, by their nature, subjective, and actual results may differ materially from the Company's estimates. If the Company's ongoing cash flow projections are not met or if market factors utilized in the impairment test deteriorate, including an unfavorable change in the terminal growth rate or the weighted-average cost of capital, the Company may have to record impairment charges in future periods. As of December 31, 2023 the Electrical Products reporting unit had \$46,682 of goodwill and its fair value exceeded its net book value by 11%.

Long-Lived Asset Testing

The Company's accounting policy for long-lived assets is to estimate useful lives and to depreciate or amortize such assets over such lives. The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. If the carrying amounts of the long-lived assets exceed the sum of the undiscounted cash flows, an impairment charge is recognized in the amount by which the carrying amounts exceeds their fair values. The Company performs such assessments at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities, which is generally at the plant level, operating company level or the reporting unit level, depending on the level of interdependencies in the Company's operations. The Company considers various factors in determining whether an impairment test is necessary, including among other things: a significant or prolonged deterioration in operating results and projected cash flows; significant changes in the extent or manner in which assets are used; technological advances with respect to assets which would potentially render them obsolete; the Company's strategy and capital planning; and the economic climate in the markets it serves. When estimating future cash flows and if necessary, fair value, the Company makes judgments as to the expected utilization of assets and estimated future cash flows related to those assets. The Company considers historical and anticipated future results, general economic and market conditions, the impact of planned business and operational strategies and other information available at the time the estimates are made. The Company believes

these estimates are reasonable; however, changes in circumstances or conditions could have a significant impact on its estimates, which might result in material impairment charges in the future.

Pension and Other Post-Retirement Benefit Costs

The Company maintains qualified and non-qualified pension and other post-retirement benefit plans for certain subsidiaries. The Company recorded pension income of \$11,725 for the year ended December 31, 2023 related to its significant pension plans, and, as of December 31, 2023, the Company had recorded pension liabilities totaling \$46,195. Pension benefits are generally based on years of service and the amount of compensation earned during the participants' employment. However, the qualified pension benefits have been frozen for all participants.

The pension and other post-retirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions, including discount and mortality rates and expected long-term rates of return on plan assets. Material changes in pension and other post-retirement benefit costs may occur in the future due to changes in these assumptions, changes in the number of plan participants, changes in the level of benefits provided, changes to the level of contributions to these plans and other factors.

Actuarial assumptions for its pension and other post-retirement benefit plans are determined each year to calculate liability information as of year-end, and pension and other post-retirement benefit expense or income for the following year. The discount rate assumption is derived from the rate of return on high-quality bonds.

The various pension plan assets are diversified as to type of assets, investment strategies employed and number of investment managers used. Investments may include equities, fixed income, cash equivalents, convertible securities and private investment funds. Derivatives may be used as part of the investment strategy. The transfer of assets may be directed between investment managers in order to rebalance the portfolio in accordance with asset allocation guidelines established by the Company. The private investment funds, or the investment funds they are invested in, own marketable and non-marketable securities and other investment instruments. Such investments are valued by the private investment funds, underlying investment managers or the underlying investment funds at fair value, as described in their respective financial statements and offering memorandums. These values are utilized in quantifying the value of the assets of its pension plans, which are then used in the determination of the unfunded pension liabilities on the Company's consolidated balance sheets. Because of the inherent uncertainty of valuation of some of the pension plans' investments in private investment funds and the nature of some of the underlying investments held by the investment funds, the recorded value may differ from the value that would have been used had a ready market existed for some of these investments for which market quotations are not readily available. Management uses judgment to make assumptions on which its employee benefit liabilities and expenses are based.

Allowance for Credit Losses

The ACL includes the allowance for loan losses, reserves for unfunded commitments and allowance on held to maturity debt securities. The ACL represents WebBank's estimate of current expected credit losses related to loans, including unfunded lending commitments as well as held to maturity debt securities as of the balance sheet date. The ACL represents an amount that, in management's judgment, approximates the current principal amount of loans that will not be collected over the life of those loans. Determining the ACL is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

WebBank utilizes complex models to obtain reasonable and supportable forecasts of future economic conditions dependent upon specific macroeconomic variables related to each of WebBank's loan portfolios. Loans deemed to be collateral dependent are individually evaluated for loss based on the value of the underlying collateral.

The adequacy of the ACL is monitored on a regular basis and is based on management's evaluation of numerous factors, including: the credit loss model outputs; quality of the current loan portfolio; the trend in the loan portfolio's risk ratings; current economic conditions; loan concentrations; loan growth rates; past-due and non-performing trends; evaluation of specific loss estimates for all significant loans with probable or observed credit weaknesses; historical charge-off and recovery experience; and other pertinent information. For additional information related to the Company's ACL, see Note 6 - "Loans Receivable, Including Loans Held for Sale" included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report.

Because current economic conditions and forecasts can change and future events are inherently difficult to predict, the anticipated amount of estimated credit losses on loans, and therefore the appropriateness of the ACL, could change significantly. It is difficult to estimate how potential changes in any one economic factor or input might affect the overall allowance because a

wide variety of factors and inputs are considered in estimating the allowance and changes in those factors and inputs considered may not occur at the same rate and may not be consistent across all product types. Additionally, changes in factors and inputs may be directionally inconsistent, such that improvement in one factor may offset deterioration in others. Management believes that the ACL was adequate as of December 31, 2023.

Income Taxes

As a limited partnership, we are generally not responsible for federal and state income taxes, and our profits and losses are passed directly to our limited partners for inclusion in their respective income tax returns. Our subsidiaries that are corporate subsidiaries are subject to federal and state income taxes. The table in Note 16 - "Income Taxes" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report, reconciles a hypothetical calculation of federal income taxes based on the federal statutory rate applied to the income or loss before income taxes and equity method investments. The tax effect of income passed through to common unitholders is subtracted from the hypothetical calculation.

Our subsidiaries that are subject to income taxes use the liability method of accounting for such taxes. Under the liability method, deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and deferred tax liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and deferred tax liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Our subsidiaries evaluate the recoverability of deferred tax assets and establish a valuation allowance when it is more likely than not that some portion of the deferred tax assets will not be realized.

When tax returns are filed, it is highly certain that most positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is provided for and reflected as a liability for unrecognized tax benefits on the consolidated balance sheets, along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Contingencies, Including Legal and Environmental Liabilities

The Company is subject to litigation, proceedings, claims or assessments and various contingent liabilities incidental to its business or assumed in connection with certain business acquisitions. The Company accrues a charge for a loss contingency when it believes it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. If the loss is within a range of specified amounts, the most likely amount is accrued, and the Company accrues the minimum amount in the range if no amount within the range represents a better estimate. Generally, the Company records the loss contingency at the amount we expect to pay to resolve the contingency and the amount is generally not discounted to the present value. Amounts recoverable under insurance contracts are recorded as assets when recovery is deemed probable. Contingencies that might result in a gain are not recognized until realizable. Changes to the amount of the estimated loss or resolution of one or more contingencies could have a material impact on our results of operations, financial position and cash flows.

The Company accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. For more information see Note 19 - "Commitments and Contingencies" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report.

New or Recently Adopted Accounting Pronouncements

For a discussion of the Company's new or recently adopted accounting pronouncements, see Note 2 - "Summary of Significant Accounting Policies" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company is not required to provide this information as it is a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the unitholders and the Board of Directors of Steel Partners Holdings L.P.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Steel Partners Holdings L.P. and subsidiaries (the "Company") as of December 31, 2023, and 2022, the related consolidated statements of operations, comprehensive income, changes in capital, and cash flows, for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 8, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Impairment of the Electrical Products Reporting Unit — Refer to Notes 2 and 8 to the consolidated financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill for impairment involves management performing an assessment of each reporting unit to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying value. On the interim and annual testing date of September 30, 2023 and December 1, 2023, respectively, management performed a quantitative approach (Step 1) to evaluate the Electrical Products reporting unit for impairment. As of December 1, 2023, the Electrical Products reporting unit had \$46.7 million of goodwill and its fair value exceeded its net book value by 11%. In performing Step 1, management compared the fair value of the reporting unit to its respective carrying value. The Company determined the fair value estimate of the reporting unit based on a combination of income and market approaches. The income approach utilized a discounted cash flow model that required management to make significant estimates and assumptions related to expected revenue growth rates, expected earnings before interest, taxes and depreciation ("EBITDA"), discount rates, and long-term

growth rates. Changes in these assumptions could have a significant impact on the fair value, which then could result in a goodwill impairment charge. The fair value of the reporting unit exceeded its carrying value as of the measurement dates and therefore no impairment was recognized.

We identified goodwill impairment for the Electrical Products reporting unit as a critical audit matter because of the significant amount of goodwill recorded at the reporting unit, the significant estimates and assumptions management made to estimate the fair value of the reporting unit and the differences between its fair value and carrying value. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the expected revenue growth rates, expected EBITDA, and the selection of the discount and long-term growth rates.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to goodwill impairment included the following, among others:

- We tested the effectiveness of controls over management's goodwill impairment evaluation, including those over the determination of the fair value, such as controls related to management's forecasts of future revenue and expected EBITDA.
- We evaluated management's ability to accurately forecast by comparing historical results to management's historical forecasts.
- We evaluated the reasonableness of management's forecasts of expected revenue and expected growth rates and EBITDA by comparing management's forecasts with:
 - Historical cash flow and trends
 - Underlying business strategies and growth plans
 - Internal communications to management and the Board of Directors
 - External communications, independent industry reports, and forecasted information from selected companies in the reporting unit's peer group.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the (1) Company's valuation methodologies and (2) discount and long-term growth rates by:
 - Testing the source information underlying the determination of the discount rate and long-term growth rate and the mathematical accuracy of the calculation.
 - Developing an independent range of the discount rate and comparing it to the discount rate selected by management.

Income Taxes — Realizability of Deferred Tax Assets Related to Steel Connect Inc. — Refer to Notes 16 to the consolidated financial statements

Critical Audit Matter Description

The Company recognizes deferred income taxes for tax attributes and for differences between the financial statement and tax basis of assets and liabilities at enacted statutory tax rates in effect for the years in which the deferred tax liability or asset is expected to be settled or realized. A valuation allowance is provided to offset deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Future realization of deferred tax assets depends on the existence of sufficient taxable income of the appropriate character. Sources of taxable income include future reversals of deferred tax assets and liabilities, expected future taxable income, taxable income in prior carryback years if permitted under the tax law, and tax planning strategies.

During the year ended December 31, 2023, the Company transferred shares valued at \$202.7 million, to Steel Connect, Inc. in exchange for 3,500,000 shares of Series E Preferred Stock, which resulted in the Company obtaining a controlling interest in Steel Connect, Inc. At the time of the transfer there was an unrealized gain on the shares for which a deferred tax liability was required. Steel Connect had maintained and continues to maintain a full valuation allowance against its net deferred tax assets as they are not more likely than not to be utilized. However, there was a change in valuation allowance as part of obtaining control of Steel Connect, Inc. due to the deferred tax liability related to the unrealized gain on the transferred shares.

We identified management's determination of the amount of the change in the valuation allowance resulting from the unrealized gain on the transferred shares as a critical audit matter because of the significant judgments management made related to taxable income of an appropriate character. This required a high degree of auditor judgment and an increased extent of effort, including

the need to involve our income tax specialists, when performing audit procedures to evaluate the reasonableness of management's judgment related to that taxable income.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the realizability of the deferred tax assets included, among other things, the following:

- We tested the effectiveness of controls over the determination of deferred tax assets and the realizability of those deferred tax assets.
- We evaluated the reasonableness of the methods, assumptions, and judgments used by management to determine whether the deferred tax assets would be realized in the future.
- We evaluated the reasonableness of management's assessment of the significance and weighting of negative evidence and positive evidence that is objectively verifiable.
- With the assistance of our income tax specialists, we evaluated whether the sources of the management's estimated future taxable income were of appropriate character and sufficient to utilize the deferred tax assets under the relevant tax law prior to expiration.
- We evaluated whether the projections of future taxable income, including evaluating tax opinions of third party specialists regarding such taxable income, were consistent with evidence obtained in other areas of the audit.

/s/ Deloitte & Touche LLP
New York, New York
March 8, 2024

We have served as the Company's auditor since 2018.

STEEL PARTNERS HOLDINGS L.P.
Consolidated Balance Sheets
(in thousands, except common units)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 577,928	\$ 234,448
Trade and other receivables - net of allowance for doubtful accounts of \$2,481 and \$2,414, respectively	216,429	183,861
Receivables from related parties	234	961
Loans receivable, including loans held for sale of \$868,884 and \$602,675, respectively, net	1,582,536	1,131,745
Inventories, net	202,294	214,084
Prepaid expenses and other current assets	47,935	40,129
Total current assets	2,627,356	1,805,228
Long-term loans receivable, net	386,072	423,248
Goodwill	148,838	125,813
Other intangible assets, net	114,177	94,783
Other non-current assets	342,046	195,859
Property, plant and equipment, net	253,980	238,510
Operating lease right-of-use assets	76,746	42,711
Long-term investments	41,225	309,697
Total Assets	\$ 3,990,440	\$ 3,235,849
LIABILITIES AND CAPITAL		
Current liabilities:		
Accounts payable	\$ 131,922	\$ 109,572
Accrued liabilities	117,943	112,744
Deposits	1,711,585	1,360,477
Payables to related parties	2,529	2,881
Short-term debt	—	685
Current portion of long-term debt	67	67
Other current liabilities	101,086	62,717
Total current liabilities	2,065,132	1,649,143
Long-term deposits	370,107	208,004
Long-term debt	191,304	179,572
Other borrowings	15,065	41,682
Preferred unit liability	154,925	152,247
Accrued pension liabilities	46,195	84,948
Deferred tax liabilities	18,353	41,055
Long-term operating lease liabilities	61,790	35,512
Other non-current liabilities	62,161	42,226
Total Liabilities	2,985,032	2,434,389
Commitments and Contingencies		
Capital:		
Partners' capital common units: 21,296,067 and 21,605,093 issued and outstanding (after deducting 18,367,307 and 17,904,679 units held in treasury, at cost of \$329,297 and \$309,257, respectively)	1,079,853	952,094
Accumulated other comprehensive loss	(121,223)	(151,874)
Total Partners' Capital	958,630	800,220
Noncontrolling interests in consolidated entities	46,778	1,240
Total Capital	1,005,408	801,460
Total Liabilities and Capital	\$ 3,990,440	\$ 3,235,849

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Operations
(in thousands, except common units and per common unit data)

	December 31,	
	2023	2022
Revenue:		
Diversified Industrial net sales	\$ 1,193,964	\$ 1,285,666
Energy net revenue	179,438	181,811
Financial Services revenue	416,911	227,964
Supply Chain revenue	115,144	—
Total revenue	1,905,457	1,695,441
Costs and expenses:		
Cost of goods sold	1,103,017	1,096,936
Selling, general and administrative expenses	504,960	383,377
Asset impairment charges	865	3,162
Finance interest expense	80,432	16,907
Provision for credit losses	51,824	23,177
Interest expense	18,400	20,649
Gains from sales of businesses	(58)	(85,683)
Realized and unrealized gains on securities, net	(7,074)	(34,791)
Other income, net	(8,115)	(3,791)
Total costs and expenses	1,744,251	1,419,943
Income from operations before income taxes and equity method investments	161,206	275,498
Income tax (benefit) provision	(1,674)	73,944
Loss (income) of associated companies, net of taxes	8,878	(4,611)
Net income	154,002	206,165
Net income attributable to noncontrolling interests in consolidated entities	(3,173)	(193)
Net income attributable to common unitholders	\$ 150,829	\$ 205,972
Net income per common unit - basic		
Net income attributable to common unitholders	\$ 7.04	\$ 9.03
Net income per common unit - diluted		
Net income attributable to common unitholders	\$ 6.43	\$ 8.12
Weighted-average number of common units outstanding - basic	21,433,900	22,813,588
Weighted-average number of common units outstanding - diluted	25,356,796	26,869,440

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Comprehensive Income
(in thousands)

	December 31,	
	2023	2022
Net income	\$ 154,002	\$ 206,165
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	2,120	(3,152)
Changes in pension liabilities and other post-retirement benefit obligations	28,531	(16,919)
Other comprehensive (loss) income	30,651	(20,071)
Comprehensive income	184,653	186,094
Comprehensive income attributable to noncontrolling interests	(3,173)	(193)
Comprehensive income attributable to common unitholders	\$ 181,480	\$ 185,901

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Changes in Capital
(in thousands, except common units and treasury units)

	Steel Partners Holdings L.P. Common Unitholders							
	Common Units	Treasury Units		Partners' Capital	Accumulated Other Comprehensive (Loss) Income	Total Partners' Capital	Noncontrolling Interests in Consolidated Entities	Total Capital
		Units	Dollars					
Balance at December 31, 2021	37,828,941	(16,810,932)	(264,284)	795,140	(131,803)	663,337	5,711	669,048
Net income	—	—	—	205,972	—	205,972	193	206,165
Currency translation adjustments	—	—	—	—	(3,152)	(3,152)	—	(3,152)
Changes in pension liabilities and post-retirement benefit obligations	—	—	—	—	(16,919)	(16,919)	—	(16,919)
Equity compensation - restricted units	1,712,781	—	—	1,280	—	1,280	—	1,280
Tax withholding related to vesting of restricted units	(31,950)	—	—	(1,394)	—	(1,394)	—	(1,394)
Purchases of SPLP common units	—	(1,093,747)	(44,973)	(44,973)	—	(44,973)	—	(44,973)
Purchase of subsidiary shares from noncontrolling interests	—	—	—	(3,942)	—	(3,942)	(4,664)	(8,606)
Other, net	—	—	—	11	—	11	—	11
Balance at December 31, 2022	39,509,772	(17,904,679)	(309,257)	952,094	(151,874)	800,220	1,240	801,460
Net income	—	—	—	150,829	—	150,829	3,173	154,002
Cumulative effect of change in accounting principle for current expected credit losses, net of tax	—	—	—	(3,862)	—	(3,862)	—	(3,862)
Currency translation adjustments	—	—	—	—	2,120	2,120	—	2,120
Changes in pension liabilities and post-retirement benefit obligations	—	—	—	—	28,531	28,531	—	28,531
Equity compensation - restricted units	169,332	—	—	1,617	—	1,617	—	1,617
Tax withholding related to vesting of restricted units	(15,730)	—	—	(605)	—	(605)	—	(605)
Purchases of SPLP common units	—	(462,628)	(20,040)	(20,040)	—	(20,040)	—	(20,040)
Noncontrolling interests assumed upon consolidation of Steel Connect	—	—	—	—	—	—	44,718	44,718
Adjustment to interest in consolidated subsidiaries	—	—	—	(110)	—	(110)	(2,481)	(2,591)
Other, net	—	—	—	(70)	—	(70)	128	58
Balance at December 31, 2023	39,663,374	(18,367,307)	\$ (329,297)	\$ 1,079,853	\$ (121,223)	\$ 958,630	\$ 46,778	\$ 1,005,408

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 154,002	\$ 206,165
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	51,824	23,177
Loss (income) of associated companies, net of taxes	8,878	(4,611)
Realized and unrealized gains on securities, net	(7,074)	(34,791)
Gains from sale of businesses	(58)	(85,683)
Gain on sale of property, plant and equipment	—	(940)
Derivative gains on economic interests in loans	(4,713)	(5,294)
Non-cash pension expense (income)	11,806	(7,042)
Deferred income taxes	(30,069)	48,546
Depreciation and amortization	56,565	53,755
Non-cash lease expense	18,377	10,461
Equity-based compensation	1,617	1,280
Asset impairment charges	865	3,162
Other	4,166	2,843
Net change in operating assets and liabilities:		
Trade and other receivables	4,802	(710)
Inventories	19,247	(41,086)
Prepaid expenses and other assets	(7,718)	(10,431)
Accounts payable, accrued and other liabilities	4,914	35,012
Net increase in loans held for sale	(266,209)	(404,043)
Net cash provided by (used in) operating activities	21,222	(210,230)
Cash flows from investing activities:		
Purchases of investments	(208,836)	(310,798)
Proceeds from maturities of investments	45,731	156,050
Proceeds from sales of investments	213,319	19,828
Principal repayment on Steel Connect Convertible Note	1,000	—
Loan originations, net of collections	(208,571)	(90,030)
Purchases of property, plant and equipment	(51,451)	(47,541)
Proceeds from sale of property, plant and equipment	1,846	1,241
Proceeds from sale of businesses	—	142,426
Acquisitions, net of cash acquired	—	(47,280)
Increase in cash upon consolidation of Steel Connect	65,896	—
Other	(1,136)	(454)
Net cash used in investing activities	(142,202)	(176,558)
Cash flows from financing activities:		
Net revolver borrowings (repayments)	11,115	(90,616)
Repayments of term loans	(67)	(82)
Purchases of the Company's common units	(20,040)	(44,973)
Net decrease in other borrowings	(26,486)	(291,117)
Distribution to preferred unitholders	(9,633)	(9,633)
Purchase of subsidiary shares from noncontrolling interests	(2,934)	(8,606)
Tax withholding related to vesting of restricted units	(605)	(1,394)
Net increase in deposits	513,211	743,593
Net cash provided by financing activities	464,561	297,172
Net change for the period	343,581	(89,616)
Effect of exchange rate changes on cash and cash equivalents	(101)	(1,299)
Cash and cash equivalents at beginning of period	234,448	325,363
Cash and cash equivalents at end of period	\$ 577,928	\$ 234,448

See accompanying Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amounts used in the Notes to Consolidated Financial Statements are in thousands, except common and preferred units, per common and preferred unit, share, per share data or as otherwise noted.

1. NATURE OF THE BUSINESS AND BASIS OF PRESENTATION

Nature of the Business

Steel Partners Holdings L.P. ("SPLP" or "Company") is a diversified global holding company that engages in multiple businesses through consolidated subsidiaries and other interests. It owns and operates businesses and has significant interests in various companies, including diversified industrial products, energy, banking, defense, supply chain management and logistics and youth sports. SPLP operates through the following segments: Diversified Industrial, Energy, Financial Services and Supply Chain, which are managed separately and offer different products and services. For additional details related to the Company's reportable segments see Note 21 - "Segment Information." Steel Partners Holdings GP Inc. ("SPH GP"), a Delaware corporation, is the general partner of SPLP and is wholly-owned by SPLP. The Company is managed by SP General Services LLC ("Manager"), pursuant to the terms of an amended and restated management agreement ("Management Agreement") discussed in further detail in Note 20 - "Related Party Transactions."

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its majority or wholly-owned subsidiaries. All material inter-company accounts and transactions have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparation of Consolidated Financial Statements

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP"). The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses, and related disclosure of contingent assets and liabilities during the reporting period. The more significant estimates include: (1) revenue recognition; (2) the valuation allowances for trade and other receivables, loans receivable and inventories; (3) the valuation of goodwill, indefinite-lived intangible assets, long-lived assets and associated companies; (4) the valuation of deferred tax assets; (5) contingencies, including legal and environmental liabilities; (6) fair value of derivatives; (7) post-employment benefit liabilities; (8) estimates and assumptions used in the determination of fair value of certain securities; and (9) estimates of loan losses. Actual results may differ from the estimates used in preparing the consolidated financial statements; and, due to substantial holdings in and/or restrictions on certain investments, the value that may be realized could differ from the estimated fair value.

Cash and Cash Equivalents

Cash and cash equivalents include cash and deposits in depository institutions and financial institutions, and includes WebBank cash at the Federal Reserve Bank. The Company considers all highly liquid debt instruments with maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents include qualifying money market funds and exclude amounts where availability is restricted by loan agreements or other contractual provisions. Cash equivalents are stated at cost, which approximates market value.

Marketable Securities and Long-Term Investments

Marketable securities consist of short-term deposits, corporate debt and equity instruments, and mutual funds. The Company classifies its marketable securities as current assets based on the nature of the securities and their availability for use in current operations. Long-term investments consist of equity securities and certain associated company investments. Held-to-maturity securities are classified in Other non-current assets. SPLP determines the appropriate classifications of its investments at the acquisition date and re-evaluates the classifications at each balance sheet date.

- Available-for-sale equity securities are reported at fair value, with unrealized gains and losses recognized in Realized and unrealized gains on securities, net in the consolidated statements of operations.
- Available-for-sale debt securities are reported at fair value, with unrealized gains and losses recognized in accumulated other comprehensive income or loss ("AOCI") as a separate component of SPLP's Partners' capital in both 2023 and 2022.
- Associated companies represent equity method investments in companies where the Company's ownership is generally between 20% and 50% of the outstanding equity and it has the ability to exercise significant influence, but not control, over the investee. For equity method investments where the fair value option has been elected, unrealized gains and losses are reported in the Company's consolidated statements of operations as part of Loss of associated companies, net of taxes. For the equity method investments where the fair value option has not been elected, SPLP records the investment at cost and subsequently increases or decreases the investment by its proportionate share of the net income or loss and other comprehensive income or loss of the investee.
- Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts.

Dividend and interest income is recognized when earned. Realized gains and losses on marketable securities and long-term investments are included in earnings and are derived using the specific-identification method. Commission expense is recorded as a reduction of sales proceeds on investment sales. Commission expense on purchases is included in the cost of investments on the Company's consolidated balance sheets.

Other Than Temporary Impairment

If the Company believes a decline in the market value of any available-for-sale debt security, equity method or held-to-maturity security below cost is other than temporary, a loss is charged to earnings, which establishes a new cost basis for the security. Impairment losses are included in Asset impairment charges in the Company's consolidated statements of operations. SPLP's determination of whether a security is other than temporarily impaired incorporates both quantitative and qualitative information. The Company considers a number of factors including, but not limited to, the length of time and the extent to which the fair value has been less than cost, the length of time expected for recovery, the financial condition of the issuer, the reason for the decline in fair value, changes in fair value subsequent to the balance sheet date, the ability and intent to hold investments to maturity, and other factors specific to the individual investment.

Specifically, for held-to-maturity securities, the Company considers whether it plans to sell the security or it is more-likely-than-not that it will be required to sell the security before recovery of its amortized cost. The credit component of an other-than-temporary impairment loss is recognized in earnings and the non-credit component is recognized in AOCI in situations where the Company does not intend to sell the security and it is more likely-than-not that the Company will not be required to sell the security prior to recovery. SPLP's assessment involves a high degree of judgment and accordingly, actual results may differ materially from those estimates and judgments.

Trade Receivables, Net

Trade receivables, net, include amounts billed and due from customers. The Company maintains an allowance for credit losses to provide for the estimated amount that will not be collected. The allowance for credit losses is based on current and historical information and reasonable and supportable forecasts of future events and circumstances and includes a combination of factors including management's evaluation of the financial condition of the customer, historical experience, credit quality, whether any amounts are currently past due, the length of time accounts may be past due and management's determination of a customer's current ability to pay its obligations. Trade receivable balances are charged off against the allowance when it is determined that the receivables will not be recovered, and payments subsequently received on such receivables are credited to recovery of accounts written off. The Company believes that the credit risk with respect to trade receivables is limited due to this credit evaluation process. As of December 31, 2023, the top 10 of the Company's largest customer balances accounted for 27% of the Company's trade receivables. The Company's allowance for doubtful accounts for trade receivables was \$2,481 and \$2,414 as of December 31, 2023 and 2022, respectively. The Company recorded charges of \$419 to the allowance offset by recoveries of \$352 for the year ended December 31, 2023 and charges of \$525 to the allowance offset by recoveries of \$1,621 for the year ended December 31, 2022.

Loans Receivable, Including Loans Held for Sale

WebBank's loan activities include several lending arrangements with companies where it originates credit card and other loans for consumers and small businesses. These loans are classified as Loans receivable and are typically sold after origination. As part of these arrangements, WebBank earns fees that are recorded in non-interest income. Fees earned from these

lending arrangements are recorded as fee income. WebBank also purchases participations in commercial and industrial loans through loan syndications. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for credit losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield over the estimated life of the loan.

Loans held for sale are carried at the lower of amortized cost basis or fair value. Gains and losses are recorded in noninterest income based on the difference between sales proceeds and amortized cost.

Loans that are collateral-dependent are measured at the lower of amortized cost or the fair value of the collateral less the cost to sell.

Loans are reported as past due when either principal or interest is due and unpaid for a period of 30 days or more. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent for commercial loans, 120 days for consumer loans and 180 days for small business loans unless the loan is well-secured and in process of collection. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses

The ACL, which consist of the allowance for loan losses, reserves for unfunded loan commitments, and the allowance on held to maturity debt securities, represents management's estimate of current expected credit losses over the contractual term of WebBank's loan portfolio, unfunded lending commitments, and held to maturity debt securities as of the balance sheet date.

The reserves for unfunded lending commitments is included in other current liabilities on the consolidated balance sheets. The allowance for held to maturity debt securities is estimated separately from loans and carried at net amortized cost included in other non-current assets on the consolidated balance sheets. The ACL for WebBank's held to maturity debt securities debt securities portfolio is not presented separately on the consolidated balance sheet due to immateriality.

The ACL is a valuation account that is deducted from the loan's amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged against the ACL and recognized in the consolidated statements of operations when management believes the recorded loan balance is confirmed as uncollectible.

Management estimates the allowance balance using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. Specific reserves cover impaired loans, or loans individually valued for impairment, and are primarily measured based on the fair value of collateral. Adjustments to the fair value of collateral are made for anticipated selling costs. A specific reserve may be zero if the fair value of collateral on the measurement date is greater than the carrying balance of the impaired loan. Additionally, the present value of expected future cash flows discounted at the original contractual interest rate may also be used, when practical. WebBank leverages economic projections from a third-party provider on a quarterly basis to generate macroeconomic factors for a two-year reasonable and supportable timeframe, before reverting to the baseline loss-curve implied loss expectations.

After applying historic loss experience, the quantitatively derived level of ACL is reviewed for each segment using qualitative criteria. Various risk factors are tracked that influence our judgment regarding the level of the ACL across the portfolio segments. Primary qualitative factors that may be reflected in the quantitative models include:

- Asset quality trends
- Risk management and loan administration practices
- Portfolio management and controls
- Effect of changes in the nature and volume of the portfolio
- Changes in lending policies and underwriting policies
- Existence and effect of any portfolio concentrations
- National economic business conditions and other macroeconomic adjustments

- Regional and local economic and business conditions
- Data availability and applicability
- Industry monitoring
- Value of underlying collateral

Changes in the level of the ACL reflect changes in these factors. The magnitude of the impact of each of these factors on the qualitative assessment of the ACL changes from quarter to quarter according to the extent these factors are already reflected in historic loss rates and according to the extent these factors diverge from one another. Also considered is the uncertainty inherent in the estimation process when evaluating the ACL.

Inventories

Inventories are generally stated at the lower of cost (determined by the first-in, first-out method or average cost method) and net realizable value. Cost is determined by the last-in, first-out ("LIFO") method for certain precious metal inventory held in the U.S., and remaining precious metal inventory is primarily carried at fair value. For precious metal inventory, no segregation among raw materials, work in process and finished products is practicable. For other inventory, the cost of work in process and finished products comprises the cost of raw materials, direct labor and overhead costs attributable to the production of inventory.

Non-precious metal inventories are evaluated for estimated excess and obsolescence based upon assumptions about future demand and market conditions, and are adjusted accordingly. If actual market conditions are less favorable than those projected, future write-downs may be required.

Goodwill and Other Intangible Assets, Net

Goodwill, which is not amortized, represents the difference between the purchase price and the fair value of identifiable net assets acquired in a business combination. Goodwill is tested for impairment at a reporting unit level, and all of the Company's goodwill is assigned to its reporting units. Reporting units are determined based upon the Company's organizational structure in place at the date of the goodwill impairment testing and are generally one level below the operating segment level. The Company tests goodwill annually for impairment as of December 1st, and additionally on an interim basis, if events occur or circumstances change that would indicate the carrying amount may be impaired. Examples of such events would include pertinent macroeconomic conditions, industry and market considerations, overall financial performance and other factors. An entity can choose between using a qualitative impairment test often referred to as "Step 0" or a quantitative impairment test often referred to as "Step 1".

For the Step 0 approach, an entity may assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. An entity has an unconditional option to bypass the Step 0 assessment for any reporting unit in any period and proceed directly to performing a Step 1 of the goodwill impairment test. An entity may resume performing the Step 0 assessment in any subsequent period. For the Step 1 approach, which is a quantitative approach, the Company will calculate the fair value of a reporting unit and compare it to its carrying amount. There are several methods that may be used to estimate a reporting unit's fair value, including the income approach, the market approach and/or the cost approach. The amount of impairment, if any, is determined by comparing the fair value of a reporting unit with its carrying amount and recognizing an impairment charge based on the amount that the carrying amount exceeds the reporting unit's fair value. The loss recognized should not exceed the total goodwill allocated to the reporting unit.

For finite-lived intangible assets, the Company evaluates the carrying amount of such assets when circumstances indicate the carrying amount may not be recoverable. Conditions that could have an adverse impact on the cash flows and fair value of the long-lived assets are deteriorating business climate, condition of the asset or plans to dispose of the asset before the end of its useful life. If the assets' carrying amounts exceed the sum of the undiscounted cash flows, an impairment charge is recognized in the amount by which the carrying amounts exceeds their fair values. The Company performs such assessments at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities, which is generally at the plant level, operating company level or the reporting unit level, depending on the level of interdependencies in the Company's operations.

Indefinite-lived intangible assets are tested for impairment at least annually, or when events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Companies can use the same two testing approaches for indefinite-lived intangibles as for goodwill. There were no impairments of goodwill or other intangible assets in 2023 and 2022.

Derivatives

The Company uses various hedging instruments to reduce the impact of changes in precious metal prices and the effect of foreign currency fluctuations. These instruments are recorded as either fair value hedges, economic hedges, cash flow hedges or derivatives with no hedging designation.

Precious Metals

The Company's precious metal and commodity inventories are subject to market price fluctuations. The Company enters into commodity futures and forward contracts to mitigate the impact of price fluctuations on its precious and certain non-precious metal inventories that are not subject to fixed price contracts. The Company's hedging strategy is designed to protect it against normal volatility; therefore, abnormal price changes in these commodities or markets could negatively impact the Company's earnings.

Fair Value Hedges. The fair values of these derivatives are recognized as derivative assets and liabilities on the Company's consolidated balance sheets. The net change in fair value of the derivative assets and liabilities, and the change in the fair value of the underlying hedged inventory, are recognized in the Company's consolidated statements of operations, and such amounts principally offset each other due to the effectiveness of the hedges. The fair value hedges are associated primarily with the Company's precious metal inventory carried at fair value.

Economic Hedges. As these derivatives are not designated as accounting hedges under U.S. GAAP, they are accounted for as derivatives with no hedge designation. The derivatives are marked to market, and both realized and unrealized gains and losses are recorded in current period earnings in the Company's consolidated statements of operations. The economic hedges are associated primarily with the Company's precious metal inventory valued using the LIFO method.

WebBank - Economic Interests in Loans

WebBank's derivative financial instruments represent on-going economic interests in loans made after they are sold. These derivatives are carried at fair value on a gross basis in Other non-current assets on the Company's consolidated balance sheets and are classified within Level 3 in the fair value hierarchy (see Note 18 - "Fair Value Measurements"). At December 31, 2023, outstanding derivatives mature within 3 to 5 years. Gains and losses resulting from changes in fair value of derivative instruments are accounted for in the Company's consolidated statements of operations in Financial Services revenue. Fair value represents the estimated amounts that WebBank would receive at the reporting date based on a discounted cash flow model for the same or similar instruments. WebBank does not enter into derivative contracts for speculative or trading purposes.

Property, Plant and Equipment, Net

Property, plant and equipment is recorded at cost. Depreciation of property, plant and equipment is recorded principally on the straight line method over the estimated useful lives of the assets, which range as follows: machinery and equipment 3 to 15 years and buildings and improvements 10 to 30 years. Leasehold improvements are amortized over the shorter of the terms of the related leases or the estimated useful lives of the improvements. Interest cost is capitalized for qualifying assets during the assets' acquisition period. Maintenance and repairs are charged to expense, and renewals and betterments are capitalized. Gains or losses on dispositions is recorded in Other income, net.

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. If the carrying amounts of the long-lived assets exceed the sum of the undiscounted cash flows, an impairment charge is recognized in the amount by which the carrying amounts exceeds their fair values, which is generally determined using a discounted cash flow methodology. The Company performs such assessments at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities, which is generally at the plant level, operating company level or the reporting unit level, depending on the level of interdependencies in the Company's operations. The Company considers various factors in determining whether an impairment test is necessary, including among other things: a significant or prolonged deterioration in operating results and projected cash flows; significant changes in the extent or manner in which assets are used; technological advances with respect to assets which would potentially render them obsolete; the Company's strategy and capital planning; and the economic climate in the markets it serves. When estimating future cash flows and if necessary, fair value, the Company makes judgments as to the expected utilization of assets and estimated future cash flows related to those assets. The Company considers historical and anticipated future results, general economic and market conditions, the impact of planned business and operational strategies and other information available at the

time the estimates are made. The Company believes these estimates are reasonable; however, changes in circumstances or conditions could have a significant impact on its estimates, which might result in material impairment charges in the future.

Leases

The Company determines if an agreement qualifies as a lease or contains a lease in the period that the agreement is executed. An agreement is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of an asset includes the right to obtain substantially all of the economic benefits of the underlying asset and the right to direct how and for what purpose the asset is used.

Right of use ("ROU") assets represent the Company's right to use an underlying asset during the reasonably certain lease term. Lease liabilities represent the Company's obligation to make payments over the life of the lease. A ROU asset and a lease liability are recognized at commencement of the lease based on the present value of the lease payments over the life of the lease. Since the interest rate implicit in a lease is generally not readily determinable, the Company uses an incremental borrowing rate to determine the present value of the lease payments. The incremental borrowing rate represents the rate of interest the Company would have to pay to borrow on a collateralized basis over a similar lease term to obtain an asset of similar value. Our lease terms may include options to extend or terminate the lease when the Company is reasonably certain that we will exercise that option.

Initial direct costs are included as part of the ROU asset upon commencement of the lease. The Company has applied the practical expedient available for lessees in which lease and non-lease components are accounted for as a single lease component for all of our asset classes. An ROU asset and corresponding lease liability are not recorded for leases with an initial term of 12 months or less (short-term leases), and the Company recognizes lease expense for these leases as incurred over the lease term.

Deferred Debt Issue Costs

Costs to issue debt are capitalized and deferred when incurred and subsequently amortized to interest expense over the expected life of the revolving credit facility. Deferred debt issuance costs for line-of-credit arrangements are presented in the Company's consolidated balance sheets in other assets.

Business Combinations

Business combinations are accounted for using the purchase method of accounting. The purchase price of an acquisition is measured as the aggregate of the fair value of the consideration transferred at the acquisition date. The purchase price is allocated to the fair values of the tangible and intangible assets acquired and liabilities assumed at date of acquisition, with any excess recorded as goodwill. These fair value determinations require management to make estimates which are based on all available information and may involve the use of assumptions with respect to the timing and amount of future revenues and expenses, the weighted average cost of capital, and royalty rates associated with the transaction and the assets or liabilities acquired. In addition to using management estimates the Company uses a variety of information sources to determine the estimated fair values of acquired assets and liabilities including third-party appraisals for the estimated value and lives of identifiable intangible assets and property, plant and equipment. This judgment and determination affect the amount of consideration paid that is allocable to assets and liabilities acquired in the business purchase transaction. The purchase price allocation may be provisional during a measurement period of up to one year to provide reasonable time to obtain the information necessary to identify and measure the assets acquired and liabilities assumed. Any such measurement period adjustments are recognized in the period in which the adjustment amount is determined. Transaction costs associated with the acquisition are expensed as incurred.

Revenue Recognition

General

The Company accounts for a contract when it has approval and commitment from all parties, the rights and payment terms of the parties can be identified, the contract has commercial substance and the collectability of the consideration, or transaction price, is probable. At the inception of each contract, the Company evaluates the promised goods and services to determine whether the contract should be accounted for as having one or more performance obligations. A performance obligation is a promise to transfer a distinct good or service to a customer and represents the unit of accounting for revenue

recognition. Revenues are recognized when control of the promised goods or services are transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company records all shipping and handling fees billed to customers as revenue. The Company has elected to account for shipping and handling activities that are performed after the customer obtains control of a good as activities to fulfill the promise to transfer the good. If revenue is recognized for the related good before the shipping and handling activities occur, the related costs of those shipping and handling activities are accrued.

Sales and usage-based taxes are excluded from revenues. The Company does not have any material service-type warranty arrangements. The expected costs associated with the Company's assurance warranties are recognized as expense when the products are sold. The Company does not have any material significant financing arrangements as payment is received shortly after the goods are sold or services are performed. Cash received from customers prior to shipment of goods, or otherwise not yet earned, is recorded as deferred revenue.

The Company determines the transaction for each contract based on the best estimate of the consideration the Company expects to receive, which includes assumptions regarding variable consideration. The Company includes such estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Variable consideration is primarily estimated using the most likely amount method.

Generally, the Company's sales contracts with customers contain only one performance obligation. In certain circumstances, contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines the standalone selling price based on the prices charged to similar customers or by using the expected cost plus margin approach. The Company's performance obligations are generally part of contracts with customers that have a duration of less than one year, and therefore, the Company has not provided disclosures with respect to remaining performance obligations.

The Company recognizes revenue for each performance obligation when (or as) the performance obligation is satisfied by transferring control of the promised goods or services underlying the performance obligation to the customer. The transfer of control can occur over time or at a point in time. Performance obligations are satisfied at a point in time unless they meet at least one of the following criteria, in which case they are satisfied over time:

- The custom simultaneously receives and consumes the benefits provided by the Company's performance as it performs;
- The Company's performance creates or enhances an asset (for example, work in process) that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to us and the Company has an enforceable right to payment for performance completed to date.

Given the typical duration of the Company's contracts with customers, as noted directly above, is less than one year, the Company generally expenses sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within Selling, general and administrative expenses.

For certain of the services that the Company's Diversified Industrial and Energy segments provide, the Company has determined that it has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date, and therefore, the Company recognizes revenue in the amount to which the entity has a right to invoice when that amount corresponds directly with the value of the Company's performance to date.

The Company has also entered into rebate agreements with certain customers. These programs are typically structured to incentivize the customers to increase their annual purchases from the Company. The rebates are usually calculated as a percentage of the purchase amount, and such percentages may increase as the customer's level of purchases rise. Rebates are recorded as a reduction of net sales in the Company's consolidated statements of operations. As of December 31, 2023 and 2022, accrued rebates payable totaled \$16,109 and \$21,815, respectively, and are included in Accrued liabilities on the Company's consolidated balance sheets.

Diversified Industrial Segment

The Diversified Industrial segment is comprised of manufacturers of engineered niche industrial products. The majority of revenues recognized are for the sale of manufactured goods in the U.S. Other revenue recognized is for repair and maintenance services. Customer contracts are generally short-term in nature and are based on individual customer purchase orders. The terms and conditions of the customer purchase orders are dictated by either the Company's standard terms and conditions or by a master service agreement.

Diversified Industrial revenues related to product sales are recognized when control of the promised goods is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods. This condition is usually met at a point-in-time when the product has been shipped to the customer, or in certain circumstances when the product has been delivered to the customer, depending on the terms of the contract. However, revenues for certain custom manufactured goods are recognized over time as the customer order is fulfilled (for example, contracts for sale of custom manufactured goods that do not have an alternative use and for which the Company has an enforceable right to payment). Generally, a cost incurred input method is used to determine the timing of revenue recognition for over time arrangements. Service revenues are primarily recognized in the amount to which the entity has a right to invoice.

Certain customers may receive sales incentives, such as right of return, rebates, volume discounts and early payment discounts, which are accounted for as variable consideration. The Company estimates these amounts based on the expected incentive amount to be provided to customers and reduces revenues, and these estimates are typically constrained. The Company adjusts its estimate of revenue at the earlier of when the expected value or most likely amount of consideration we expect to receive changes or when the consideration becomes fixed.

Diversified Industrials' service revenues are generated primarily by repair and maintenance work performed on equipment used at mass merchants, supermarkets and restaurants. Service revenues are primarily recognized in the amount to which the entity has a right to invoice.

Energy Segment

The Energy segment provides drilling and production services to the oil and gas industry in the U.S. The services provided include well completion and recompletion, well maintenance and workover, flow testing, down hole pumping, plug and abatement, well logging and perforating wireline services. Service revenues are recognized in the amount to which the entity has a right to invoice. Consideration for Energy contracts is generally fixed.

An immaterial portion of Energy revenues are service revenues related to Energy's youth sports business. These service revenues are recognized when services are provided to the customer, in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those services. Consideration for the Energy's sports business contracts is generally fixed.

Financial Services Segment

WebBank generates revenue through a combination of interest income and non-interest income. Interest income is derived from interest and fees earned on loans and investments. Interest income is accrued on the unpaid principal balance, including amortization of premiums and accretion of discounts. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield over the estimated life of the loan. Non-interest income is primarily derived from premiums on the sale of loans, loan servicing fees, origination fees earned on certain loans and fee income on contractual lending arrangements.

Supply Chain Segment

The Supply Chain segment recognizes revenue from its contracts with customers primarily from the sale of supply chain management services. Revenue is recognized when control of the promised goods or services transferred to a customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Amounts billed to customers under supply chain management services arrangements include revenue attributable to the services performed as well as for materials procured on the customer's behalf as part of its service to them. The majority of these arrangements consist of two distinct performance obligations (i.e. warehousing/inventory management service and a separate kitting/packaging/assembly service), revenue related to each of which is recognized over time as services are performed using an input method based on the level of efforts expended.

Concentration of Revenue

No single customer accounted for 10% or more of the Company's consolidated revenues in 2023 or 2022.

Fair Value Measurements

The Company measures certain assets and liabilities at fair value (see Note 18 - "Fair Value Measurements"). Fair value is 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. Fair values of assets and liabilities are determined based on a three-level measurement input hierarchy. Level 1 inputs are quoted prices in active markets for identical assets or liabilities as of the measurement date. Level 2 inputs are other than quoted market prices that are observable, either directly or indirectly, for an asset or liability. Level 2 inputs can include quoted prices in active markets for similar assets or liabilities, quoted prices in a market that is not active for identical assets or liabilities, or other inputs that can be corroborated by observable market data. Level 3 inputs are unobservable for the asset or liability when there is little, if any, market activity for the asset or liability. Level 3 inputs are based on the best information available and may include data developed by the Company.

Pension Plans

The Company sponsors qualified and non-qualified pension and other post-retirement benefit plans covering certain of its current or former employees. In accordance with accounting standards for employee pension benefits, the Company recognizes on a plan-by-plan basis the unfunded status of its pension and post-retirement benefit plans in the consolidated financial statements and measures its pension plan assets and benefit obligations as of December 31, except for Steel Connect's employee benefit plans which are measured as of its fiscal year end, July 31 (and approximates the value at December 31). The obligation for the Company's pension and post-retirement benefit plans and the related annual costs of employee benefits are calculated based on several long-term assumptions, including discount rates and expected mortality for employee benefit liabilities, rates of return on plan assets and expected annual rates for salary increases for employee participants.

Equity-Based Compensation

The Company accounts for restricted stock units granted to employees and non-employee directors as compensation expense, which is recognized in exchange for the services received. The compensation expense is based on the fair value of the equity instruments on the grant-date and is recognized as an expense over the service period of the recipients. The Company accounts for forfeitures in the period in which they occur.

Income Taxes

SPLP and certain of its subsidiaries, as limited partnerships, are generally not responsible for federal and state income taxes, and their profits and losses are passed directly to their partners for inclusion in their respective income tax returns. SPLP's subsidiaries that are corporate entities are subject to federal and state income taxes and file corporate income tax returns.

SPLP's subsidiaries that are subject to income taxes use the liability method of accounting for such taxes. Under the liability method, deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and deferred tax liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and deferred tax liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Such subsidiaries evaluate the recoverability of deferred tax assets and establish a valuation allowance when it is more likely than not that some portion of the deferred tax assets will not be realized.

When tax returns are filed, it is highly certain that most positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the Company's consolidated financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is provided

for and reflected as a liability for unrecognized tax benefits on the Company's consolidated balance sheets, along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

SPLP's policy is to record estimated interest and penalties related to the underpayment of income taxes as income tax provision in its consolidated statements of operations.

The Company does not release income tax effects from AOCI until the underlying asset or liability to which the income tax relates has been derecognized from the balance sheet or otherwise terminated.

Foreign Currency Translation

Assets and liabilities of SPLP's foreign subsidiaries are translated at current exchange rates and related revenues and expenses are translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments are recorded as a separate component of other comprehensive income or loss. Gains and losses arising from transactions denominated in a currency other than the functional currency of the reporting entity are included in earnings.

Legal Contingencies

The Company is subject to litigation, proceedings, claims or assessments and various contingent liabilities incidental to its business or assumed in connection with certain business acquisitions. The Company accrues a charge for a loss contingency when it believe it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. If the loss is within a range of specified amounts, the most likely amount is accrued, and the Company accrues the minimum amount in the range if no amount within the range represents a better estimate. Generally, the Company records the loss contingency at the amount we expect to pay to resolve the contingency, and the amount is generally not discounted to the present value. Amounts recoverable under insurance contracts are recorded as assets when recovery is deemed probable. Contingencies that might result in a gain are not recognized until realizable. Changes to the amount of the estimated loss or resolution of one or more contingencies could have a material impact on our results of operations, financial position and cash flows.

Environmental Liabilities

The Company accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for environmental liabilities are included in Accrued liabilities and Other non-current liabilities. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study.

These accruals are adjusted periodically as assessment and remediation efforts progress or as additional technical or legal information becomes available. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. The actual settlement of the Company's liability for environmental matters could materially differ from its estimates due to a number of uncertainties such as the extent of contamination, changes in environmental laws and regulations, potential improvements in remediation technologies and the participation of other responsible parties.

Adoption of New Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to an expected loss model and adds certain new required disclosures. Under the expected loss model, entities recognize estimated credit losses over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. The Company adopted ASU 2016-13 on January 1, 2023. The guidance was applied on a modified-retrospective basis, with the cumulative-effect adjustment recorded to partners' capital on the adoption date. The adoption did not have a material effect on the Company's trade receivables and other financial assets of its Diversified Industrial and Energy segments. The Company's Financial Services segment recognized an increase of \$5,248 to its Allowance for Credit Losses and a decrease of \$3,862, net of tax cumulative effect adjustment to the beginning balance of partners' capital from the adoption of ASU 2016-13. Steel Connect, which comprise the Company's Supply Chain segment, elected to early adopt ASU 2016-13 as of the date of the Exchange Transaction, or May 1, 2023, in order to confirm with our accounting policies. The adoption did not have a material effect on the trade receivables and other financial assets of the Company's Supply Chain segment.

WebBank analyzed the portfolio segments and classes of financing receivables based on the implementation of the new standard. There were no necessary changes in the portfolio segments or classes of financing receivables.

The amortized cost basis for loans is the combination of the balance, deferred fees and costs, and premium or discount. WebBank does not generally record an allowance for credit losses ("ACL") for accrued interest because uncollectible accrued interest is reversed through interest income in a timely manner in line with the nonaccrual and past due policies for loans. Accrued interest is included in other assets on the consolidated balance sheets.

Accounting Standards Not Yet Effective

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which is intended to enhance the transparency, decision usefulness and effectiveness of income tax disclosures. The new guidance requires disaggregated information about the effective tax rate reconciliation and additional information on taxes paid that meet a quantitative threshold. The new guidance is effective for annual reporting periods beginning after December 15, 2024, with early adoption and retrospective application permitted. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statement disclosures; however, adoption will not impact its consolidated balance sheets or income statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses, allowing financial statement users to better understand the components of a segment's profit or loss to assess potential future cash flows for each reportable segment and the entity as a whole. The new guidance requires a public entity to disclose significant expenses and other segment items that are regularly reported to the chief operating decision maker ("CODM") and the nature of segment expense information used to manage operations. Additionally, it requires a public entity to disclose the title and position of the CODM. The ASU does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. The new guidance is effective for annual reporting periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statement disclosures; however, adoption will not impact its consolidated balance sheets or income statements.

In August 2023, the FASB issued ASU 2023-05, *Business Combinations-Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement ("ASU 2023-05")*. ASU 2023-05 applies to the formation of a "joint venture" or a "corporate joint venture" and requires a joint venture to initially measure all contributions received upon its formation at fair value. The new guidance is applicable to joint venture entities with a formation date on or after January 1, 2025, on a prospective basis. Early adoption is permitted. The Company is currently evaluating this guidance to determine the impact of this accounting standard; however, adoption is not expected to have a material impact on its consolidated balance sheets or income statements.

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The new standard clarifies that a contractual restriction on the sale of an equity security should not be considered in measuring the fair value of the security. The new standard also requires certain disclosures related to equity securities with contractual sale restrictions. The ASU is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The adoption is not expected to have a material impact on the Company's consolidated balance sheets or income statements.

3. REVENUES

Disaggregation of Revenues

Revenues are disaggregated at the Company's segment level since the segment categories depict how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors. For additional details related to the Company's reportable segments see Note 21 - "Segment Information."

The following table presents the Company's revenues disaggregated by geography for the years ended December 31, 2023 and 2022. The Company's revenues are primarily derived domestically. Foreign revenues are based on the country in which the legal subsidiary generating the revenue is domiciled. Revenue from any single foreign country was not material to the Company's consolidated financial statements.

	Year Ended December 31,	
	2023	2022
United States	\$ 1,744,076	\$ 1,613,438
Foreign	161,381	82,003
Total revenue	<u>\$ 1,905,457</u>	<u>\$ 1,695,441</u>

Contract Balances

Differences in the timing of revenue recognition, billings and cash collections result in billed trade receivables, unbilled receivables (contract assets) and deferred revenue (contract liabilities) on the consolidated balance sheets.

Contract Assets

Unbilled receivables arise when the timing of billings to customers differs from the timing of revenue recognition, such as when the Company recognizes revenue over time before a customer can be billed. Contract assets are classified as Prepaid expenses and other current assets on the consolidated balance sheets. The balances of contract assets as of December 31, 2023 and 2022 were \$5,317 and \$11,937, respectively. As of December 31, 2023 and 2022, the Company's return assets account was not material.

Contract Liabilities

The Company records deferred revenues when cash payments are received or due in advance of the Company's performance, including amounts that are refundable, which are recorded as contract liabilities. Contract liabilities are classified as Other current liabilities on the consolidated balance sheets based on the timing of when the Company expects to recognize revenue.

	Contract Liabilities
Balance at December 31, 2022	\$ 4,380
Deferral of revenue	23,004
Recognition of unearned revenue	(19,996)
Balance at December 31, 2023	<u>\$ 7,388</u>
Balance at December 31, 2021	\$ 3,396
Deferral of revenue	10,894
Recognition of unearned revenue	(9,910)
Balance at December 31, 2022	<u>\$ 4,380</u>

4. LEASES

The Company has operating and finance leases for operating plants, warehouses, corporate offices, housing facilities, vehicles and equipment. The Company's leases have remaining lease terms of up to 18 years.

The components of lease cost are as follows:

	Year Ended December 31,	
	2023	2022
Operating lease cost	\$ 17,497	\$ 9,669
Short-term lease cost	\$ 880	\$ 792
Finance lease cost:		
Amortization of right-of-use assets	\$ 1,782	\$ 1,521
Interest on lease liabilities	227	220
Total finance lease cost	<u>\$ 2,009</u>	<u>\$ 1,741</u>

Supplemental cash flow information related to leases is as follows:

	Year Ended December 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 15,401	\$ 10,110
Operating cash flows from finance leases	\$ 221	\$ 216
Financing cash flows from finance leases	\$ 2,342	\$ 1,995
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 15,068	\$ 19,567
Finance leases	\$ 1,795	\$ 1,863

Supplemental balance sheet information related to leases is as follows:

	December 31, 2023	December 31, 2022	Location on Consolidated Balance Sheet
Operating leases			
Operating lease right-of-use assets	\$ 76,746	\$ 42,711	Operating lease right-of-use assets
Current operating lease liabilities	\$ 17,770	\$ 7,733	Other current liabilities
Non-current operating lease liabilities	61,790	35,512	Long-term operating lease liabilities
Total operating lease liabilities	\$ 79,560	\$ 43,245	
Finance leases			
Finance lease assets	\$ 7,344	\$ 7,296	Property, plant and equipment, net
Current finance lease liabilities	\$ 2,086	\$ 2,111	Other current liabilities
Non-current finance lease liabilities	2,631	3,125	Other non-current liabilities
Total finance lease liabilities	\$ 4,717	\$ 5,236	

	Year Ended December 31,	
	2023	2022
Weighted-average remaining lease term (years)		
Operating leases	6.68 years	7.30 years
Finance leases	2.64 years	2.85 years
Weighted-average discount rate		
Operating leases	5.31 %	4.52 %
Finance leases	5.43 %	4.10 %

Maturities of lease liabilities, as of December 31, 2023, are as follows:

	Operating Leases	Finance Leases
2024	\$ 21,071	\$ 2,285
2025	17,215	1,488
2026	13,417	948
2027	10,632	361
2028	7,824	12
Thereafter	25,694	—
Total lease payments	95,853	5,094
Present value of current lease liabilities	17,770	2,086
Present value of long-term lease liabilities	61,790	2,631
Total present value of lease liabilities	79,560	4,717
Difference between undiscounted cash flows and discounted cash flows	\$ 16,293	\$ 377

5. ACQUISITIONS AND DIVESTITURES

STCN Transfer and Exchange Agreement

On April 30, 2023, the Company and Steel Connect, executed a series of agreements, in which the Steel Partners Group transferred an aggregate of 3,597,744 shares of common stock, par value \$0.10 per share, of Aerojet Rocketdyne Holdings, Inc. ("Aerojet") held by the Steel Partners Group to Steel Connect in exchange for 3,500,000 shares of newly created Series E Convertible Preferred Stock of Steel Connect (the "Series E Convertible Preferred Stock" and such transfer and related transactions, the "Exchange Transaction"). Following approval on June 6, 2023 by the Steel Connect stockholders pursuant to the rules of The Nasdaq Stock Market LLC, the Series E Convertible Preferred Stock is convertible into an aggregate of 184.9 million shares (19.8 million shares post June 21, 2023 reverse/forward stock split) of Steel Connect common stock, par value \$0.01 per share (the "common stock" or "Common Stock"), and will vote together with the Steel Connect common stock and participate in any dividends paid on the Steel Connect common stock, in each case on an as-converted basis. Upon conversion of the Series E Convertible Preferred Stock, when combined with STCN common stock, STCN convertible debt, if converted, and STCN Series C preferred shares, also if converted, owned by the Company, would result in the Steel Partners Group holding approximately 84.0% of the outstanding equity interests of Steel Connect. The Exchange Transaction closed on May 1, 2023, the date that the consideration was exchanged between the Company and Steel Connect and as of that date Steel Connect became a consolidated subsidiary for financial reporting purposes. Steel Connect is not consolidated for Federal income tax purposes because the ownership in Steel Connect is dispersed between different federal tax consolidation groups. Steel Connect's assets and liabilities have been included in the Company's consolidated balance sheet, with a related noncontrolling interest of 16.0% of STCN's common stock. Prior to May 1, 2023, the Company held a 49.6% ownership interest in Steel Connect and accounted for its investment in Steel Connect in accordance with the equity method of accounting. The Company remeasured the previously held equity method investment to its fair value based upon a valuation of Steel Connect, as of the date of the Exchange Transaction. The Exchange Transaction accomplishes the Company's objective, which is to increase ownership in Steel Connect in order to benefit from future earnings and growth and strengthens Steel Connect's balance sheet to permit it to do acquisitions.

The Exchange Transaction was accounted for in accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*, and, accordingly, Steel Connect's results of operations have been consolidated in our financial statements since the date of the Exchange Transaction. The Company recorded a preliminary allocation of the Exchange Transaction to assets acquired and liabilities assumed based on their estimated fair values as of May 1, 2023. The purchase price and purchase price allocation of the Exchange Transaction were finalized as of December 31, 2023, with no significant changes to preliminary amounts. The transaction costs associated with the Exchange Transaction were approximately \$4,678 and were expensed as incurred within selling, general and administrative expenses for the year ended December 31, 2023.

The following table summarizes the total Exchange Transaction consideration:

(in thousands)	May 1, 2023
Fair value of Aerojet common stock	\$ 202,733
Fair value of previously held interests in Steel Connect:	
Steel Connect common stock	19,010
Steel Connect Series C Preferred Stock	35,000
Steel Connect Convertible Note	13,006
Noncontrolling interest ("NCI") at fair value	44,800
Less cash acquired	(65,896)
Total estimated consideration, less cash acquired	\$ 248,653

The Company remeasured the fair value of STCN common stock using the quoted market price available on the date immediately prior to when the Exchange Transaction was executed, which was the closing market price as of Friday, April 28, 2023, as that represented the information known and knowable at the time of the Exchange Transaction. The Company notes that the change in the calculation resulted in a measurement period adjustment which reallocated the components of total estimated consideration between the fair value of previously held STCN common stock and NCI, with no change to the overall

consideration transferred. This measurement period adjustment was recorded as of December 31, 2023 and did not result in any other changes to assets or liabilities recognized by the Company.

The Company's fair value estimates of the assets acquired and the liabilities assumed in the Exchange Transaction, as well as final fair value allocations reflecting adjustments made during the measurement period to date, are as follows:

(in thousands)	Initial Estimate	Measurement Period Adjustments	Final Allocation
Trade and other receivables	\$ 36,900	\$ —	\$ 36,900
Inventories, net	6,900	—	6,900
Prepaid expenses and other current assets	5,000	—	5,000
Identifiable intangible assets	36,000	(500)	35,500
Other non-current assets	3,900	—	3,900
Property, plant and equipment, net	3,400	—	3,400
Operating lease right-of-use assets	29,250	—	29,250
Investments	202,733	—	202,733
Total assets acquired	324,083	(500)	323,583
Accounts payable	26,300	—	26,300
Accrued liabilities	29,100	—	29,100
Other current liabilities	15,230	—	15,230
Long-term operating lease liabilities	21,300	—	21,300
Other non-current liabilities	5,500	300	5,800
Total liabilities assumed	97,430	300	97,730
Goodwill	22,000	800	22,800
Net assets acquired at fair value	\$ 248,653	\$ —	\$ 248,653

The excess of the Exchange Transaction consideration over the fair value of net identifiable assets acquired and liabilities assumed was recorded as goodwill, which was primarily attributed to expected synergies and the assembled workforce of Steel Connect and will not be deductible for income tax purposes. The fair values assigned to the net identifiable assets and liabilities assumed were based on management's estimates and assumptions.

Identifiable intangible assets were recognized at their estimated acquisition date fair values. The fair value of the trade name asset was determined using the relief-from-royalty method and the fair value of the customer relationships asset was determined using the excess earnings method. These income-based approaches included assumptions such as the amount and timing of projected cash flows, growth rates, customer attrition rates, discount rates, and the assessment of the asset's life cycle. The estimated fair value and estimated remaining useful lives of identifiable intangible assets as of the Exchange Transaction date were as follows:

(in thousands)	Useful Life (Years)	Amount
Customer relationships	7	\$ 25,000
Trade name	Indefinite	10,500
Estimated fair value of identifiable intangible assets		\$ 35,500

The operating results of Steel Connect have been included in our consolidated financial statements since the date of the Exchange Transaction.

(Unaudited) Pro Forma Financial Information

The following unaudited pro forma consolidated results of operations for the fiscal year ended December 31, 2022, has been prepared as if the Exchange Transaction had occurred on January 1, 2021.

(in thousands, except per share data)

	As reported	Pro Forma
Total revenue	\$ 1,695,441	\$ 1,902,177
Income from operations before income taxes and equity method investments	\$ 275,498	\$ 284,111
Net income	\$ 206,165	\$ 271,215
Net income per common unit - basic	\$ 9.03	\$ 11.62
Net income per common unit - diluted	\$ 8.12	\$ 10.33

The unaudited pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved had the transaction been consummated as of that time, nor is it intended to be a projection of future results.

WebBank Acquisition of Security Premium Finance

On August 2, 2022, the Company, through its wholly-owned subsidiary, WebBank, completed the acquisition of Security Premium Finance Company, LLC ("Security Premium Finance"), based in Coral Gables, Florida for a total purchase price of \$47,280 which was financed with cash on hand. The purchase price contains a profit share interest valued at approximately \$1,440, of which \$190 was unpaid as of December 31, 2022. Security Premium Finance provides insurance premium financing services for commercial and consumer clients to purchase property and casualty insurance products. Security Premium Finance is included with WebBank in the Company's Financial Services segment. In connection with the acquisition, the Company recorded premium finance receivables, other intangible assets and goodwill associated with the acquisition, totaling approximately \$43,124, \$1,370 and \$2,959, respectively, as well as other assets and liabilities. Other intangible assets primarily consist of agent relationships. The goodwill from the acquisition consists largely of the synergies expected from combining the operations of the two businesses. The goodwill of \$2,959 is amortizable for income tax purposes.

The purchase price and purchase price allocation of Security Premium Finance were finalized as of March 31, 2023, with no significant changes to preliminary amounts. The results of operations of Security Premium Finance are included with WebBank in the Company's Financial Services segment.

2022 Noncontrolling Interest Acquisition

On January 7, 2022, the Company entered into stock purchase agreements with certain stockholders of iGo, Inc. ("iGo") to purchase such stockholders' shares of iGo common stock at \$5.50 per share in cash. Following the acquisition of such shares, the Company owned more than 90% of iGo's outstanding shares. On January 14, 2022, iGo merged with a subsidiary of the Company ("Merger") without a vote or meeting of iGo's stockholders pursuant to the short-form merger provisions under the Delaware General Corporation Law. All remaining shares of iGo common stock not owned by the Company immediately prior to the Merger were converted into the right to receive \$5.50 per share in cash, and the Company acquired all iGo shares it previously did not own for approximately \$8,606. Upon completion of the Merger, iGo became a wholly-owned subsidiary of the Company.

2022 Investment in Nonconsolidated Affiliate

On April 1, 2022, the Company acquired an interest in PCS-Mosaic Co-Invest L.P. ("PCS-Mosaic"), a private investment fund for a purchase price of approximately \$23,600. The fund is primarily invested in specialized software development and training services. The Company accounts for its investment as an equity method investment as the Company does not have a controlling financial interest. The Company has not elected the fair value option to account for PCS-Mosaic which will be carried at cost, plus or minus the Company's share of net earnings or losses of the investment, subject to certain other adjustments. The Company's share of net earnings or losses of the investment is included in Loss (income) of associated companies, net of taxes, on the Company's consolidated statements of operations. Dividends received from the investee reduce the carrying amount of the investment. Due to the timing of receiving financial information from PCS-Mosaic, the Company will record its share of net earnings or losses on a three month lag basis. For additional details, see Note 10 – "Investments."

On April 25, 2022, the Company completed the sale of its subsidiary, SL Power Electronics Corporation ("SLPE"), to AEI US Subsidiary LLC, a subsidiary of Advanced Energy Industries, Inc. for a sales price of \$144,500, consisting entirely of cash, subject to customary closing net working capital adjustments. The Company recognized a pre-tax gain from operations of \$86,507 which is presented in Gains from sales of businesses in the consolidated statement of operations for the year ended December 31, 2022. SLPE designed, manufactured, and marketed power conversion solutions for original equipment manufacturers in the medical, lighting, audio-visual, controls, and industrial sectors and comprised the Company's Electrical Products business in the Diversified Industrial segment. SLPE recognized net sales of \$19,408 and income before taxes of \$72 for the year ended December 31, 2022.

6. LOANS RECEIVABLE, INCLUDING LOANS HELD FOR SALE

Major classifications of Loans receivable, including loans held for sale, held by WebBank at December 31, 2023 and 2022 are as follows:

	Total				Current		Non-current	
	December 31, 2023	%	December 31, 2022	%	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Loans held for sale	<u>\$ 868,884</u>		<u>\$ 602,675</u>		<u>\$ 868,884</u>	<u>\$ 602,675</u>	<u>\$ —</u>	<u>\$ —</u>
Commercial real estate loans	\$ 2,078	— %	\$ 987	— %	—	—	2,078	\$ 987
Commercial and industrial	980,722	87 %	857,817	87 %	646,890	472,934	333,832	384,883
Consumer loans	142,410	13 %	123,204	13 %	92,248	85,826	50,162	37,378
Total loans	<u>1,125,210</u>	<u>100 %</u>	<u>982,008</u>	<u>100 %</u>	<u>739,138</u>	<u>558,760</u>	<u>386,072</u>	<u>423,248</u>
Less:								
Allowance for credit losses	(25,486)		(29,690)		(25,486)	(29,690)	—	—
Total loans receivable, net	<u>\$ 1,099,724</u>		<u>\$ 952,318</u>		<u>713,652</u>	<u>529,070</u>	<u>386,072</u>	<u>423,248</u>
Loans receivable, including loans held for sale ^(a)					<u>\$ 1,582,536</u>	<u>\$ 1,131,745</u>	<u>\$ 386,072</u>	<u>\$ 423,248</u>

(a) The amortized cost of loans receivable, including loans held for sale, is considered to be representative of fair value because the rates of interest are not significantly different from market interest rates for instruments with similar maturities. The fair value of loans receivable, including loans held for sale, was \$1,967,021 and \$1,548,035 at December 31, 2023 and 2022, respectively.

Loans with an amortized cost of approximately \$381,256 and \$323,740 were pledged as collateral for potential borrowings at December 31, 2023 and 2022, respectively. WebBank serviced \$1,744 and \$2,700 in loans for others at December 31, 2023 and 2022, respectively.

WebBank sold loans classified as loans held for sale of \$19,907,907 and \$16,249,021 during the year ended December 31, 2023 and 2022, respectively. The sold loans were derecognized from the consolidated balance sheets. Loans classified as loans held for sale primarily consist of consumer and small business loans. Amounts added to loans held for sale were \$20,356,321 and \$16,744,182 during the year ended December 31, 2023 and 2022, respectively.

WebBank's ACL decreased \$4,204, or 14%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022. The decrease in ACL during the year ended December 31, 2023 was driven by a shift to lower risk loan balances, partially offset by an increase related to the adoption of CECL.

Changes in the ACL are summarized as follows:

	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
December 31, 2021	\$ 23	\$ 9,205	\$ 4,697	\$ 13,925
Charge-offs	—	(6,095)	(4,011)	(10,106)
Recoveries	27	1,534	1,133	2,694
Provision	(22)	13,849	9,350	23,177
December 31, 2022	\$ 28	\$ 18,493	\$ 11,169	\$ 29,690
Impact of adopting ASC 326	1	1,144	3,597	4,742
Charge-offs	—	(51,691)	(9,262)	(60,953)
Recoveries	59	1,479	425	1,963
Provision	(13)	45,319	4,738	50,044
December 31, 2023	\$ 75	\$ 14,744	\$ 10,667	\$ 25,486

The ACL and outstanding loan balances are summarized as follows:

December 31, 2023	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
Allowance for credit losses:				
Individually evaluated for impairment	\$ 8	\$ 1,000	\$ —	\$ 1,008
Collectively evaluated for impairment	67	13,744	10,667	24,478
Total	\$ 75	\$ 14,744	\$ 10,667	\$ 25,486
Outstanding loan balances:				
Individually evaluated for impairment	\$ 8	\$ 3,095	\$ —	\$ 3,103
Collectively evaluated for impairment	2,070	977,627	142,410	1,122,107
Total	\$ 2,078	\$ 980,722	\$ 142,410	\$ 1,125,210

December 31, 2022	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
Allowance for credit losses:				
Individually evaluated for impairment	\$ 8	\$ 825	\$ —	\$ 833
Collectively evaluated for impairment	20	17,668	11,169	28,857
Total	\$ 28	\$ 18,493	\$ 11,169	\$ 29,690
Outstanding loan balances:				
Individually evaluated for impairment	\$ 8	\$ 4,357	\$ —	\$ 4,365
Collectively evaluated for impairment	979	853,460	123,204	977,643
Total	\$ 987	\$ 857,817	\$ 123,204	\$ 982,008

Nonaccrual and Past Due Loans

Commercial and industrial loans past due 90 days or more and still accruing interest were \$10,270 and \$11,260 at December 31, 2023 and 2022, respectively. Consumer loans past due 90 days or more and still accruing interest were \$4,790 and 4,680 at December 31, 2023 and 2022, respectively. The Company had nonaccrual loans of \$814 and \$788 at December 31, 2023 and December 31, 2022, respectively.

Past due loans (accruing and nonaccruing) are summarized as follows:

December 31, 2023	Current	30-89 Days Past Due	90+ Days Past Due	Total Past Due	Total Loans	Recorded Investment In Accruing Loans 90+ Days Past Due	Nonaccrual Loans That Are Current ^(a)
Commercial real estate loans	\$ 2,078	\$ —	\$ —	\$ —	\$ 2,078	\$ —	\$ —
Commercial and industrial	959,852	10,600	10,270	20,870	980,722	10,270	814
Consumer loans	132,570	5,050	4,790	9,840	142,410	4,790	—
Total loans	\$ 1,094,500	\$ 15,650	\$ 15,060	\$ 30,710	\$ 1,125,210	\$ 15,060	\$ 814

(a) Represents nonaccrual loans that are not past due more than 30 days; however, full payment of principal and interest is still not expected.

December 31, 2022	Current	30-89 Days Past Due	90+ Days Past Due	Total Past Due	Total Loans	Recorded Investment In Accruing Loans 90+ Days Past Due	Nonaccrual Loans That Are Current^(a)
Commercial real estate loans	\$ 987	\$ —	\$ —	\$ —	\$ 987	\$ —	\$ —
Commercial and industrial	832,757	13,800	11,260	25,060	857,817	11,260	788
Consumer loans	115,054	3,470	4,680	8,150	123,204	4,680	—
Total loans	<u>\$ 948,798</u>	<u>\$ 17,270</u>	<u>\$ 15,940</u>	<u>\$ 33,210</u>	<u>\$ 982,008</u>	<u>\$ 15,940</u>	<u>\$ 788</u>

(a) Represents nonaccrual loans that are not past due more than 30 days; however, full payment of principal and interest is still not expected.

Credit Quality Indicators

In addition to the past due and nonaccrual criteria, loans are analyzed using a loan grading system. Generally, internal grades are assigned to commercial loans based on the performance of the loans, financial/statistical models and loan officer judgment. For consumer loans and some commercial and industrial loans, the primary credit quality indicator is payment status. Reviews and grading of loans with unpaid principal balances of \$100 or more is performed once per year. Grades follow definitions of Pass, Special Mention, Substandard and Doubtful, which are consistent with published definitions of regulatory risk classifications. The definitions of Pass, Special Mention, Substandard and Doubtful are summarized as follows:

- *Pass*: An asset in this category is a higher quality asset and does not fit any of the other categories described below. The likelihood of loss is considered remote.
- *Special Mention*: An asset in this category has a specific weakness or problem but does not currently present a significant risk of loss or default as to any material term of the loan or financing agreement.
- *Substandard*: An asset in this category has a developing or minor weakness or weaknesses that could result in loss or default if deficiencies are not corrected or adverse conditions arise.
- *Doubtful*: An asset in this category has an existing weakness or weaknesses that have developed into a serious risk of significant loss or default with regard to a material term of the financing agreement.

Outstanding loan balances (accruing and nonaccruing) categorized by these credit quality indicators are summarized as follows:

December 31, 2023	Non - Graded	Pass	Special Mention	Sub- standard	Doubtful	Total Loans
Commercial real estate loans	\$ —	\$ 2,070	\$ —	\$ 8	\$ —	\$ 2,078
Commercial and industrial	675,952	301,675	—	3,095	—	980,722
Consumer loans	142,410	—	—	—	—	142,410
Total loans	<u>\$ 818,362</u>	<u>\$ 303,745</u>	<u>\$ —</u>	<u>\$ 3,103</u>	<u>\$ —</u>	<u>\$ 1,125,210</u>

December 31, 2022	Non - Graded	Pass	Special Mention	Sub- standard	Doubtful	Total Loans
Commercial real estate loans	\$ —	\$ 979	\$ —	\$ 8	\$ —	\$ 987
Commercial and industrial	566,419	287,041	—	3,569	788	857,817
Consumer loans	123,204	—	—	—	—	123,204
Total loans	<u>\$ 689,623</u>	<u>\$ 288,020</u>	<u>\$ —</u>	<u>\$ 3,577</u>	<u>\$ 788</u>	<u>\$ 982,008</u>

The following table presents the amortized cost basis loan balances by year of origination and credit quality indicator:

As of December 31, 2023							Revolving loans amortized cost basis	Total
Amortized Cost Basis by Origination Year								
	2023	2022	2021	2020	2019	Prior		
Commercial Real Estate Loans								
Risk Rating:								
Pass	\$ 1,116	\$ 591	\$ 126	\$ 61	\$ 42	\$ 134	\$ —	\$ 2,070
Sub-standard	—	—	—	—	—	8	—	8
Total Commercial Real Estate Loans	\$ 1,116	\$ 591	\$ 126	\$ 61	\$ 42	\$ 142	\$ —	\$ 2,078
Commercial & Industrial								
Risk Rating:								
Pass	\$ 135,468	\$ 114,821	\$ 51,181	\$ 205	\$ —	\$ —	\$ —	\$ 301,675
Non - graded	508,163	11,717	414	1,901	278	62	153,417	675,952
Sub-standard	560	27	—	—	—	2,508	—	3,095
Total Commercial & Industrial	\$ 644,191	\$ 126,565	\$ 51,595	\$ 2,106	\$ 278	\$ 2,570	\$ 153,417	\$ 980,722
Current period gross charge-offs	\$ 1,751	\$ 11,932	\$ 37,036	\$ 508	\$ 458	\$ 6	\$ —	\$ 51,691
Consumer Loans								
Risk Rating:								
Non - graded	\$ 74,242	\$ 25,733	\$ 2,475	\$ 594	\$ 1,056	\$ 51	\$ 38,259	\$ 142,410
Total Consumer Loans	\$ 74,242	\$ 25,733	\$ 2,475	\$ 594	\$ 1,056	\$ 51	\$ 38,259	\$ 142,410
Current period gross charge-offs	\$ 2,315	\$ 3,634	\$ 242	\$ 163	\$ 301	\$ 95	\$ 2,512	\$ 9,262

As of December 31, 2022							Revolving loans amortized cost basis	Total
Amortized Cost Basis by Origination Year								
	2022	2021	2020	2019	2018	Prior		
Commercial Real Estate Loans								
Risk Rating:								
Pass	\$ 604	\$ 128	\$ 62	\$ 50	\$ 26	\$ 109	\$ —	\$ 979
Sub-standard	—	—	—	—	—	8	—	8
Total Commercial Real Estate Loans	\$ 604	\$ 128	\$ 62	\$ 50	\$ 26	\$ 117	\$ —	\$ 987
Commercial & Industrial								
Risk Rating:								
Pass	\$ 110,815	\$ 164,794	\$ 11,432	\$ —	\$ —	\$ —	\$ —	\$ 287,041
Non - graded	424,501	6,970	5,194	509	74	—	129,171	566,419
Sub-standard	834	3	—	—	2,732	—	—	3,569
Doubtful	—	—	—	—	788	—	—	788
Total Commercial & Industrial	\$ 536,150	\$ 171,767	\$ 16,626	\$ 509	\$ 3,594	\$ —	\$ 129,171	\$ 857,817
Current period gross charge-offs	\$ 1,136	\$ 1,918	\$ 1,268	\$ 941	\$ 832	\$ —	\$ —	\$ 6,095
Consumer Loans								
Risk Rating:								
Non - graded	\$ 62,268	\$ 5,270	\$ 1,616	\$ 4,141	\$ 742	\$ 9	\$ 49,158	\$ 123,204
Total Consumer Loans	\$ 62,268	\$ 5,270	\$ 1,616	\$ 4,141	\$ 742	\$ 9	\$ 49,158	\$ 123,204
Current period gross charge-offs	\$ 290	\$ 99	\$ 320	\$ 2,397	\$ 500	\$ 62	\$ 343	\$ 4,011

Impaired Loans

Loans are considered impaired when, based on current information and events, it is probable that WebBank will be unable to collect all amounts due in accordance with the contractual terms of the loan agreement, including scheduled interest payments. When loans are impaired, WebBank estimates the amount of the balance that is impaired and allocates additional reserves to the loan based on the estimated present value of the loan's future cash flows discounted at the loan's effective interest rate, the observable market price of the loan, or the fair value of the loan's underlying collateral less the cost to sell. When the

impairment is based on the fair value of the loan's underlying collateral, the portion of the balance that is impaired is generally charged off.

During the year ended December 31, 2023, WebBank did not issue new loans under the SBA Paycheck Protection Program ("PPP") authorized under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The existing loans were funded by the PPP Liquidity Facility, have terms of between two and five years, and their repayment is guaranteed by the SBA. Payments by borrowers on the loans can begin up to 16 months after the note date, and interest will continue to accrue during the 16-month deferment at 1%. Loans can be forgiven in whole or in part (up to full principal and any accrued interest) if certain criteria are met. Loan processing fees paid to WebBank from the SBA are accounted for as loan origination fees. Net deferred fees are recognized over the life of the loan as yield adjustments on the loans. If a loan is paid off or forgiven by the SBA prior to its maturity date, the remaining unamortized deferred fees will be recognized in interest income at that time. The PPP loans are included in Commercial and industrial loans in the table above.

As of December 31, 2023, the total PPP loans and associated liabilities were \$16,660 and \$15,065, respectively, and included in Long-Term loans receivable, net, and Other borrowings, respectively, in the consolidated balance sheet as of December 31, 2023. As of December 31, 2022, the total PPP loans and associated liabilities were \$48,656 and \$41,682, respectively and included in Long-term loans receivable, net, and Other borrowings, respectively, in the consolidated balance sheet as of December 31, 2023 and 2022. Upon borrower forgiveness, the SBA pays WebBank for the principal and accrued interest owed on the loan. WebBank has received forgiveness payments from the SBA and received payments from borrowers of \$3,079,326 comprising 99.4% of its PPP portfolio through December 31, 2023.

The Company was offering loan modifications to assist borrowers during the COVID-19 pandemic. The Company's loan modifications allow for payment deferrals, payment reduction, and settlements amongst others. At December 31, 2023, the Company had granted loan modifications on \$786 of loans. The loan modification program is ongoing and additional loans continue to be granted modifications. The Company granted approximately 3,847 short-term deferments on loan balances of \$786, which represent 0.07% of total loan balances as of December 31, 2023.

7. INVENTORIES, NET

A summary of Inventories, net is as follows:

	December 31, 2023	December 31, 2022
Finished products	\$ 62,798	\$ 57,487
In-process	34,376	39,300
Raw materials	68,895	79,008
Fine and fabricated precious metal in various stages of completion	36,393	39,104
	202,462	214,899
LIFO reserve	(168)	(815)
Total	\$ 202,294	\$ 214,084

Fine and Fabricated Precious Metal Inventory

In order to produce certain of its products, the Company purchases, maintains and utilizes precious metal inventory. The Company records certain precious metal inventory at the lower of LIFO cost or market value, with any adjustments recorded through Cost of goods sold. Remaining precious metal inventory is accounted for primarily at fair value.

The Company obtains certain precious metals under a fee consignment agreement. As of December 31, 2023 and 2022, the Company had approximately \$30,242 and \$29,381, respectively, of precious metals, principally silver, under consignment, which are recorded at fair value in Inventories, net with a corresponding liability for the same amount recorded in Accounts payable on the Company's consolidated balance sheets. Fees charged under the consignment agreement are recorded in Interest expense in the Company's consolidated statements of operations.

	December 31, 2023	December 31, 2022
Supplemental inventory information:		
Precious metals stated at LIFO cost	\$ 2,113	\$ 6,678
Precious metals stated under non-LIFO cost methods, primarily at fair value	\$ 34,112	\$ 31,611
Market value per ounce: (in whole dollars)		
Silver	\$ 23.93	\$ 23.91
Gold	\$ 2,069.11	\$ 1,824.52
Platinum	\$ 998.58	\$ 1,073.91
Palladium	\$ 1,108.32	\$ 1,799.36

8. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

A reconciliation of the change in the carrying amount of goodwill by reportable segment is as follows:

	Diversified Industrial	Energy	Financial Services	Supply Chain	Corporate and Other	Total
Balance at December 31, 2022:						
Gross goodwill	\$ 155,183	\$ 67,143	\$ 9,474	—	\$ 81	\$ 231,881
Accumulated impairments	(41,278)	(64,790)	—	—	—	(106,068)
Net goodwill	113,905	2,353	9,474	—	81	125,813
Acquisitions ^(a)	—	—	—	22,785	—	22,785
Currency translation adjustments	240	—	—	—	—	240
Balance at December 31, 2023:						
Gross goodwill	155,423	67,143	9,474	22,785	81	254,906
Accumulated impairments	(41,278)	(64,790)	—	—	—	(106,068)
Net goodwill	\$ 114,145	\$ 2,353	\$ 9,474	\$ 22,785	\$ 81	\$ 148,838

(a) Related to the Exchange Transaction with Steel Connect. See Note 5 - "Acquisitions and Divestitures".

	Diversified Industrial	Energy	Financial Services	Corporate and Other	Total
Balance at December 31, 2021:					
Gross goodwill	\$ 180,347	\$ 67,143	\$ 6,515	\$ 81	\$ 254,086
Accumulated impairments	(41,278)	(64,790)	—	—	(106,068)
Net goodwill	139,069	2,353	6,515	81	148,018
Acquisitions ^(a)	—	—	2,959	—	2,959
Divestitures ^(b)	(25,157)	—	—	—	(25,157)
Currency translation adjustments	(7)	—	—	—	(7)
Balance at December 31, 2022:					
Gross goodwill	155,183	67,143	9,474	81	231,881
Accumulated impairments	(41,278)	(64,790)	—	—	(106,068)
Net goodwill	\$ 113,905	\$ 2,353	\$ 9,474	\$ 81	\$ 125,813

(a) Related to the acquisition of Security Premium Finance. See Note 5 - "Acquisitions and Divestitures."

(b) Related to the divestiture of the SLPE business. See Note 5 - "Acquisitions and Divestitures."

For 2023, the Company utilized a quantitative approach for all of its reporting units. The assessment was based on a combination of income and market approaches to estimate the fair value of the reporting units, which indicated that the fair values of the reporting units exceeded their respective carrying values. Significant assumptions used in the discounted cash flow analyses included expected future earnings and cash flows, which are based on management's current expectations, as well as the related risk-adjusted discount rate used to estimate fair value. There were no goodwill impairment charges recorded as a result of these assessments. It is possible in future periods that further declines in market conditions, customer demand or other potential changes in operations may increase the risk that these assets are impaired. At December 31, 2023, the goodwill related to the Electrical Products reporting unit is at risk of future impairment if the fair value of this reporting unit, and its associated assets, decrease in value due to the amount and timing of expected future cash flows, decreased customer demand for Electrical Products' services, an inability to execute management's business strategies, or general market conditions, such as economic downturns, and changes in interest rates, including discount rates. Future cash flow estimates are, by their nature, subjective, and actual results may differ materially from the Company's estimates. If the Company's ongoing cash flow projections are not met or if market factors utilized in the impairment test deteriorate, including an unfavorable change in the terminal growth rate or the weighted-average cost of capital, the Company may have to record impairment charges in future periods. As of December 31, 2023 the Electrical Products reporting unit had \$46,682 of goodwill and its fair value exceeded its net book value by 11%.

A summary of Other intangible assets, net is as follows:

	December 31, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	\$ 216,968	\$ 144,686	\$ 72,282	\$ 191,508	\$ 132,246	\$ 59,262
Trademarks, trade names and brand names	57,160	23,431	33,729	46,601	21,755	24,846
Developed technology, patents and patent applications	33,102	25,086	8,016	32,762	23,276	9,486
Other	16,662	16,512	150	16,657	15,468	1,189
Total	<u>\$ 323,892</u>	<u>\$ 209,715</u>	<u>\$ 114,177</u>	<u>\$ 287,528</u>	<u>\$ 192,745</u>	<u>\$ 94,783</u>

Trademarks with indefinite lives as of December 31, 2023 and 2022 were \$22,210 and \$11,680, respectively. Amortization expense related to intangible assets was \$16,587 and \$15,361 for the years ended December 31, 2023 and 2022, respectively. The estimated amortization expense for each of the five succeeding years and thereafter is as follows:

	Year Ending December 31,					
	2024	2025	2026	2027	2028	Thereafter
Estimated amortization expense	\$ 17,192	\$ 15,705	\$ 13,687	\$ 13,007	\$ 12,213	\$ 20,163

9. PROPERTY, PLANT AND EQUIPMENT, NET

A summary of property, plant and equipment, net is as follows:

	December 31, 2023	December 31, 2022
Land	\$ 22,810	\$ 22,723
Buildings and improvements	118,552	101,223
Machinery, equipment and other	481,923	453,452
Construction in progress	21,098	21,721
	<u>644,383</u>	<u>599,119</u>
Accumulated depreciation	(390,403)	(360,609)
Property, plant and equipment, net	<u>\$ 253,980</u>	<u>\$ 238,510</u>

Depreciation expense was \$39,978 and \$38,394 for the years ended December 31, 2023 and 2022, respectively.

10. INVESTMENTS

The following table summarizes the Company's long-term investments as of December 31, 2023 and 2022:

	Ownership %		Long-Term Investments Balance	
	December 31,		December 31,	
	2023	2022	2023	2022
Aerojet Rocketdyne Holdings, Inc. ^(a)	— %	4.5 %	—	201,278
Steel Connect convertible note ^(b)			—	14,521
STCN preferred stock ^(b)			—	35,000
STCN common stock ^(b)	— %	30.0 %	—	26,000
PCS-Mosaic ^(c)	58.3 %	59.0 %	19,067	23,323
Other long-term investments ^(d)			22,158	9,575
Total			<u>\$ 41,225</u>	<u>\$ 309,697</u>

- (a) During the three months ended September 30, 2023, Steel Connect disposed of all its interest in Aerojet common Stock which it received in the Exchange Transaction for net proceeds of \$207,799. See Note 5 - "Acquisitions and Divestitures."
- (b) Balance included the Company's investment in STCN as of December 31, 2022. The Company's ownership of Steel Connect increased to 84.0% on May 1, 2023, as discussed in Note 5 - "Acquisitions and Divestitures" and, as of May 1, 2023, STCN is consolidated by the Company. The STCN convertible notes are outstanding as of December 31, 2023 and are eliminated in consolidation.
- (c) Represents the Company's investment in PCS-Mosaic as described in Note 5 - "Acquisitions and Divestitures" and below.
- (d) The balance consists of multiple common stock investments of public and non-public companies and available for sale securities.

	Loss (Income) of Associated Companies, Net of Taxes Year Ended December 31,	
	2023	2022
STCN convertible notes	\$ 391	\$ 243
STCN preferred stock	—	(563)
STCN common stock	5,251	(4,502)
PCS-Mosaic	3,236	211
Total	\$ 8,878	\$ (4,611)

For the three months ended September 30, 2023, the Company recorded a non-cash impairment charge of approximately \$3,140, net of taxes, related to other-than-temporary impairment (“OTTI”) recognized on our equity method investment in PCS-Mosaic. During the quarter ended September 30, 2023, the Company performed an interim impairment test of PCS-Mosaic due to the loss of a significant customer contract by a business that PCS-Mosaic is invested in. The Company calculated the fair value of PCS-Mosaic using a discounted cash flow model. After the evaluation, the Company determined the investment in PCS-Mosaic to be other than temporarily impaired and adjusted its carrying value to its fair value.

The amount of unrealized gains that relate to equity securities still held as of December 31, 2023 and 2022 are as follows:

	Year Ended December 31,	
	2023	2022
Net gains recognized during the period on equity securities	\$ (7,074)	\$ (34,791)
Less: Net gains recognized during the period on equity securities sold during the period	(7,046)	(17,025)
Unrealized gains recognized during the period on equity securities still held at the end of the period	\$ (28)	\$ (17,766)

Equity Method Investments

As of December 31, 2023, the Company's investments in associated companies includes PCS-Mosaic, which is accounted for under the equity method of accounting. PCS-Mosaic is a private investment fund primarily invested in specialized software development and training services. PCS-Mosaic is carried at cost, plus or minus the Company's share of net earnings or losses of the investment. For the year ended December 31, 2023, the Company recorded a non-cash impairment charge of approximately \$3,140, net of taxes, related to OTTI recognized on our equity method investment in PCS-Mosaic. Associated companies are included in the Corporate and Other segment.

Beginning May 1, 2023, STCN was consolidated by the Company. Refer to Note 5 - "Acquisitions and Divestitures" for further details of the exchange transactions between the Company and STCN.

Other Investments

WebBank has HTM debt securities which are carried at amortized cost and included in Other non-current assets on the Company's consolidated balance sheets. The amount and contractual maturities of HTM debt securities are noted in the tables below. Actual maturities may differ from expected or contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties. The securities are collateralized by unsecured consumer loans.

December 31, 2023				
	Amortized Cost	Gross Unrealized Gains	Estimated Fair Value	Carrying Value
Collateralized securities	\$ 322,268	\$ 2,199	\$ 324,467	\$ 322,268
Contractual maturities within:				
Less than five years				318,644
Five years to ten years				—
After ten years				3,624
Total				\$ 322,268

December 31, 2022				
	Amortized Cost	Gross Unrealized Gains	Estimated Fair Value	Carrying Value
Collateralized securities	\$ 176,719	\$ 146	\$ 176,865	\$ 176,719
Contractual maturities within:				
Less than five years				169,783
Five years to ten years				5,281
After ten years				1,655
Total				\$ 176,719

WebBank assesses the ACL for HTM debt securities consistent with the approach described in Note 6 - "Loans Receivable, Including Loans Held for Sale" for loans carried at amortized cost. WebBank writes down the security to fair value with a corresponding credit loss portion charged to earnings, and the corresponding non-credit portion charged to accumulated other comprehensive income. The ACL for HTM debt securities of \$2,199 and \$0 at December 31, 2023 and 2022, respectively is included in the net amortized cost balance of the securities. The December 31, 2023 ACL was comprised of \$419 related to the impact from adopting CECL and \$1,780 recognized in the provision for credit losses.

11. DEPOSITS

A summary of WebBank deposits is as follows:

	December 31, 2023	December 31, 2022
Time deposits year of maturity:		
2023	—	1,080,904
2024	1,343,003	197,664
2025	348,826	10,340
2026	21,281	—
Total time deposits	1,713,110	1,288,908
Savings deposits	368,582	279,573
Total deposits ^(a)	\$ 2,081,692	\$ 1,568,481
Current	\$ 1,711,585	\$ 1,360,477
Long-term	370,107	208,004
Total deposits	\$ 2,081,692	\$ 1,568,481

(a) WebBank has \$1,075 of time deposits with balances greater than \$250. The carrying value is considered to be representative of fair value because the rates of interest are not significantly different from market interest rates for instruments with similar maturities. The fair value of deposits was \$2,104,345 and \$1,566,699 at December 31, 2023 and 2022, respectively.

12. DEBT

The components of debt and a reconciliation to the carrying amount of long-term debt is presented in the table below:

	December 31, 2023	December 31, 2022
Short-term debt:		
Foreign	\$ —	\$ 685
Short-term debt	—	685
Long-term debt:		
Credit Agreement	190,449	178,650
Other debt - foreign	—	—
Other debt - domestic	922	989
Subtotal	191,371	179,639
Less portion due within one year	67	67
Long-term debt	191,304	179,572
Total debt	\$ 191,371	\$ 180,324

Long-term debt as of December 31, 2023 matures in each of the next five years as follows:

	Total	2024	2025	2026	2027	2028	Thereafter
Long-term debt	\$ 191,371	\$ 67	\$ 67	\$ 190,517	\$ 720	\$ —	\$ —

As of December 31, 2023, the Company's senior credit agreement, as amended and restated ("Credit Agreement"), covers substantially all of the Company's domestic subsidiaries, with the exception of WebBank and Steel Connect. The senior secured revolving credit facility in an aggregate principal amount not to exceed \$600,000 (the "Revolving Credit Loans"), which includes a \$50,000 subfacility for swing line loans, a \$50,000 subfacility for standby letters of credit and a foreign currency sublimit (available in euros and pounds sterling) equal to the lesser of \$75,000 and the total amount of the Revolving Credit Commitment. The Credit Agreement permits, under certain circumstances, to increase the aggregate principal amount of revolving credit commitments under the Credit Agreement by \$300,000 plus additional amounts so long as the Leverage Ratio would not exceed 3.50:1. Borrowings bear interest, at annual rates of either Base Rate, SOFR Rate or Term RFR, at the borrowers' option, plus an applicable margin, as set forth in the Credit Agreement. As of December 31, 2023, the Credit Agreement also provides for a commitment fee of 0.150% to be paid on unused borrowings.

The Credit Agreement contains financial covenants, including: (i) a Leverage Ratio not to exceed 4.25 to 1.00 for quarterly periods as of the end of each fiscal quarter; provided, however, that notwithstanding the foregoing, following a Material Acquisition, Borrowers shall not permit the Leverage Ratio, calculated as of the end of each of the four (4) fiscal quarters immediately following such Material Acquisition (which, for the avoidance of doubt, shall commence with the fiscal quarter in which such Material Acquisition is consummated), to exceed 4.50 to 1.00 and (ii) an Interest Coverage Ratio, calculated as of the end of each fiscal quarter, not less than 3.00 to 1.00. The Credit Agreement also contains standard representations, warranties and covenants for a transaction of this nature, including, among other things, covenants relating to: (i) financial reporting and notification; (ii) payment of obligations; (iii) compliance with law; (iv) maintenance of insurance; and (v) maintenance of properties. As of December 31, 2023 the Company was in compliance with all financial covenants under the Credit Agreement. The Company believes it will remain in compliance with the Credit Agreements covenants for the next twelve months. The Credit Agreement will expire on December 29, 2026.

The weighted average interest rate on the Credit Agreement was 6.68% at December 31, 2023. As of December 31, 2023, letters of credit totaling \$10,273 had been issued under the Credit Agreement. The primary use of the Company's letters of credit are to support the performance and financial obligations for environmental matters, insurance programs and real estate leases. The Credit Agreement permits the Company to borrow for the dividends on its preferred units, pension contributions, investments, acquisitions and other general corporate expenses. Based on financial results as of December 31, 2023, the Company's total availability under the Credit Agreement, which is based upon Consolidated Adjusted EBITDA and certain covenants as described in the Credit Agreement, was approximately \$399,300 as of December 31, 2023.

Moduslink Revolving Credit Facility

Steel Connect's wholly-owned subsidiary, ModusLink, has a revolving credit agreement (the "Umpqua Revolver") with Umpqua Bank which provides for a maximum credit commitment of \$12,500 and a sub-limit of \$5,000 for letters of credit and expires on March 31, 2025. As of December 31, 2023, ModusLink was in compliance with the Umpqua Revolver's covenants

and believes it will remain in compliance with the Umpqua Revolver's covenants for the next twelve months. As of December 31, 2023, ModusLink had available borrowing capacity of \$11,890 and there was \$610 outstanding for letters of credit.

13. FINANCIAL INSTRUMENTS

WebBank - Economic Interests in Loans

WebBank's derivative financial instruments represent on-going economic interests in loans made after they are sold. These derivatives are carried at fair value on a gross basis in Other non-current assets on the Company's consolidated balance sheets and are classified within Level 3 in the fair value hierarchy (see Note 18 - "Fair Value Measurements"). As of December 31, 2023, outstanding derivatives mature within 3 to 5 years. Gains and losses resulting from changes in the fair value of derivative instruments are accounted for in the Company's consolidated statements of operations in Financial Services revenue. Fair value represents the estimated amounts that WebBank would receive or pay to terminate the contracts at the reporting date based on a discounted cash flow model for the same or similar instruments. WebBank does not enter into derivative contracts for speculative or trading purposes.

Precious Metal and Commodity Inventories

As of December 31, 2023, the Company had the following outstanding forward contracts with settlement dates through January 2024. There were no futures contracts outstanding as of December 31, 2023.

Commodity	Amount (in whole units)	Notional Value
Silver	66,862 ounces	\$ 1,611
Gold	202 ounces	\$ 418
Palladium	1,050 ounces	\$ 1,244
Platinum	67 ounces	\$ 63
Copper	218,000 pounds	\$ 815
Tin	19 metric tons	\$ 476

Fair Value Hedges: Certain forward contracts are accounted for as fair value hedges under U.S. GAAP for the Company's precious metal inventory carried at fair value. These contracts hedge 51,759 ounces (in whole units) of silver and a majority of the Company's pounds of copper. The fair value of these derivatives are recognized as derivative assets and liabilities on the Company's consolidated balance sheets. The net changes in fair value of the derivative assets and liabilities, and the changes in the fair value of the underlying hedged inventory, are recognized in the Company's consolidated statements of operations, and such amounts principally offset each other due to the effectiveness of the hedges.

Economic Hedges: The remaining outstanding forward contracts for silver, and all the contracts for gold, palladium and tin, are accounted for as economic hedges. As these derivatives are not designated as accounting hedges under U.S. GAAP, they are accounted for as derivatives with no hedge designation. The derivatives are marked to market with gains and losses recorded in earnings in the Company's consolidated statements of operations. The economic hedges are associated primarily with the Company's precious metal inventory valued using the LIFO method.

The forward contracts were made with a counterparty rated Aa2 by Moody's. Accordingly, the Company has determined that there is minimal credit risk of default. Management evaluated counterparty risk and believes that there is minimal credit risk of default. The Company estimates the fair value of its derivative contracts based on the counterparty's statement. The Company maintains collateral on account with the third-party broker which varies in amount depending on the value of open contracts and the current market price.

The fair value and carrying amount of derivative instruments on the Company's consolidated balance sheets are as follows:

Fair Value of Derivative Assets (Liabilities)				
December 31, 2023		December 31, 2022		
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as ASC Topic 815 hedges				
Commodity contracts	Other liabilities	\$ (25)	Other liabilities	\$ (70)
Derivatives not designated as ASC Topic 815 hedges				
Commodity contracts	Prepaid Expenses and Other Current Assets	\$ 75	Accrued liabilities	\$ (177)
Economic interests in loans	Other non-current assets	\$ 4,903	Other non-current assets	\$ 5,728

The effects of fair value and cash flow hedge accounting in the consolidated statements of operations for the years ended December 31, 2023 and 2022 are not material.

The effects of derivatives not designated as ASC Topic 815 hedging instruments in the consolidated statements of operations for the years ended December 31, 2023 and 2022 are as follows:

Derivatives Not Designated as Hedging Instruments		Amount of Gain (Loss) Recognized in Income	
		Year Ended December 31,	
		2023	2022
Location of Gain (Loss) Recognized in Income			
Commodity contracts	Other income (expense), net	\$ 895	\$ 521
Economic interests in loans	Financial Services Revenue	4,713	5,294
Total derivatives		\$ 5,608	\$ 5,815

Financial Instruments with Off-Balance Sheet Risk

WebBank is a party to financial instruments with off-balance sheet risk. In the normal course of business, these financial instruments include commitments to extend credit in the form of loans as part of WebBank's lending arrangements. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized on the consolidated balance sheets. The contractual amounts of those instruments reflect the extent of involvement WebBank has in particular classes of financial instruments.

As of December 31, 2023 and 2022, WebBank's undisbursed loan commitments totaled \$340,621 and \$606,537, respectively. Commitments to extend credit are agreements to lend to a borrower who meets the lending criteria through one of WebBank's lending agreements, provided there is no violation of any condition established in the contract with the counterparty to the lending arrangement.

Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee, and in some cases are subject to ongoing adjustment by WebBank. Since certain of the commitments are expected to expire without the credit being extended, the total commitment amounts do not necessarily represent future cash requirements. WebBank evaluates each prospective borrower's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by WebBank upon extension of credit, is based on management's credit evaluation of the borrower and WebBank's Marketing Partner.

WebBank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. WebBank uses the same credit policy in making commitments and conditional obligations as it does for on-balance sheet instruments.

14. PENSION AND OTHER POST-RETIREMENT BENEFITS

The Company's significant pension plans include two defined benefit pension plans. The WHX Pension Plan II ("WHX Plan II") is sponsored by the Company's subsidiary, Handy & Harman Ltd. ("HNH"). HNH's subsidiary, JPS Industries Holdings LLC ("JPS"), sponsors the Retirement Pension Plan for Employees of JPS Industries Holdings LLC ("JPS Pension Plan"). All future benefit accruals under the WHX Plan and JPS Pension Plan were frozen as of December 31, 2015, or such earlier effective dates as were applicable to each respective group. The WHX Plan II and the JPS Pension Plan are collectively the "SPLP Plans".

Steel Connect sponsors two defined benefit pension plans covering certain of ModusLink's employees in its Netherlands facility and one unfunded defined benefit pension plan covering certain of its employees in Japan (collectively the "STCN Plans"). The annual measurement date for the STCN Plans is July 31st which is the same as Steel Connect's fiscal year

end. The STCN Plans accrued pension liabilities were approximately \$3,700 and \$3,900 as of May 1, 2023 (Exchange Transaction date) and December 31, 2023, respectively.

The Company's other pension and post-retirement benefit plans are not significant individually or in the aggregate. The financial tables below do not include amounts for the STCN Plans.

Immediately prior to March 31, 2022, HNH sponsored both the WHX & API Foils Pension Plan ("WHX & API Plan") and the WHX II Plan. Effective March 31, 2022, the WHX & API Plan merged into the WHX II Plan, and all participants of both former plans are now participants of the WHX II Plan, which is the surviving merged plan. The merger of the two plans did not have any impact to the participants.

For the WHX II Plan and the JPS Pension Plan, net actuarial losses are being amortized over the average future lifetime of the participants in each plan's population. The Company believes that use of the future lifetime of the participants is appropriate because the plans are inactive.

The following table presents the components of net pension expense (income) for the Company's pension plans:

	Year Ended December 31,	
	2023	2022
Interest cost	\$ 18,123	\$ 9,541
Expected return on plan assets	(17,868)	(25,342)
Amortization of actuarial loss and prior service credit	11,470	8,560
Total	<u>\$ 11,725</u>	<u>\$ (7,241)</u>

Pension expense (income) is included in Selling, general and administrative expenses in the consolidated statements of operations.

Actuarial assumptions used to develop the components of pension expense were as follows:

	Year Ended December 31,	
	2023	2022
Weighted-average discount rate	5.27 %	2.54 %
Weighted-average expected long-term rate of return on plan assets	6.50 %	6.50 %

Summarized below is a reconciliation of the funded status for the Company's qualified defined benefit pension plans:

	December 31,	
	2023	2022
Change in benefit obligation:		
Benefit obligation at January 1	\$ 372,632	\$ 484,030
Interest cost	18,123	9,541
Actuarial (gain) loss	4,743	(84,651)
Benefits paid	(32,314)	(36,288)
Benefit obligation at December 31	<u>363,184</u>	<u>372,632</u>
Change in plan assets:		
Fair value of plan assets at January 1	291,378	405,604
Actual returns on plan assets	48,210	(90,375)
Benefits paid	(32,314)	(36,288)
Company contributions	17,127	12,437
Fair value of plan assets at December 31	<u>324,401</u>	<u>291,378</u>
Funded status	<u>\$ (38,783)</u>	<u>\$ (81,254)</u>
Amounts recognized on the consolidated balance sheets:		
Non-current liability	\$ (38,783)	\$ (81,254)
Total	<u>\$ (38,783)</u>	<u>\$ (81,254)</u>

The table below summarizes the weighted-average assumptions used to determine benefit obligations:

	Year Ended December 31,	
	2023	2022
Weighted-average discount rate	4.96 %	5.27 %

Pretax amounts included in Accumulated other comprehensive loss are as follows:

	Year Ended December 31,	
	2023	2022
Net actuarial loss	\$ 169,436	\$ 206,505
Accumulated other comprehensive loss	\$ 169,436	\$ 206,505

Other pretax changes in plan assets and benefit obligations recognized in comprehensive income (loss) are as follows:

	Year Ended December 31,	
	2023	2022
Current year actuarial loss	\$ (25,599)	\$ 31,066
Amortization of actuarial loss	(11,470)	(8,560)
Total recognized in comprehensive (loss) income	\$ (37,069)	\$ 22,506

Benefit obligations were in excess of plan assets at both December 31, 2023 and 2022. Additional information for the plans with accumulated benefit obligations in excess of plan assets follows:

	December 31,	
	2023	2022
Projected benefit obligation	\$ 363,184	\$ 372,632
Accumulated benefit obligation	\$ 363,184	\$ 372,632
Fair value of plan assets	\$ 324,401	\$ 291,378

In determining the expected long-term rate of return on plan assets, the Company evaluated input from various investment professionals. In addition, the Company considered its historical compound returns, as well as the Company's forward-looking expectations. The Company determines its actuarial assumptions for its pension plans each year to calculate liability information as of December 31, and pension expense or income for the following year. The discount rate assumption is derived from the rate of return on high-quality bonds as of December 31 of each year.

The Company's investment policy is to maximize the total rate of return with a view to long-term funding objectives of the pension plans to ensure that funds are available to meet benefit obligations when due. Pension plan assets are diversified to the extent necessary to minimize risk and to achieve an optimal balance between risk and return. Target asset allocation ranges are identified in the Steel Partners Pension Investment Committee Investment Policy Statement, as reviewed and updated from time to time. Pension plans' assets are diversified as to type of assets, investment strategies employed and number of investment managers used. Investments may include equities, fixed income, cash equivalents, convertible securities and private investment funds. Derivatives may be used as part of the investment strategy. The Company may direct the transfer of assets between investment managers in order to rebalance the portfolio in accordance with asset allocation guidelines established by the Steel Partners Pension Investment Committee.

The table below presents the fair value of the Company's plan assets by asset category segregated by level within the fair value hierarchy, as follows:

Asset Class	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Equity securities:				
U.S. and international mid-cap	\$ 39,219	\$ —	\$ —	\$ 39,219
U.S. and international large-cap	77,721	—	—	77,721
U.S. and international small-cap	6,051	—	—	6,051
Mortgage backed securities	—	14,318	—	14,318
U.S. Government debt securities	—	1,244	—	1,244
Corporate bonds and loans	5,032	14,420	—	19,452
Convertible promissory notes	—	—	1,814	1,814
Subtotal	<u>\$ 128,023</u>	<u>\$ 29,982</u>	<u>\$ 1,814</u>	<u>\$ 159,819</u>
Pension assets measured at net asset value ⁽¹⁾				
Hedge funds and hedge fund-related strategies				110,999
Private equity				42,691
Total pension assets measured at net asset value				153,690
Cash and cash equivalents				10,626
Net payables				266
Total pension assets				<u>\$ 324,401</u>

Asset Class	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Equity securities:				
U.S. and international mid-cap	\$ 38,925	\$ —	\$ —	\$ 38,925
U.S. and international large-cap	59,881	—	—	59,881
U.S. and international small-cap	9,581	—	—	9,581
Fixed income securities	988	—	—	988
Mortgage and other asset-backed securities	—	8,727	—	8,727
U.S. Government debt securities	—	4,369	—	4,369
Corporate bonds and loans	4,058	20,817	—	24,875
Convertible promissory notes	—	—	2,643	2,643
Subtotal	<u>\$ 113,433</u>	<u>\$ 33,913</u>	<u>\$ 2,643</u>	<u>\$ 149,989</u>
Pension assets measured at net asset value ⁽¹⁾				
Hedge funds and hedge fund-related strategies				94,668
Private equity				43,416
Total pension assets measured at net asset value				138,084
Cash and cash equivalents				4,725
Net payables				(1,420)
Total pension assets				<u>\$ 291,378</u>

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

During 2023, the changes to the pension plans' Level 3 assets were as follows:

Year Ended December 31, 2023	Convertible Promissory Notes
Beginning balance as of January 1, 2023	\$ 2,643
Gains or losses included in changes in net assets	171
Settlements	(1,000)
Ending balance as of December 31, 2023	<u>\$ 1,814</u>

During 2022, the changes to the pension plans' Level 3 assets were as follows:

Year Ended December 31, 2022	Convertible Promissory Notes
Beginning balance as of January 1, 2022	\$ 2,500
Gains or losses included in changes in net assets	143
Ending balance as of December 31, 2022	\$ 2,643

The Company's policy is to recognize transfers in and transfers out of Level 3 as of the date of the event or change in circumstances that caused the transfer. During 2023 and 2022, there was no transfer in or transfer out of Level 3.

The following tables present the category, fair value, unfunded commitments, redemption frequency and redemption notice period of those assets for which fair value was estimated using the net asset value per share (or its equivalents), as well as plan assets which have redemption notice periods, as of December 31, 2023 and 2022:

Class Name	Fair Value December 31, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	\$ 110,999	\$ —	(1)	60 - 180 days
Private equity	42,691	11,731	(2)	(2)

Class Name	Fair Value December 31, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	\$ 94,668	\$ —	(1)	60 - 180 days
Private equity	43,416	17,668	(2)	(2)

- (1) Various. Includes funds with monthly, quarterly and annual redemption frequencies, redemption windows of 1 to 5 years following the anniversary of the initial investments, limited redemptions of 25% per quarter to 20% per annum, as well as subject to 10% holdback.
- (2) Voluntary withdrawals are not permitted. The funds have various durations from 3 to 11 years.

Hedge Funds and Hedge Fund-Related Strategies. The strategies include U.S. and international equity, event driven, value driven and long-term capital growth.

Private Equity. The strategies include growth and value oriented private companies and investment funds, as well as asset and revenue based lending.

Contributions

Employer contributions consist of funds paid from employer assets into a qualified pension trust account. The Company's funding policy is to contribute annually an amount that satisfies the minimum funding standards of the Employee Retirement Income Security Act.

For the year ending December 31, 2024, the minimum required contribution to the Company's pension plans is approximately \$10,260. Required future pension contributions are estimated based upon assumptions such as discount rates on future obligations, assumed rates of return on plan assets and legislative changes. Actual future pension costs and required funding obligations will be affected by changes in the factors and assumptions described in the previous sentence, including the impact of declines in pension plan assets and interest rates, as well as other changes such as any plan termination or other acceleration events.

Benefit Payments

Estimated future benefit payments for the SPLP Plans are as follows:

Years	Pension Benefit Payments
2024	\$ 38,033
2025	36,651
2026	35,389
2027	33,992
2028	32,578
2027-2031	140,044

15. CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE LOSS

As of December 31, 2023, the Company had 21,296,067 Class A units (regular common units) outstanding.

Common Unit Repurchase Program

The Board of Directors has approved the repurchase of up to an aggregate of 8,770,240 of the Company's common units (the "Repurchase Program"), which is inclusive of 1,000,000 common units approved in May 2023. Any purchases made under the Repurchase Program will be made from time to time on the open market or in negotiated transactions off the market, in compliance with applicable laws and regulations. The timing, manner, price and amount of any repurchase will depend on economic and market conditions, share price, trading volume, applicable legal requirements and other factors. In connection with the Repurchase Program, the Company may enter into a stock purchase plan. The Repurchase Program has no termination date. During the year ended December 31, 2023, the Company purchased 462,628 common units for an aggregate purchase price of \$20,040. From the inception of the Repurchase Program until December 31, 2023 the Company had purchased 7,808,620 common units for an aggregate purchase price of approximately \$164,398. As of December 31, 2023, there remained 961,620 units that may yet be purchased under the Repurchase Program. From January 1, 2024 through March 1, 2024, the Company repurchased 579,961 common units for \$25,344.

Incentive Award Plan

The Company's 2018 Incentive Award Plan (the "2018 Plan") provides equity-based compensation through the grant of options to purchase the Company's limited partnership units, unit appreciation rights, restricted units, phantom units, substitute awards, performance awards, other unit-based awards, and includes, as appropriate, any tandem distribution equivalent rights granted with respect to an award (collectively, the "LP Units"). On May 18, 2020, the Company's unitholders approved the Amended and Restated 2018 Incentive Award Plan, which increased the number of LP Units issuable under the 2018 Plan by 500,000 to a total of 1,000,000 LP Units. On June 9, 2021, the Company's unitholders approved the Second Amended and Restated 2018 Incentive Award Plan (the "Second A&R 2018 Plan"), which increased the number of LP Units issuable under the 2018 Plan by 1,000,000 to a total of 2,000,000 LP Units. The Company granted 17,800 restricted units under the Second A&R 2018 Plan during the year ended December 31, 2023. Such LP Units were valued based upon the market value of the Company's LP Units on the date of grant, and collectively represent approximately \$167 of unearned compensation that will be recognized as expense ratably over the vesting period of the units. The grants have cliff vesting periods that range from one to two years from the date of grant. As of December 31, 2023, total unrecognized compensation costs related to restricted units were \$688 and are expected to be recognized over a weighted average remaining period of 0.6 years.

Preferred Units

The Company's 6.0% Series A preferred units, no par value (the "SPLP Preferred Units") entitle the holders to a cumulative quarterly cash or in-kind (or a combination thereof) distribution. The Company declared cash distributions of approximately \$9,633 to preferred unitholders for both the years ended December 31, 2023 and 2022, respectively. The SPLP Preferred Units have a term of nine years, ending February 2026, and are redeemable at any time at the Company's option at a \$25 liquidation value per unit, plus any accrued and unpaid distributions (payable in cash or SPLP common units, or a combination of both, at the Company's discretion). If redeemed in common units, the number of common units to be issued will be equal to the liquidation value per unit divided by the volume weighted-average price of the common units for 60 days prior to the redemption.

The SPLP Preferred Units have no voting rights, except that holders of the preferred units have certain voting rights in limited circumstances relating to the election of directors following the failure to pay six quarterly distributions. The SPLP Preferred Units are recorded as non-current liabilities, including accrued interest expense, on the Company's consolidated balance sheets as of December 31, 2023 and 2022 because they have an unconditional obligation to be redeemed for cash or by issuing a variable number of SPLP common units for a monetary value that is fixed and known at inception. Because the SPLP Preferred Units are classified as liabilities, distributions thereon are recorded as a component of Interest expense in the Company's consolidated statements of operations. As of December 31, 2023 and 2022, there were 6,422,128 SPLP Preferred Units outstanding. On February 2, 2024, the board of directors of the general partner of the Company approved the repurchase of up to 400,000 of the Company's 6.0% Series A preferred units (the "Preferred Repurchase Program"). Any purchases made by the Company and/or its applicable subsidiaries under the Preferred Repurchase Program will be made from time to time on the open market or in negotiated transactions off the market, in compliance with applicable laws and regulations. The timing, manner, price and amount of any repurchase will depend on economic and market conditions, share price, trading volume,

applicable legal requirements and other factors. The Preferred Repurchase Program has no termination date. From January 1, 2024 through March 1, 2024, the Company repurchased 76,146 preferred units for \$1,830.

On February 16, 2024, the Board of SPH GP declared a regular quarterly cash distribution of \$0.375 per unit, payable March 15, 2024 to unitholders of record as of March 1, 2024, on its SPLP Preferred Units.

Incentive Unit Awards

In 2012, SPLP issued to the Manager partnership profits interests in the form of Incentive Units which entitle the holder generally to share in 15% of the increase in the equity value of the Company, based on the volume weighted average price of the Company's common units for the 20 trading days prior to the year-end measurement date. In 2015, the Manager assigned its rights to Incentive Units to a related party, SPH SPV-I LLC. Vesting in Incentive Units is measured annually on the last day of the Company's fiscal year and is based upon exceeding a baseline equity value per common unit which was \$41.82 and was determined when the most recent award vested on December 31, 2022. The number of outstanding Incentive Units is equal to 100% of the common units outstanding, including common units held by non-wholly-owned subsidiaries. The measurement date equity value per common unit is determined by calculating the volume weighted average price ("VWAP") of the Company's common units for 20 trading days prior to a measurement date. If an Incentive Unit award vests as of an annual measurement date they will be issued as Class C units. As of the annual measurement date on December 31, 2023, no Incentive Units vested as the Company's VWAP did not exceed the baseline equity value of \$41.82.

As of December 31, 2023, the number of Incentive Units for future vesting in awards was 21,296,067, the total common units outstanding as of year end. If the baseline equity value is not exceeded as of an annual measurement date, then no portion of annual Incentive Units will be classified as Class C common units for that year and the baseline equity value per common unit will be the same amount as determined upon the prior vesting. The Class C units have the same rights as the LP Units, including, without limitation, with respect to partnership distributions and allocations of income, gain, loss and deduction, in all respects, except that liquidating distributions made by the Company to such holder may not exceed the amount of its capital account allocable to such Class C units and such Class C units may not be sold in the public market, until they have converted into LP Units. At such time that the amount of the capital account allocable to a Class C unit is equal to the amount of the capital account allocable to an LP Unit, such Class C unit shall convert automatically into an LP Unit.

Accumulated Other Comprehensive Loss

Changes, net of tax, where applicable, in AOCI are as follows:

	Unrealized loss on available-for-sale securities	Cumulative translation adjustments	Change in net pension and other benefit obligations	Total
Balance at December 31, 2021	\$ (92)	\$ (13,961)	\$ (117,750)	\$ (131,803)
Net other comprehensive loss attributable to common unitholders ^(a)	—	(3,152)	(16,919)	(20,071)
Balance at December 31, 2022	\$ (92)	\$ (17,113)	\$ (134,669)	\$ (151,874)
Net other comprehensive income attributable to common unitholders ^(a)	—	2,120	28,531	30,651
Balance at December 31, 2023	\$ (92)	\$ (14,993)	\$ (106,138)	\$ (121,223)

(a) Net of tax provision of approximately \$8,980 and tax benefit of approximately \$5,175 for the years ended December 31, 2023 and 2022, respectively, principally related to changes in pension liabilities and other post-retirement benefit obligations.

16. INCOME TAXES

The income tax balances as of December 31, 2023, are inclusive of Steel Connect as a result of the Exchange Transaction.

The domestic and foreign components of income before income taxes were as follows:

	Year Ended December 31,	
	2023	2022
Income before income taxes and equity method investments		
Domestic	\$ 154,220	\$ 271,086
Foreign	6,986	4,412
Total	\$ 161,206	\$ 275,498

The components of the provision for income taxes were as follows:

	Year Ended December 31,	
	2023	2022
Current tax provision:		
Federal	\$ 16,821	\$ 11,967
State	9,035	10,673
Foreign	2,539	2,758
Total income taxes, current	28,395	25,398
Deferred tax provision:		
Federal	(26,064)	45,940
State	(3,715)	2,758
Foreign	(290)	(152)
Total income taxes, deferred	(30,069)	48,546
Income tax (benefit) provision	\$ (1,674)	\$ 73,944

Effective Tax Rate Recognition

Reconciliation of the income tax provision computed at the federal statutory rate of 21 percent to the actual income tax rate are as follows:

	Year Ended December 31,	
	2023	2022
Income before income taxes and equity method investments	\$ 161,206	\$ 275,498
Federal income tax provision at statutory rate	33,853	57,855
Loss passed through to common unitholders ^(a)	4,216	2,736
	38,069	60,591
State income taxes, net of federal effect	5,179	10,892
Change in valuation allowance	(12,554)	(3,019)
Foreign tax rate differences	437	2,456
Uncertain tax positions	(276)	(119)
Federal and state audits	56	14
Unrealized Gain on Investments ^(b)	(4,640)	1,417
Gain on the Sale of Businesses	—	2,835
Tax-deferred equity contributions	(28,022)	—
Deferred credit	(1,929)	—
Transactions between related parties ^(c)	2,140	2,084
Permanent differences and other	(134)	(3,207)
Income tax provision	\$ (1,674)	\$ 73,944

(a) Represents taxes at statutory rate on income and losses for which no tax expense or benefit is recognizable by SPLP and certain of its subsidiaries which are taxed as pass-through entities. Such income and losses are allocable directly to SPLP's unitholders and taxed when realized.

(b) Represents taxes on unrealized gains on investment from related parties, which are eliminated for financial statement purposes.

(c) Represents taxes on transactions between related parties that are recognized for tax purposes but eliminated for financial statement purposes.

Income tax (benefit) expense was (\$1,674) and \$73,944 for 2023 and 2022, respectively. The decrease in the tax expense for the year ended December 31, 2023, was primarily attributable to a reduction in taxable income, the tax-neutral treatment of certain internal restructurings, and the partial release of valuation allowances on the Company's net operating losses as described below, partially offset by increases in effective state and foreign income tax rates associated with the Company's operations.

Deferred Taxes

The effects of temporary differences that give rise to the deferred tax assets and liabilities are presented as follows:

	December 31,	
	2023	2022
Deferred Tax Assets:		
Operating loss carryforwards ^(a)	\$ 117,930	\$ 36,266
Postretirement and postemployment employee benefits	11,079	20,781
Tax credit carryforwards	923	2,144
Accrued costs	8,875	5,079
Investment impairments and unrealized losses	1,086	9,338
Inventories	5,551	4,713
Environmental costs	6,441	6,146
Section 174 costs	9,218	2,810
Allowance for doubtful accounts and loan losses	7,353	7,974
Lease liabilities	14,996	10,024
Deferred Compensation	5,030	5,150
Other	1,961	848
Gross deferred tax assets	190,443	111,273
Deferred Tax Liabilities:		
Intangible assets	(25,673)	(17,239)
Fixed assets	(28,454)	(26,148)
Unrealized gain on investment ^(b)	(37,803)	(76,427)
Right of use assets	(14,448)	(10,021)
Other	(1,445)	(1,098)
Gross deferred tax liabilities	(107,823)	(130,933)
Valuation allowance ^(c)	(100,392)	(20,902)
Net deferred tax liabilities	\$ (17,772)	\$ (40,562)

(a) The ability for certain subsidiaries to utilize net operating losses and other credit carryforwards may be subject to limitation upon changes in control.

(b) Includes taxes on unrealized gains on investment from related parties, which are eliminated for financial statement purposes.

(c) Certain subsidiaries of the Company establish valuation allowances when they determine, based on their assessment, that it is more likely than not that certain deferred tax assets will not be fully realized. This assessment is based on, but not limited to, historical operating results, uncertainty in projections of taxable income and other uncertainties that may be specific to a particular business.

At December 31, 2023, the Company's corporate subsidiaries had carryforwards of U.S. federal NOLs of approximately \$424,503; of this amount, \$317,361 expire in 2024 through 2037 and \$107,141 are not subject to expiration. In addition, there are federal NOLs that can only be utilized by the corporate subsidiaries that generated the prior year losses, commonly called separate return limitation year ("SRLY") NOLs, totaling \$39,202, of which \$33,628 will expire in 2028 through 2037, and \$5,574 which are not subject to expiration.

The Company's corporate subsidiaries have NOLs in foreign jurisdictions totaling \$86,071. A valuation allowance has been established against a significant portion of the deferred tax asset associated with the foreign NOLs. There are NOLs in various states in which the subsidiaries operate. The amount totaled \$19,978 and expires in 2024 through 2044. A valuation allowance has been established against a significant portion of the deferred tax asset associated with the state NOLs.

U.S. income taxes were not provided on cumulative undistributed foreign earnings as of December 31, 2023 and 2022. The Company's foreign undistributed earnings generally remain indefinitely reinvested in foreign operations, and therefore no provision for U.S. income taxes was accrued, with the exception of the foreign earnings of Steel Connect. The Company believes that in future years Steel Connect will be able to repatriate its foreign earnings without incurring additional U.S. tax and has accrued for potential withholding taxes that may be imposed as a result of the repatriation, which the Company believes would be minor. Foreign laws may delay or add cost to any such repatriation, which costs or delays may be significant.

Legislation enacted in 2017 amended Section 174 to require capitalization of all research and developmental ("R&D") costs incurred in tax years beginning after December 31, 2021. These costs are required to be amortized over five years if the R&D activities are performed in the U.S., or over 15 years if the activities were performed outside the U.S. The Company capitalized approximately \$23,940 and \$23,364 of R&D expenses incurred as of December 31, 2023 and 2022, respectively.

The Company's corporate subsidiaries have no federal research and development credit carryforwards as of December 31, 2023, and state research and development credit carryforwards of \$17,329 for which a significant amount do not expire. The

Company has a valuation allowance to reserve a significant portion of its deferred tax assets associated with the credit carryforwards.

The Company's net deferred income tax assets and liabilities were reported on the consolidated balance sheet as follows.

	Year Ended December 31,	
	2023	2022
Deferred tax assets	\$ 581	\$ 493
Deferred tax liabilities	(18,353)	(41,055)
Net deferred income tax liabilities	<u>\$ (17,772)</u>	<u>\$ (40,562)</u>

Unrecognized Tax Benefits

U.S. GAAP provides that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if the position is more likely than not of being sustained on audit, based on the technical merits of the position. The change in the amount of unrecognized tax benefits for 2023 and 2022 was as follows:

Balance at December 31, 2021	<u>\$ 42,053</u>
Additions for tax positions related to current year	273
Additions for tax positions related to prior years	727
Payments	(347)
Reductions due to lapsed statutes of limitations and expiration of credits	(2,849)
Balance at December 31, 2022	<u>\$ 39,857</u>
Additions for tax positions related to current year	414
Additions for tax positions related to prior years	1,258
Payments	—
Reductions due to lapsed statutes of limitations and expiration of credits	(1,576)
Balance at December 31, 2023	<u>\$ 39,953</u>

The Company's total gross unrecognized tax benefits were \$39,953 and \$39,857 at December 31, 2023 and 2022, respectively, of which \$36,499, if recognized, would affect the provision for income taxes. In 2023, the Company reversed \$1,576 of reserves upon the expiration of the statutes of limitations with applicable taxing authorities and the expiration of time for utilizing certain credits for which a full reserve is maintained. As of December 31, 2023, it is reasonably possible that unrecognized tax benefits may decrease by \$5,679 in the next 12 months due to the expiration of statutes of limitations. The Company recognizes interest and penalties, if applicable, related to uncertain tax positions in its income tax provision in the consolidated statement of operations. For 2023 and 2022, the amount of such interest and penalties recognized was \$1,434 and \$547, respectively.

The Company is subject to U.S. federal income tax, as well as income taxes in various domestic states and foreign jurisdictions in which the Company operated or formerly operated. The Company is not currently under tax examination in the U.S. or any foreign jurisdictions, and the Company is generally no longer subject to federal, state or local income tax examinations by tax authorities for any year prior to 2018. Nonetheless, NOLs generated in prior years are subject to examination and potential adjustment by the taxing authorities upon their utilization in subsequent years' tax returns.

The Company has ongoing state audits in various state tax jurisdictions. It is difficult to predict the final outcome or timing of resolution of any particular tax matter, but the Company has not identified any material adjustments with respect to the state audits to date.

17. NET INCOME PER COMMON UNIT

The following data was used in computing net income per common unit shown in the Company's consolidated statements of operations:

	December 31,	
	2023	2022
Net income	\$ 154,002	\$ 206,165
Net income attributable to noncontrolling interests in consolidated entities (continuing operations)	(3,173)	(193)
Net income attributable to common unitholders	150,829	205,972
Effect of dilutive securities:		
Interest expense from SPLP Preferred Units ^(a)	12,311	12,311
Net income attributable to common unitholders – assuming dilution	\$ 163,140	\$ 218,283
Net income per common unit - basic		
Net income attributable to common unitholders	\$ 7.04	\$ 9.03
Net income per common unit – diluted		
Net income attributable to common unitholders	\$ 6.43	\$ 8.12
Denominator for net income per common unit - basic	21,433,900	22,813,588
Effect of dilutive securities:		
Incentive units	114,797	—
Unvested restricted common units	20,062	137,906
SPLP Preferred Units	3,788,037	3,917,946
Denominator for net income per common unit - diluted ^(a)	25,356,796	26,869,440

(a) Assumes the SPLP Preferred Units were redeemed in common units as described in Note 15 - "Capital and Accumulated Other Comprehensive Loss."

18. FAIR VALUE MEASUREMENTS

Financial assets and liabilities measured at fair value on a recurring basis in the Company's consolidated financial statements as of December 31, 2023 and 2022 are summarized by type of inputs applicable to the fair value measurements as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Long-term investments ^(a)	\$ 15,965	\$ 447	\$ 5,746	\$ 22,158
Precious metal and commodity inventories recorded at fair value	35,361	—	—	35,361
Economic interests in loans ^(b)	—	—	4,903	4,903
Commodity contracts on precious metal and commodity inventories	—	75	—	75
Warrants ^(c)	—	—	1,436	1,436
Total	\$ 51,326	\$ 522	\$ 12,085	\$ 63,933
Liabilities:				
Commodity contracts on precious metal and commodity inventories	\$ —	\$ 25	\$ —	\$ 25
Other precious metal liabilities	30,958	—	—	30,958
Total	\$ 30,958	\$ 25	\$ —	\$ 30,983
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Long-term investments ^(a)	\$ 234,039	\$ —	\$ 52,336	\$ 286,375
Precious metal and commodity inventories recorded at fair value	32,896	—	—	32,896
Economic interests in loans ^(b)	—	—	5,728	5,728
Warrants ^(c)	—	—	3,564	3,564
Total	\$ 266,935	\$ —	\$ 61,628	\$ 328,563
Liabilities:				
Commodity contracts on precious metal and commodity inventories	\$ —	\$ 247	\$ —	\$ 247
Other precious metal liabilities	30,115	—	—	30,115
Total	\$ 30,115	\$ 247	\$ —	\$ 30,362

- (a) For additional detail of the long-term investments see Note 10 - "Investments." The investment in PCS-Mosaic of \$19,067 is not included in the fair value leveling tables as it is valued at cost.
- (b) For additional detail of the economic interests in loans see Note 13 - "Financial Instruments."
- (c) Included within Other non-current assets in the Company's consolidated balance sheets.

There were no transfers of securities among the various measurement input levels during the years ended December 31, 2023 or 2022.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities as of the measurement date ("Level 1").

Level 2 inputs may include quoted prices in active markets for similar assets or liabilities, quoted prices in a market that is not active for identical assets or liabilities, or other inputs that can be corroborated by observable market data ("Level 2")

Level 3 inputs are unobservable for the asset or liability when there is little, if any, market activity for the asset or liability. Level 3 inputs are based on the best information available and may include data developed by the Company ("Level 3")

The fair value of the Company's financial instruments, such as cash and cash equivalents, trade and other receivables and accounts payable, approximates carrying value due to the short-term maturities of these assets and liabilities. Carrying cost approximates fair value for long-term debt, which has variable interest rates.

The precious metal and commodity inventories associated with the Company's fair value hedges (see Note 13 - "Financial Instruments") are reported at fair value. Fair values of these inventories are based on quoted market prices on commodity exchanges and are considered Level 1 measurements. The derivative instruments that the Company purchases in connection with its precious metal and commodity inventories, specifically commodity futures and forward contracts, are also valued at fair value. The futures contracts are Level 1 measurements since they are traded on a commodity exchange. The forward contracts are entered into with a counterparty and are considered Level 2 measurements.

Following is a summary of changes in financial assets measured using Level 3 inputs:

	Long Term Investments in Associated Companies ^(a)	Economic Interests in Loans ^(b)	Warrants ^(b)	Total
Balance at December 31, 2021	\$ 50,085	\$ 6,483	\$ 6,929	\$ 63,497
Purchases	1,826	—	—	1,826
Sales, cash collections, and eliminations	—	(6,049)	(1,215)	(7,264)
Realized gains on sale	—	5,294	(2,150)	3,144
Unrealized gains	746	—	—	746
Unrealized losses	(321)	—	—	(321)
Balance at December 31, 2022	<u>52,336</u>	<u>5,728</u>	<u>3,564</u>	<u>61,628</u>
Purchases	2,898	—	—	2,898
Sales, cash collections, and eliminations	(49,521)	(5,538)	—	(55,059)
Realized gains on sale	(7)	4,713	(2,128)	2,578
Unrealized gains	40	—	—	40
Balance at December 31, 2023	<u>\$ 5,746</u>	<u>\$ 4,903</u>	<u>\$ 1,436</u>	<u>\$ 12,085</u>

- (a) Unrealized gains and losses are recorded in Loss (income) of associated companies, net of taxes in the Company's consolidated statements of operations.
- (b) Realized and unrealized gains and losses are recorded in Realized and unrealized gains on securities, net or Financial Services revenue in the Company's consolidated statements of operations.

Long-Term Investments - Valuation Techniques

The Company estimated the value of its investment in the STCN Note as of December 31, 2022 using a Binomial Lattice Model. Key inputs in the valuation included the trading price and volatility of STCN's common stock, the risk-free rate of return, as well as the dividend rate, conversion price, and maturity date. The fair value of the Company's investment in STCN preferred stock as of December 31, 2022 was its par value because the Company has the right to redeem and the issuer has the right to convert the instrument at the redemption value. The Company's investments in the STCN Note and STCN preferred stock were remeasured as of the date of the Exchange Transaction. The Company's investment in Steel Connect as of December 31, 2023 was eliminated as the Company's ownership of Steel Connect increased to 84.0% on May 1, 2023, as discussed in Note 5 - "Acquisitions and Divestitures".

Marketable Securities and Other - Valuation Techniques

The Company determines the fair value of certain corporate securities and corporate obligations by incorporating and reviewing prices provided by third-party pricing services based on the specific features of the underlying securities.

The Company uses net asset value included in quarterly statements it receives in arrears from a venture capital fund to determine the fair value of such fund and determines the fair value of certain corporate securities and corporate obligations by incorporating and reviewing prices provided by third-party pricing services based on the specific features of the underlying securities. The fair value of the derivatives held by WebBank (see Note 13 - "Financial Instruments") represent the estimated amounts that WebBank would receive or pay to terminate the contracts at the reporting date and is based on discounted cash flows analyses that consider credit, performance and prepayment. Unobservable inputs used in the discounted cash flow analyses are: a constant prepayment rate of 8.69% to 35.21%, a constant default rate of 1.72% to 21.91% and a discount rate of 1.82% to 25.12%.

Assets Measured at Fair Value on a Nonrecurring Basis

The Company's non-financial assets and liabilities measured at fair value on a non-recurring basis include goodwill and other intangible assets, any assets and liabilities acquired in a business combination, or its long-lived assets written down to fair value. To measure fair value for such assets and liabilities, the Company uses techniques including an income approach, a market approach and/or appraisals (Level 3 inputs). The income approach is based on a discounted cash flow analysis ("DCF") and calculates the fair value by estimating the after-tax cash flows attributable to an asset or liability and then discounting the after-tax cash flows to a present value using a risk-adjusted discount rate. Assumptions used in the DCF require the exercise of significant judgment, including judgment about appropriate discount rates and terminal values, growth rates and the amount and timing of expected future cash flows. The discount rates, which are intended to reflect the risks inherent in future cash flow projections, used in the DCF are based on estimates of the weighted-average cost of capital of a market participant. Such estimates are derived from analysis of peer companies and consider the industry weighted-average return on debt and equity from a market participant perspective. A market approach values a business by considering the prices at which shares of capital stock, or related underlying assets, of reasonably comparable companies are trading in the public market or the transaction price at which similar companies have been acquired. If comparable companies are not available, the market approach is not used.

19. COMMITMENTS AND CONTINGENCIES

Environmental and Litigation Matters

The Company and certain of the Company's subsidiaries are defendants in certain legal proceedings and environmental investigations and have been designated as potentially responsible parties ("PRPs") by federal and state agencies with respect to certain sites with which they may have had direct or indirect involvement. Most of such legal proceedings and environmental investigations involve unspecified amounts of potential damage claims or awards, are in an initial procedural phase, involve significant uncertainty as to the outcome or involve significant factual issues that need to be resolved, such that it is not possible for the Company to estimate a range of possible loss. For matters that have progressed sufficiently through the investigative process such that the Company is able to reasonably estimate a range of possible loss, an estimated range of possible loss, in excess of the accrued liability (if any) for such matters, is provided. Any estimated range of possible loss is or will be based on currently available information and involves elements of judgment and significant uncertainties and may not represent the Company's maximum possible loss exposure. The circumstances of such legal proceedings and environmental investigations will change from time to time, and actual results may vary significantly from the current estimate. For current proceedings not specifically reported below, management does not anticipate that the liabilities, if any, arising from such legal proceedings and environmental investigations would have a material effect on the financial position, liquidity or results of operations of the Company.

The legal proceedings and environmental investigations are in various stages of administrative or judicial proceedings and include demands for recovery of past governmental costs, and for future investigations and remedial actions. In some cases, the dollar amounts of the claims have not been specified and, with respect to a number of the PRP claims, have been asserted against a number of other entities for the same cost recovery or other relief as was asserted against certain of the Company's subsidiaries. The Company accrues liabilities associated with environmental and litigation matters on an undiscounted basis, when they become probable and reasonably estimable. As of December 31, 2023, on a consolidated basis, the Company recorded liabilities of \$13,107 and \$25,388 in Accrued liabilities and Other non-current liabilities, respectively, on the consolidated balance sheet. As of December 31, 2022, on a consolidated basis, the Company recorded liabilities of \$12,692 and \$24,765 in Accrued Liabilities and Other non-current liabilities, respectively, on the consolidated balance sheet, which represent the current

estimate of environmental remediation liabilities as well as reserves related to the litigation matters discussed below. Expenses relating to these costs, and any recoveries, are included in Selling, general and administrative expenses in the Company's consolidated statements of operations. In addition, the Company believes that it has or may have insurance coverage available for several of these matters. Estimates of the Company's liability for remediation of a particular site and the method and ultimate cost of remediation require a number of assumptions that are inherently difficult to make, and the ultimate outcome may be materially different from current estimates.

Environmental Matters

Certain subsidiaries of the Company have existing and contingent liabilities relating to environmental matters, including costs of remediation, capital expenditures, and potential fines and penalties relating to possible violations of federal and state environmental laws. Such existing and contingent liabilities are continually being readjusted based upon the emergence of new findings, techniques and alternative remediation methods.

Included among these liabilities, certain of the Company's subsidiaries have been identified as PRPs under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") or similar state statutes at sites and are parties to administrative consent orders in connection with certain properties. Those subsidiaries may be subject to joint and several liabilities imposed by CERCLA on PRPs. Due to the technical and regulatory complexity of remedial activities and the difficulties attendant in identifying PRPs and allocating or determining liability among them, the subsidiaries are unable to reasonably estimate the ultimate cost of compliance with such laws at some of the sites at which the Company's subsidiaries are PRP's.

Based upon information currently available, the Company's subsidiaries do not expect that their respective environmental costs, including the incurrence of additional fines and penalties, if any, will have a material adverse effect on them or that the resolution of these environmental matters will have a material adverse effect on the financial position, results of operations or cash flows of such subsidiaries or the Company, but there can be no such assurances. The Company anticipates that the subsidiaries will pay any such amounts out of their respective working capital, although there is no assurance that they will have sufficient funds to pay them. In the event that a subsidiary is unable to fund its liabilities, claims could be made against its respective parent companies for payment of such liabilities.

The sites where certain of the Company's subsidiaries have environmental liabilities include the following:

The Company has been working with the Connecticut Department of Energy and Environmental Protection ("CTDEEP") with respect to its obligations under a 1989 consent order that applies to a former manufacturing facility located in Fairfield, Connecticut. An ecological risk assessment ("ECA") of the wetlands portion was submitted in the second quarter of 2016 to the CTDEEP for their review and approval. Company officials continue to meet with CTDEEP representatives to address specific issues in the ECA and a final workplan. Additional investigation of the wetlands is expected, pending approval of a mutually acceptable wetlands work plan. An updated work plan to investigate the upland portion of the parcel was prepared by the Company and approved by the CTDEEP in March 2018 and completed during 2019 and 2020. Additional upland investigatory work will be required to fully define the areas requiring remediation and is also dependent upon CTDEEP requirements and approval. Based on currently known information, the Company reasonably estimates that it may incur aggregate losses over a period of multiple years of between \$10,500 and \$17,500. The Company has a reserve of \$14,300 recorded for future remediation costs, which is our best estimate within this range of potential losses. Due to the uncertainties, there can be no assurance that the final resolution of this matter will not be material to the financial position, results of operations or cash flows of the Company.

In 1986, a subsidiary of the Company entered into an administrative consent order ("ACO") with the New Jersey Department of Environmental Protection ("NJDEP") to investigate and remediate property in Montvale, New Jersey that it purchased in 1984. The ACO involves investigation and remediation activities to be performed with regard to soil and groundwater contamination. The Company has been actively investigating and remediating the soil and groundwater since that time and has completed the implementation of the improved groundwater treatment system in operation at the property. Pursuant to a settlement agreement with the former owner/operator of the site, the responsibility for site investigation and remediation costs and other related costs are contractually allocated 75% to the former owner/operator and 25% jointly to the Company, all after having the first \$1,000 paid by the former owner/operator. Additionally, the Company had been reimbursed indirectly through insurance coverage for a portion of the costs for which it is responsible. There is no assurance that the former owner/operator or guarantors will continue to timely reimburse the Company for expenditures and/or will be financially capable of fulfilling their obligations under the settlement agreement and the guaranties. There is no assurance that there will be any additional insurance reimbursement. A reserve of approximately \$800 has been established for the Company's expected 25%

share of anticipated costs at this site, which is based upon the recent selection of a final remedy, on-going operations and maintenance, additional investigations and monitored natural attenuation testing over the next 30 years. Also, a reserve and related receivable of approximately \$2,500 has been established for the former owner/operator's expected share of anticipated costs at this site. On December 18, 2019, the State of New Jersey ("State") filed a complaint against the Company and other non-affiliated corporations related to former operations at this location. The State is seeking unspecified damages, including reimbursement for all cleanup and removal costs and other damages that the State claims it has incurred, including the lost value of, and reasonable assessment costs for, any natural resource injured as a result of the alleged discharge of hazardous substances and pollutants, as well as attorneys' fees and costs. On March 16, 2020, the Company filed a partial motion to dismiss, resulting in dismissal with prejudice of the State's trespass claim and limiting the damages recoverable through the State's public nuisance claim to monetary relief associated with abatement. On June 11, 2020, the State filed an Amended Complaint, bringing the same claims as the original complaint. On July 1, 2020, the Company answered and asserted crossclaims for indemnification and contribution against another defendant, Cycle Chem, Inc. Cycle Chem also asserted crossclaims against the Company, which have been answered. As a result of the confidential mediation, the parties negotiated a settlement amount of \$10,500, of which the Company would be required to pay \$2,625, its 25% share, and of which other non-affiliated corporations would pay the remaining \$7,875, their 75% share. Additionally, the State has also verbally agreed to a settlement amount of \$3,500 with Cycle Chem for which they will be 100% responsible. On October 14, 2022, the Company and all other related parties advised the Court of the global settlement. The State published the settlement in the New Jersey Register and received one comment. After the close of the comment period, in November 2023, the State filed a motion to approve the Consent Judgment. The Court conducted a hearing in January 2024 with respect to the motion to approve the Consent Judgment. The parties are awaiting the Court's decision.

The Company's subsidiary, SL Industries, Inc. ("SLI"), may incur environmental costs in the future as a result of the past activities of its former subsidiary, SL Surface Technologies, Inc. ("SurfTech"), in Pennsauken, New Jersey ("Pennsauken Site") and in Camden, New Jersey and at its former subsidiary, SGL Printed Circuits in Wayne, New Jersey. At the Pennsauken Site, SLI entered into a consent decree with both the U.S. Department of Justice and the U.S. Environmental Protection Agency ("EPA") in 2013 and has since completed the remediation required by the consent decree and has paid the EPA a fixed sum for its past oversight costs. Separate from the consent decree, in December 2012, the NJDEP made a settlement demand of \$1,800 for past and future cleanup and removal costs and natural resource damages ("NRD"). To avoid the time and expense of litigating the matter, SLI offered to pay approximately \$300 to fully resolve the claim presented by the State. SLI's settlement offer was rejected. On December 6, 2018, the State filed a complaint against SLI related to the Pennsauken Site. The State is seeking treble damages and attorneys' fees, NRD for loss of use of groundwater, as well as a request that SLI pay all cleanup and removal costs that the State has incurred and will incur at the Pennsauken Site. The parties have substantially completed the fact and expert discovery, including the exchange of competing expert reports. The Company has a reserve of \$2,600, which is SLI's best estimate of potential losses. SLI intends to assert all legal and procedural defenses available to it. Accordingly, there can be no assurance that the resolution of this matter will not be material to the financial position, results of operations or cash flows of the Company.

SLI reported soil contamination and groundwater contamination in 2003 from the SurfTech site located in Camden, New Jersey. Substantial investigation and remediation work has been completed under the direction of the licensed site remediation professional for the site. Additional investigations related to PFAS compounds have been initiated and have delayed remediation actions. Remediation actions, including soil excavation and groundwater bioremediation, are expected to start in the first half of 2024. Post-remediation groundwater monitoring will be conducted following completion of soil excavation. A reserve of \$2,900 has been established for anticipated costs at this site, but there can be no assurance that there will not be potential additional costs associated with the site, which cannot be reasonably estimated at this time. Accordingly, there can be no assurance that the resolution of this matter will not be material to the financial position, results of operations or cash flows of the Company.

SLI is currently participating in environmental assessment and cleanup at a commercial facility located in Wayne, New Jersey. Contaminated soil and groundwater have undergone remediation with the NJDEP and LSRP oversight, but contaminants of concern in groundwater and surface water, which extend off-site, remain above applicable NJDEP remediation standards. A reserve of approximately \$1,300 has been established for anticipated costs, but there can be no assurance that there will not be potential additional costs associated with the site which cannot be reasonably estimated at this time. Accordingly, there can be no assurance that the resolution of this matter will not be material to the financial position, results of operations or cash flows of SLI, HNH or the Company.

Reith v. Lichtenstein, et al. On April 13, 2018, a purported shareholder of STCN, Donald Reith, filed a verified complaint, *Reith v. Lichtenstein, et al.*, 2018-0277 (Del. Ch.) (the "Reith litigation") in the Delaware Chancery Court. The plaintiff sought to assert class action and derivative claims against the Company and several of its affiliated companies, together with certain of members STCN's board of directors, as well as other named defendants (collectively, the "defendants") in connection with the acquisition of \$35,000 of STCN's Series C Preferred Stock by an affiliate of the Company and equity grants made to three individual defendants. The complaint includes claims for breach of fiduciary duty against all the individual defendants as STCN directors; claims for aiding and abetting breach of fiduciary duty against the Company; a claim for breach of fiduciary duty as controlling stockholder against the Company; and a derivative claim for unjust enrichment against the Company and the three individuals who received equity grants. The complaint demands damages in an unspecified amount for STCN and its stockholders, together with rescission, disgorgement and other equitable relief. The defendants moved to dismiss the complaint for failure to plead demand futility and failure to state a claim. On June 28, 2019, the Chancery Court denied most of defendants' the motion to dismiss, allowing the matter to proceed. The defendants and plaintiff (the "parties") subsequently participated in document discovery. On August 13, 2021, the parties entered into a memorandum of understanding (the "MOU") in connection with the settlement of the Reith litigation. Pursuant to the MOU, the defendants agreed (subject to court approval) to cause their directors' and officers' liability insurance carriers to pay to STCN \$2,750 in cash. The Company's insurance carrier agreed to pay \$1,100 of the settlement and STCN's insurance carrier agreed to pay the remaining \$1,650. Following the parties' entry into a Stipulation and Agreement of Compromise, Settlement, and Release (the "Proposed Settlement Agreement") on February 18, 2022, on March 17, 2022, the Chancery Court granted, with modifications, a scheduling order (the "Scheduling Order") in connection with the Proposed Settlement Agreement. Pursuant to the Scheduling Order, during April 2022 the insurers completed the wiring of the settlement payments into an account jointly controlled by counsel for plaintiff and STCN, where the funds are to remain until final court approval of the settlement. In addition, pursuant to the terms of the MOU, certain of the individual defendants who are also current and former employees of the Company—Warren Lichtenstein (Executive Chairman), Jack Howard (President), and William Fejes (former Chief Operating Officer)—entered into separate letter agreements (the "Surrender Agreements") with STCN whereby they each agreed to surrender to STCN an aggregate 3,300,000 shares which they had initially received in December 2017 in consideration for services to STCN. Pursuant to the MOU and the Surrender Agreements, on August 17, 2021, Mr. Lichtenstein surrendered 2,133,333 Steel Connect shares (1,833,333 vested shares and 300,000 unvested shares), and Mr. Howard surrendered 1,066,667 Steel Connect shares (916,667 vested shares and 150,000 unvested shares). Also pursuant to the MOU and the Surrender Agreements, Mr. Fejes surrendered 100,000 vested shares December 2021. After the parties filed papers in support of court approval of the settlement, and an objector filed papers in opposition to approval of the settlement, and after hearings held on August 12 and August 18, 2022, and after the parties and insurers agreed to modify the proposed settlement to increase by \$250 the cash to be paid by the insurers, the court ruled on September 23, 2022 that it was denying approval of the settlement. The funds previously paid into escrow were returned to the insurance carriers. In connection with rejection of the settlement, it was no longer probable the Company had a liability for the proposed settlement liability nor receivable for the related insurance coverage and therefore both amounts were no longer accrued. On September 12, 2023, the court approved a stipulated pretrial and trial schedule culminating in a trial scheduled for September 2024. The possible liability, if any, with respect to this dispute cannot be determined as of this date.

On September 1, 2023, a purported stockholder of STCN, Mohammad Ladievardian, filed a verified complaint alleging a single direct claim for breach of fiduciary duty against members of STCN's Board of Directors, the Company and certain of its affiliates, in connection with the Exchange Transaction. The complaint alleges that although the challenged transaction was approved by the independent Strategic Planning Committee of STCN's Board of Directors, the committee failed to obtain a "control premium" or to consider the dilutive effect that the Series E Convertible Preferred Stock issuance had on the plaintiff's holdings. Remedies requested include rescission of the Series E Convertible Preferred Stock and a judicially imposed requirement that all future transactions involving the Company and its affiliates be subject to minority stockholder approval. On September 27, 2023, the entity defendants moved to dismiss the complaint. On October 5, 2023, the individual defendants moved to dismiss the complaint. The possible liability, if any, with respect to this dispute cannot be determined as of this date.

A subsidiary of BNS Holdings Liquidating Trust ("BNS Sub") has been named as a defendant in multiple alleged asbestos-related toxic-tort claims filed over a period beginning in 1994 through December 31, 2023. In many cases these claims involved more than 100 defendants. There were approximately 58 pending asbestos claims as of December 31, 2023. BNS Sub believes it has significant defenses to any liability for toxic-tort claims. None of these toxic-tort claims has gone to trial and, therefore, there can be no assurance that these defenses will prevail. BNS Sub has insurance policies covering asbestos-related claims for years beginning 1974 through 1988. BNS Sub annually receives retroactive billings or credits from its insurance carriers for any increase or decrease in claims accruals as claims are filed, settled or dismissed, or as estimates of the ultimate settlement costs for the then-existing claims are revised. As of December 31, 2023 and 2022, BNS Sub has accrued \$1,357 and \$1,418, respectively, relating to the open and active claims against BNS Sub. This accrual includes the amount of unpaid

retroactive billings submitted to the Company by the insurance carriers and also the Company's best estimate of the likely costs for BNS Sub to settle these claims outside the amounts funded by insurance. There can be no assurance that the number of future claims and the related costs of defense, settlements or judgments will be consistent with the experience to-date of existing claims and that BNS Sub will not need to significantly increase its estimated liability for the costs to settle these claims to an amount that could have a material effect on the consolidated financial statements.

In the ordinary course of our business, the Company is subject to other periodic lawsuits, investigations, claims and proceedings, including, but not limited to, contractual disputes, employment, environmental, health and safety matters, as well as claims associated with our historical acquisitions and divestitures. There is insurance coverage available for many of the foregoing actions. Although the Company cannot predict with certainty the ultimate resolution of lawsuits, investigations, claims and proceedings asserted against the Company, it does not believe any currently pending legal proceeding to which it is a party will have a material adverse effect on its business, prospects, financial condition, cash flows, results of operations or liquidity.

20. RELATED PARTY TRANSACTIONS

The components of receivables from related parties and payables from related parties for the years ended December 31, 2023 and 2022 are presented below:

	Year Ended December 31,	
	2023	2022
Receivable from related parties:		
Receivable from associated companies - STCN	\$ —	\$ 967
Receivable from other related parties	234	(5)
Total	<u>\$ 234</u>	<u>\$ 962</u>
Payables to related parties:		
Accrued management fees	\$ 170	\$ 299
Payables to other related parties	2,359	2,582
Total	<u>\$ 2,529</u>	<u>\$ 2,881</u>

Management Agreement with SP General Services LLC

SPLP is managed by the Manager, pursuant to the terms of the Management Agreement, which receives a fee at an annual rate of 1.5% of total Partners' capital ("Management Fee"), payable on the first day of each quarter and subject to quarterly adjustment. In addition, SPLP may issue to the Manager partnership profits interests in the form of incentive units, which will be classified as Class C common units of SPLP, upon exceeding a baseline equity value per common unit, which is measured as of the last day of each fiscal year (see Note 15 - "Capital and Accumulated Other Comprehensive Loss" for additional information on the incentive units).

The Management Agreement is automatically renewed each December 31 for successive one-year terms unless otherwise determined at least 60 days prior to each renewal date by a majority of the Company's independent directors. The Management Fee was \$12,490 and \$10,446 for the years ended December 31, 2023 and 2022, respectively, and net of reimbursement for use of Company assets of \$150 and \$0 for the years ended December 31, 2023 and 2022, respectively. The Management Fee is included in Selling, general and administrative expenses in the Company's consolidated statements of operations. Unpaid amounts for management fees included in Payables to related parties on the Company's consolidated balance sheets were \$170 and \$299 at December 31, 2023 and 2022, respectively.

SPLP will bear (or reimburse the Manager with respect to) all its reasonable costs and expenses of the managed entities, the Manager, SPH GP or their affiliates, including but not limited to: legal, tax, accounting, auditing, consulting, administrative, compliance, investor relations costs related to being a public entity rendered for SPLP or SPH GP, as well as expenses incurred by the Manager and SPH GP which are reasonably necessary for the performance by the Manager of its duties and functions under the Management Agreement and certain other expenses incurred by managers, officers, employees and agents of the Manager or its affiliates on behalf of SPLP. Reimbursable expenses incurred by the Manager in connection with its provision of services under the Management Agreement were approximately \$4,627 and \$4,535 during the years ended December 31, 2023 and 2022, respectively, of which \$4,623 and \$4,493 was reimbursement for executive travel during the years ended December 31, 2023 and 2022, respectively. Unpaid amounts for reimbursable expenses were approximately \$2,185 and \$2,427 at December 31, 2023 and 2022, respectively, and are included in Payables to related parties on the Company's consolidated balance sheets.

Corporate Services

The Company's subsidiary, Steel Services Ltd ("Steel Services"), through management services agreements with its subsidiaries and portfolio companies, provides services, which include assignment of C-Level management personnel, legal, tax, accounting, treasury, consulting, auditing, administrative, compliance, environmental health and safety, human resources, marketing, investor relations, operating group management and other similar services. In addition to its servicing agreements with SPLP and its consolidated subsidiaries, which are eliminated in consolidation, Steel Services has management services agreements with other companies considered to be related parties, including J. Howard Inc., Steel Partners, Ltd. and affiliates. In total, Steel Services currently charges approximately \$1,787 annually to these companies. Upon closing of the Exchange Transaction on May 1, 2023, STCN became a consolidated subsidiary of the Company as described in Note 5 - "Acquisitions and Divestitures." Service fees charged to STCN after May 1, 2023 are eliminated in consolidation. All amounts billed under these service agreements are classified as a reduction of Selling, general and administrative expenses.

Mutual Securities, Inc.

Pursuant to the Management Agreement, the Manager is responsible for selecting executing brokers. Securities transactions for SPLP are allocated to brokers on the basis of reliability, price and execution. The Manager has selected Mutual Securities, Inc. as an introducing broker and may direct a substantial portion of the managed entities' trades to such firm, among others. An officer of the Manager and SPH GP is affiliated with Mutual Securities, Inc. The commissions paid by SPLP to Mutual Securities, Inc. were not significant in any period.

Other

At December 31, 2023 and 2022, several related parties and consolidated subsidiaries had deposits totaling \$110 and \$1,112 at WebBank, respectively. Approximately \$27 and \$31 of these deposits, including interest which was not significant, have been eliminated in consolidation as of December 31, 2023 and 2022, respectively.

The Company recorded revenue of \$19 and \$226 from its transactions with related parties during the years ended December 31, 2023 and 2022, respectively.

21. SEGMENT INFORMATION

SPLP operates through the following segments: Diversified Industrial, Energy, Supply Chain and Financial Services which are managed separately and offer different products and services. The Diversified Industrial segment is comprised of manufacturers of engineered niche industrial products, including joining materials, tubing, building materials, performance materials, electrical products, cutting replacement products and services, and a packaging business. The Energy segment provides drilling and production services to the oil & gas industry and owns a youth sports business. The Supply Chain segment is comprised of the operations of Steel Connect's wholly-owned subsidiary, ModusLink, which provides supply chain management and logistics services. The Financial Services segment consists primarily of the operations of WebBank, a Utah chartered industrial bank, which engages in a full range of banking activities.

Corporate and Other consists of several consolidated subsidiaries, including Steel Services, equity method and other investments, and cash and cash equivalents. Its income or loss includes certain unallocated general corporate expenses. Steel Services has management services agreements with our consolidated subsidiaries and other related companies as further discussed in Note 20 - "Related Party Transactions."

Steel Services charged the Diversified Industrial, Energy, Financial Services, and Supply Chain segments \$54,796, \$9,491, \$2,160, and \$2,468, respectively, for the year ended December 31, 2023. For the year ended December 31, 2022, Steel Services charged the Diversified Industrial, Energy and Financial Services segments \$48,951, \$9,083 and \$1,929, respectively, for these services. These service fees are reflected as expenses in the segment income (loss) below, but are eliminated in consolidation.

Segment information is presented below:

	Year Ended December 31,	
	2023	2022
Revenue:		
Diversified Industrial	\$ 1,193,964	\$ 1,285,666
Energy	179,438	181,811
Financial Services	416,911	227,964
Supply Chain	115,144	—
Total	\$ 1,905,457	\$ 1,695,441
Income before interest expense and income taxes:		
Diversified Industrial	\$ 70,937	\$ 200,629
Energy	16,247	13,608
Financial Services	74,248	63,477
Supply Chain	8,726	—
Corporate and other	570	23,044
Income before interest expense and income taxes	170,728	300,758
Interest expense	18,400	20,649
Income tax (benefit) provision	(1,674)	73,944
Net income	\$ 154,002	\$ 206,165
Loss (income) of associated companies, net of taxes:		
Corporate and other	\$ 8,878	\$ (4,611)
Total	\$ 8,878	\$ (4,611)

	Year Ended December 31, 2023	
	Capital Expenditures	Depreciation and Amortization
Diversified Industrial	\$ 40,720	\$ 41,424
Energy	8,512	10,065
Financial Services	314	835
Supply Chain	1,727	3,569
Corporate and other	178	672
Total	\$ 51,451	\$ 56,565

	Year Ended December 31, 2022	
	Capital Expenditures	Depreciation and Amortization
Diversified Industrial	\$ 39,588	\$ 41,805
Energy	7,411	10,546
Financial Services	274	750
Corporate and other	268	654
Total	\$ 47,541	\$ 53,755

	December 31,	
	2023	2022
Total Assets:		
Diversified Industrial	\$ 799,630	\$ 819,899
Energy	80,342	80,315
Financial Services	2,498,825	1,945,964
Supply Chain	167,874	—
Corporate and other	443,769	389,671
Total	\$ 3,990,440	\$ 3,235,849

The following table presents geographic revenue and long-lived asset information as of and for the years ended December 31, 2023 and 2022. Foreign revenue is based on the country in which the legal subsidiary generating the revenue is domiciled. Long-lived assets in 2023 and 2022 consist of property, plant and equipment, non-current operating lease right-of-use

assets, plus approximately \$4,843 in both 2023 and 2022, of land and buildings from previously operating businesses and other non-operating assets. Such assets are carried at the lower of cost or fair value less cost to sell and are included in Other non-current assets on the Company's consolidated balance sheets as of December 31, 2023 and 2022. Neither revenue nor long-lived assets from any single foreign country were material to the consolidated financial statements of the Company.

	2023		2022	
	Revenue	Long-lived Assets	Revenue	Long-lived Assets
Geographic information:				
United States	\$ 1,744,076	\$ 288,180	\$ 1,613,438	\$ 257,129
Foreign	161,381	47,390	82,003	28,937
Total	<u>\$ 1,905,457</u>	<u>\$ 335,570</u>	<u>\$ 1,695,441</u>	<u>\$ 286,066</u>

22. REGULATORY MATTERS

WebBank is subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain actions by regulators that, if undertaken, could have a direct material effect on WebBank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, WebBank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. WebBank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

As a result of Basel III becoming fully implemented as of January 1, 2019, WebBank's minimum requirements increased for both the quantity and quality of capital held by WebBank. The rules include a new common equity Tier 1 capital to risk-weighted assets ratio ("CET1 Ratio") of 4.5% and a capital conservation buffer of 2.5% of risk-weighted assets, which as fully phased-in, effectively results in a minimum CET1 Ratio of 7.0%. Basel III raises the minimum ratio of Tier 1 capital to risk-weighted assets from 4.0% to 6.0% (which, with the capital conservation buffer, effectively results in a minimum Tier 1 capital ratio of 8.5% as fully phased-in), and effectively results in a minimum total capital to risk-weighted assets ratio of 10.5% (with the capital conservation buffer fully phased-in), and requires a minimum leverage ratio of 4.0%. Basel III also made changes to risk weights for certain assets and off-balance-sheet exposures. WebBank expects that its capital ratios under Basel III will continue to exceed the well capitalized minimum capital requirements, and such amounts are disclosed in the table below:

As of December 31, 2023	Actual		For Capital Adequacy Purposes		Amount of Capital Required		To Be Well Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Minimum Capital Adequacy With Capital Buffer		Amount	Ratio
					Amount	Ratio		
Total Capital								
(to risk-weighted assets)	\$ 359,747	15.40 %	\$ 186,523	8.00 %	\$ 244,811	10.50 %	\$ 233,154	10.00 %
Tier 1 Capital								
(to risk-weighted assets)	\$ 334,833	14.40 %	\$ 139,892	6.00 %	\$ 198,180	8.50 %	\$ 186,523	8.00 %
Common Equity Tier 1 Capital								
(to risk-weighted assets)	\$ 334,833	14.40 %	\$ 104,919	4.50 %	\$ 163,207	7.00 %	\$ 151,550	6.50 %
Tier 1 Capital								
(to average assets)	\$ 334,833	13.20 %	\$ 101,663	4.00 %	n/a	n/a	\$ 127,078	5.00 %
As of December 31, 2022								
Total Capital								
(to risk-weighted assets)	\$ 306,618	15.00 %	\$ 163,952	8.00 %	\$ 215,187	10.50 %	\$ 204,940	10.00 %
Tier 1 Capital								
(to risk-weighted assets)	\$ 280,951	13.70 %	\$ 122,964	6.00 %	\$ 174,199	8.50 %	\$ 163,952	8.00 %
Common Equity Tier 1 Capital								
(to risk-weighted assets)	\$ 280,951	13.70 %	\$ 92,223	4.50 %	\$ 143,458	7.00 %	\$ 133,211	6.50 %
Tier 1 Capital								
(to average assets)	\$ 280,951	14.70 %	\$ 76,300	4.00 %	n/a	n/a	\$ 95,375	5.00 %

The Federal Reserve, Office of the Comptroller of Currency and Federal Deposit Insurance Corporation issued an interim final rule that excludes loans pledged as collateral to the Federal Reserve's PPP Lending Facility from supplementary leverage ratio exposure and average total consolidated assets. Additionally, PPP loans will receive a zero percent risk weight under the risk-based capital rules of the federal banking agencies.

23. SUPPLEMENTAL CASH FLOW INFORMATION

A summary of supplemental cash flow information for the years ended December 31, 2023 and 2022 is presented in the following table:

	Year Ended December 31,			
	2023		2022	
Cash paid during the period for:				
Interest	\$	87,616	\$	29,068
Taxes	\$	33,296	\$	28,633

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company conducted an evaluation under the supervision and with the participation of our management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as such terms are defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Disclosure controls and procedures are controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company, including its consolidated subsidiaries, in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its Principal Executive and Principal Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on that evaluation, the Company's management, including the Principal Executive Officer and the Principal Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of December 31, 2023.

Management's Report on Internal Control Over Financial Reporting

The Company's management, including the Principal Executive Officer and Principal Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) based upon the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with U.S. GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

In conducting our evaluation of disclosure controls and procedures as of December 31, 2023, we have elected to exclude the internal control over financial reporting of Steel Connect (in which our ownership is approximately 85.1% and which we consolidate, in each case, as of May 1, 2023, as discussed in Note 5 - "Acquisitions and Divestitures") from our evaluation, as permitted under the SEC's published guidance. As of and for the year ended December 31, 2023, Steel Connect represented 10.4% of our consolidated total assets and 6.0% of our consolidated revenue.

With the participation of the Company's management, including the Company's Principal Executive Officer and the Principal Financial Officer, the Company conducted an evaluation of the effectiveness of the internal control over financial reporting of the Company as referred to above as of December 31, 2023. Based on such evaluation, management concluded that, as of December 31, 2023, the Company's internal control over financial reporting was effective.

Changes in Internal Control over Financial Reporting

The Company is in the process of integrating Steel Connect's historical internal controls over financial reporting with the rest of the Company, and during such time, may make appropriate changes to the internal control over financial reporting of Steel Connect. Other than the foregoing, there have been no changes in our internal control over financial reporting during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the unitholders and the Board of Directors of Steel Partners Holdings L.P.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Steel Partners Holdings L.P and subsidiaries (the "Company") as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2023, of the Company and our report dated March 8, 2024, expressed an unqualified opinion on those financial statements.

As described in Management's Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Steel Connect, Inc., which was acquired on May 1, 2023, and whose financial statements constitute 10.4% of consolidated total assets and 6.0% of consolidated revenues of the Company's consolidated financial statement amounts as of and for the year ended December 31, 2023. Accordingly, our audit did not include the internal control over financial reporting at Steel Connect, Inc.

Basis for Opinion

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ Deloitte & Touche LLP

New York, New York
March 8, 2024

Item 9B. Other Information

During the three months ended December 31, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item 10, which will be included in the Company's definitive proxy statement for the solicitation of proxies for its 2024 Annual Meeting of Limited Partners, to be filed with the SEC pursuant to Schedule 14A within 120 days of the end of the Company's fiscal year (the "2024 Proxy Statement"), is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item 11 included in the 2024 Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 12 included in the 2024 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 from the 2024 Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item 14 from the 2024 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

- (a) *Financial Statements* - The following financial statements of Steel Partners Holdings L.P., and subsidiaries, are included in Part II, Item 8 of this Report:

Consolidated Balance Sheets as of December 31, 2023 and 2022

Consolidated Statements of Operations for the years ended December 31, 2023 and 2022

Consolidated Statements of Comprehensive Income for the years ended December 31, 2023 and 2022

Consolidated Statements of Changes in Capital for the years ended December 31, 2023 and 2022

Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022

Notes to Consolidated Financial Statements

- (b) *Exhibits* - The following documents are filed as exhibits hereto:

Exhibit No.	Description
2.1	Purchase Agreement, dated as of April 1, 2022, by and among SL Delaware Holdings, Inc., a subsidiary of Steel Partners Holdings L.P., AEI US Subsidiary LLC, a subsidiary of Advanced Industries, Inc., SL Power Electronics Corporation and, for the limited purposes set forth therein, Advanced Energy Industries, Inc. and Steel Partners Holdings L.P. (incorporated by reference to Exhibit 2.1 of Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed April 4, 2022).
3.1	Certificate of Limited Partnership (incorporated by reference to Exhibit 3.1 to Steel Partners Holdings L.P.'s Registration Statement on Form 10, filed December 15, 2011).
3.2	Amendment to the Certificate of Limited Partnership, dated April 2, 2009 (incorporated by reference to Exhibit 3.2 to Steel Partners Holdings L.P.'s Registration Statement on Form 10, filed December 15, 2011).
3.3	Amendment to the Certificate of Limited Partnership, dated January 20, 2010 (incorporated by reference to Exhibit 3.3 to Steel Partners Holdings L.P.'s Registration Statement on Form 10, filed December 15, 2011).
3.4	Amendment to the Certificate of Limited Partnership, dated October 15, 2010 (incorporated by reference to Exhibit 3.4 to Steel Partners Holdings L.P.'s Registration Statement on Form 10, filed December 15, 2011).
3.5	Tenth Amended and Restated Agreement of Limited Partnership of Steel Partners Holdings L.P., dated as of June 1, 2023 (incorporated by reference to Exhibit 3.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed June 5, 2023).

- 4.1 [Certificate of Designations, Preferences and Rights of Series C Convertible Preferred Stock of ModusLink Global Solutions, Inc. filed with the Secretary of State of the State of Delaware on December 15, 2017 \(incorporated by reference to Exhibit 4.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed December 19, 2017\).](#)
- 4.2+ [Certificate of Designations, Preferences and Rights of Series E Convertible Preferred Stock of Steel Connect, Inc.](#)
- 4.3+ [Description of Steel Partners Holdings L.P.'s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.](#)
- 10.1** [Amended and Restated Credit Agreement, dated as of December 29, among SPH Group Holdings LLC, Steel Excel Inc. and IGo, Inc., as Borrowers, PNC Bank, National Association, in its capacity as administrative agent, the lenders party thereto, and certain of the Borrowers' affiliates in their capacities as guarantors \(incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed on December 29, 2021\).](#)
- 10.1A [First Amendment and Consent to Amended and Restated Credit Agreement, dated as of June 26, 2023, by and among SPH Group Holdings LLC and Steel Excel Inc. as borrowers, PNC Bank, National Association, in its capacity as administrative agent, the lenders party thereto, and certain of the borrowers' affiliates in their capacities as guarantors \(incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed June 27, 2023\).](#)
- 10.2 [Sixth Amended and Restated Management Agreement by and between SP Corporate Services LLC and SP General Services LLC, effective as of January 1, 2015 \(incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed January 13, 2015\).](#)
- 10.3 [Incentive Unit Agreement by and between Steel Partners Holdings L.P. and SPH SPV-I LLC, effective as of May 11, 2012 \(incorporated by reference to Exhibit 10.2 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed January 13, 2015\).](#)
- 10.4 [Amendment to Incentive Unit Agreement by and between Steel Partners Holdings L.P. and SPH SPV-I LLC, effective as of February 18, 2022 \(incorporated by reference to Exhibit 10.4 to Steel Partners Holdings L.P.'s Annual Report on Form 10-K, filed March 10, 2022\).](#)
- 10.5* [Steel Partners Holdings L.P. Second Amended & Restated 2018 Incentive Award Plan \(incorporated by reference to Exhibit 10.4 to Steel Partners Holdings L.P.'s Annual Report on Form 10-K, filed March 10, 2022\).](#)
- 10.6* [Steel Partners Holdings L.P. Second Amended and Restated 2018 Incentive Award Plan Form Restricted Unit Agreement \(Directors\) \(incorporated by reference to Exhibit 10.2 to Steel Partners Holdings L.P.'s Quarterly Report on Form 10-Q, filed August 5, 2021\).](#)
- 10.7* [Steel Partners Holdings L.P. Second Amended and Restated 2018 Incentive Award Plan Form Restricted Unit Agreement \(incorporated by reference to Exhibit 10.3 to Steel Partners Holdings L.P.'s Quarterly Report on Form 10-Q, filed August 5, 2021\).](#)
- 10.8* [Preferred Stock Purchase Agreement dated as of December 15, 2017, by and between ModusLink Global Solutions, Inc. and SPH Group Holdings LLC. \(incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed December 19, 2017\).](#)
- 10.9 [Letter Agreement - Permitted Investments and Investment in PCS-Mosaic Co-Invest L.P. \(incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Quarterly Report on Form 10-Q, filed May 5, 2022\).](#)
- 10.10 [2022 Long Term Incentive Plan for Senior Management \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on August 22, 2022\).](#)
- 10.11* [Form of Award Agreement Under the 2022 Long Term Incentive Plan for Senior Management \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on August 22, 2022\).](#)
- 10.12* [Form of Bonus, Confidentiality and Non-Solicitation Agreement \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on August 22, 2022\).](#)
- 10.13* [Separation Agreement and General Release, dated as of January 20, 2023, between the Company and Gordon Walker \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on January 26, 2023\).](#)
- 10.14* [Offer letter between Steel Services and Mr. Martin \(incorporated by reference to Exhibit 10.3 to Steel Partners Holdings L.P.'s Quarterly Report on Form 10-Q, filed August 9, 2023\).](#)
- 10.15* [Offer letter between Steel Services and Mr. O'Herrin \(incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed August 7, 2023\).](#)
- 10.16 [Transfer and Exchange Agreement, dated as of April 30, 2023, by and among Steel Partners Holdings L.P., Steel Excel, Inc., WebFinancial Holding Corporation and Steel Connect, Inc. \(incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed May 1, 2023\).](#)

10.17	<u>Stockholders' Agreement, dated as of April 30, 2023, by and among Steel Connect, Inc., Steel Partners Holdings L.P., and the other stockholders signatory therein (incorporated by reference to Exhibit 10.2 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed May 1, 2023).</u>
10.18	<u>Voting Agreement, dated as of April 30, 2023, by and among Steel Connect, Inc., Steel Partners Holdings L.P., WebFinancial Holding Corporation, WHX CS, LLC, WF Asset Corp., Steel Partners, Ltd., Warren G. Lichtenstein, and Jack L. Howard. (incorporated by reference to Exhibit 10.3 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed May 1, 2023).</u>
21.1 ⁺	<u>Subsidiaries of Steel Partners Holdings L.P.</u>
23.1 ⁺	<u>Consent of Independent Registered Public Accounting Firm-Deloitte & Touche LLP.</u>
24.1 ⁺	<u>Power of Attorney (included in the signature page)</u>
31.1 ⁺	<u>Certification by the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2 ⁺	<u>Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1 [#]	<u>Certification by the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2 [#]	<u>Certification by the Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
97.1 ⁺	<u>Steel Partners Holdings L.P. Policy for the Recovery of Erroneously Awarded Compensation.</u>
101.INS [*]	Inline XBRL Instance Document.
101.SCH [*]	Inline XBRL Taxonomy Extension Schema.
101.CAL [*]	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF [*]	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB [*]	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE [*]	Inline XBRL Taxonomy Extension Presentation Linkbase.
104	Cover Page Interactive Data File (formatted as Inline XBRL and included in Exhibit 101).

⁺ Filed herewith.

[#] Furnished herewith.

^{*} Management contract or compensatory plan or arrangement.

^{**} Schedules and exhibits have been omitted pursuant to Item 601 (a)(5) of Regulation S-K.

Item 16. Form 10-K Summary

None.

SIGNATURES

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

Dated: STEEL PARTNERS HOLDINGS L.P.

March 8, 2024

By: Steel Partners Holdings GP Inc.
Its General Partner

By: /s/ Warren G. Lichtenstein
Warren G. Lichtenstein
Executive Chairman

POWER OF ATTORNEY

Each of the undersigned do hereby appoint Warren G. Lichtenstein and Ryan O'Herrin, and each of them severally, his or her true and lawful attorney to execute on behalf of the undersigned any and all amendments to this Annual Report on Form 10-K and to file the same with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission; each of such attorneys shall have the power to act hereunder with or without the other.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons in the capacities indicated with respect to Steel Partners Holdings GP Inc., the general partner of Steel Partners Holdings L.P., and on behalf of the registrant and on the dates indicated below:

By: <u>/s/ Warren G. Lichtenstein</u>	<u>March 8, 2024</u>
Warren G. Lichtenstein, Executive Chairman (Principal Executive Officer)	Date
By: <u>/s/ Ryan O'Herrin</u>	<u>March 8, 2024</u>
Ryan O'Herrin, Chief Financial Officer (Principal Financial Officer)	Date
By: <u>/s/ Gary W. Tankard</u>	<u>March 8, 2024</u>
Gary W. Tankard, Chief Accounting Officer (Principal Accounting Officer)	Date
By: <u>/s/ Jack L. Howard</u>	<u>March 8, 2024</u>
Jack L. Howard, Director	Date
By: <u>/s/ James Benenson III</u>	<u>March 8, 2024</u>
James Benenson III, Director	Date
By: <u>/s/ Eric P. Karros</u>	<u>March 8, 2024</u>
Eric P. Karros, Director	Date
By: <u>/s/ John P. McNiff</u>	<u>March 8, 2024</u>
John P. McNiff, Director	Date
By: <u>/s/ Lon Rosen</u>	<u>March 8, 2024</u>
Lon Rosen, Director	Date
By: <u>/s/ Rory Tahari</u>	<u>March 8, 2024</u>
Rory Tahari, Director	Date

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS

OF

SERIES E CONVERTIBLE PREFERRED STOCK

OF

STEEL CONNECT, INC.

(Pursuant to Section 151 of the Delaware General Corporation Law)

Steel Connect, Inc. (the “**Corporation**”), a corporation organized and existing under the laws of the State of Delaware, hereby certifies that, pursuant to authority conferred on its Board of Directors (the “**Board**”) by the Restated Certificate of Incorporation of the Corporation, as amended (the “**Certificate of Incorporation**”), and in accordance with Section 141 of the Delaware General Corporation Law, the following resolution was adopted by the Board at a meeting of the Board duly held on April 30, 2023, which resolution remains in full force and effect on the date hereof:

RESOLVED, that the Board, pursuant to authority expressly vested in it by the provisions of the Certificate of Incorporation, hereby authorizes the issuance of a series of preferred stock designated as the Series E Convertible Preferred Stock, par value \$0.01 per share, of the Corporation and hereby fixes the designation, number of shares, powers, preferences, rights, qualifications, limitations and restrictions thereof (in addition to any provisions set forth in the Certificate of Incorporation which are applicable to the Corporation’s preferred stock of all classes and series) as follows:

1. Designation, Amount and Par Value. Pursuant to this Certificate of Designations, Preferences and Rights of Series E Convertible Preferred Stock of the Corporation (this “**Certificate of Designations**”), there is hereby designated a series of the Corporation’s authorized preferred stock having a par value of \$0.01 per share (the “**Preferred Stock**”), which series shall be designated as “Series E Convertible Preferred Stock” (the “**Series E Preferred Stock**”), and the number of shares so designated shall be Three Million Five Hundred Thousand (3,500,000). Each share of Series E Preferred Stock shall have a par value of \$0.01 per share.

2. Definitions. In addition to the terms defined elsewhere in this Certificate of Designations, the following terms have the meanings indicated. Capitalized terms used but not defined in this Certificate of Designations shall have the respective meanings given to them in the Transfer and Exchange Agreement (as defined below):

“**Board**” has the meaning set forth in the preamble to this Certificate of Designations.

“**Business Day**” means any day except Saturday, Sunday and any day which is a federal legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“**Certificate of Designations**” has the meaning set forth in Section 1.

“**Certificate of Incorporation**” has the meaning set forth in the preamble to this Certificate of Designations.

“**Common Stock**” means the common stock of the Corporation, par value \$0.01 per share, and any securities into which such common stock may hereafter be reclassified.

“**Conversion Date**” has the meaning set forth in Section 7(a).

“**Conversion Notice**” has the meaning set forth in Section 7(a).

“**Conversion Price**” has the meaning set forth in Section 7(a).

“**Corporation**” has the meaning set forth in the preamble to this Certificate of Designations.

“**DTC**” means The Depository Trust Corporation.

“**Eligible Market**” means any of the following: the Principal Market, the New York Stock Exchange, the NYSE MKT, The NASDAQ Global Select Market, The NASDAQ Capital Market or the OTC Bulletin Board.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Fractional Cash Payment**” has the meaning set forth in [Section 7\(f\)](#).

“**Holder**” means any holder of Series E Preferred Stock.

“**Junior Securities**” means the Common Stock and all other equity or equity equivalent securities of the Corporation other than the Series C Preferred Stock and the Series E Preferred Stock.

“**Liquidation Event**” means any of the following: (i) any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, (ii) any merger or consolidation in which the Corporation is a constituent party or a Significant Subsidiary is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation such that the stockholders of the Corporation prior to such merger or consolidation hold less than 50.0% of the aggregate voting securities of the Corporation following such merger or consolidation, or (iii) any sale of all or substantially all of the assets or capital stock of the Corporation or one or more Significant Subsidiaries if substantially all of the assets of the Corporation are held by such Significant Subsidiary or Significant Subsidiaries.

“**Majority Holders**” means, as of any date of determination, the holders of a majority of the then outstanding shares of Series E Preferred Stock.

“**Nasdaq Proposal**” means the proposal to consider and vote upon the rights of the Holders to vote and receive dividends together with the holders of Common Stock on an as-converted basis and the issuance of Common Stock upon conversion of the Series E Preferred Stock by the Holders at their option, as required by the rules and regulation of the Principal Market.

“**Original Issue Date**” with respect to any share of Series E Preferred Stock means the date of the first issuance of such share of the Series E Preferred Stock, regardless of the number of transfers of any particular shares of Series E Preferred Stock thereafter and regardless of the number of certificates that may be issued to evidence shares of Series E Preferred Stock.

“**Person**” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock corporation, government (or an agency or subdivision thereof) or other entity of any kind.

“**Preferred Stock**” has the meaning set forth in [Section 1](#).

“**Principal Market**” means The Nasdaq Capital Market.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Series C Preferred Stock**” means the Corporation’s Series C Convertible Preferred Stock, par value \$0.01 per share.

“**Series E Preferred Stock**” has the meaning set forth in [Section 1](#).

“**Series E Preferred Stock Register**” has the meaning set forth in [Section 4](#).

“**Significant Subsidiary**” means any Subsidiary that would be a “significant subsidiary” as defined in Rule 1-02(w) of Regulation S-X.

“**Stockholder Approval**” means approval of the Nasdaq Proposal by the affirmative vote of the holders of a majority in voting power of the outstanding shares of Common Stock and the Series C Preferred Stock (voting on an as converted to shares of Common Stock basis), voting together as a single class.

“**Subsidiary**” means at any time, any Person (other than a natural person or Governmental Entity) which the Corporation (either alone or through or together with any other Subsidiary), owns, directly or indirectly, more than a majority of the capital stock or equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such Person.

“**Trading Day**” means any day on which the Common Stock is traded on the Principal Market (or, if not traded on the Principal Market, on the Eligible Market on which the Common Stock is then traded); provided that Trading Day shall not include any day on which the Common Stock is scheduled to trade on the Principal Market (or, if not traded on the Principal Market, in any applicable Eligible Market) for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on the Principal Market (or, if not traded on the Principal Market, on the Eligible Market on which the Common Stock is then traded) does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00 p.m., New York Time.

“**Transaction Documents**” means this Certificate of Designations, the Transfer and Exchange Agreement, and any other documents, certificates or agreements executed or delivered in connection with the transactions contemplated by the Transfer and Exchange Agreement.

“**Transfer and Exchange Agreement**” means the Transfer and Exchange Agreement, dated on or about the date hereof, by and among the Corporation, Steel Partners Holdings L.P., a Delaware limited partnership, Steel Excel, Inc., a Delaware corporation, and WebFinancial Holding Corporation, a Delaware corporation, as amended from time to time.

“**Underlying Shares**” means the shares of Common Stock issued or issuable (i) upon conversion of the Series E Preferred Stock pursuant to this Certificate of Designations, or (ii) in satisfaction of any other obligation or right of the Corporation to issue shares of Common Stock pursuant to this Certificate of Designations, and in each case, any securities issued or issuable in exchange for or in respect of such securities.

3. Dividends

(a) Holders are not entitled to receive any dividends or other distributions from the Corporation except as provided in this Section 3. Following the date on which Stockholder Approval is obtained, Holders will be entitled to participate equally and ratably with the holders of shares of Common Stock in all dividends or other distributions on the shares of Common Stock as if, immediately prior to each record date for payment of dividends or other distributions on the Common Stock, shares of Series E Preferred Stock then outstanding were converted into shares of Common Stock. Dividends or other distributions payable pursuant to this Section 3 will be payable on the same date that such dividends or other distributions are payable to holders of shares of Common Stock, and no dividends or other distributions will be payable to holders of shares of Common Stock unless dividends or such other distributions contemplated by this Section 3 are also paid at the same time in respect of the Series E Preferred Stock.

(b) Notwithstanding the foregoing, the Corporation may not pay dividends by issuing Common Stock to any Holder unless, at such time, the number of authorized but unissued and otherwise unreserved shares of Common Stock is sufficient for such issuance.

4. Registration of Issuance and Ownership of Series E Preferred Stock. The Corporation shall register the issuance and ownership of shares of the Series E Preferred Stock, upon records to be maintained by the Corporation for that purpose (the “**Series E Preferred Stock Register**”), in the name of the record Holders thereof from time to time. The Corporation may deem and treat the registered Holder as the absolute owner thereof for the purpose of any distribution to such Holder, and for all other purposes, absent actual notice to the contrary.

5. Registration of Transfers. The Corporation shall register the transfer of any shares of Series E Preferred Stock in the Series E Preferred Stock Register, upon surrender of certificates evidencing such shares to the Corporation at its address specified herein. Upon any such registration or transfer, a new certificate evidencing the shares of Series E Preferred Stock so transferred shall be issued to the transferee and a new certificate evidencing the remaining portion of the shares not so transferred, if any, shall be issued to the transferring Holder.

6. Liquidation

(a) Upon the occurrence of any Liquidation Event, the Holders shall be entitled to receive, prior and in preference to any distribution of any of the assets or funds of the Corporation to the holders of Common Stock by reason of their ownership thereof, an amount per share in cash equal to \$58.1087 (as adjusted for any stock split, stock dividend, stock combination or other similar transactions with respect to the Series E Preferred Stock (the “**Series E Preferred Stock Liquidation Preference**”).

(b) If, upon the occurrence of a Liquidation Event, the assets and funds distributed among the Holders shall be insufficient to permit the payment to such Holders of the full Series E Preferred Stock Liquidation

Preference, then (x) the Corporation shall take any action necessary or appropriate, to the extent permissible under applicable law and reasonably within its control, to remove promptly any impediments to its ability to pay the total Series E Preferred Stock Liquidation Preference, including to the extent permissible under applicable law, reducing the stated capital of the Corporation or causing a revaluation of the assets of the Corporation to create sufficient surplus to make such payment, and (y) the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the Holders in proportion to the aggregate Series E Preferred Stock Liquidation Preference that would otherwise be payable to each of such Holders with respect to the Series E Preferred Stock.

(c) In the event that the Series E Preferred Stock Liquidation Preference is not paid with respect to any shares of Series E Preferred Stock as required to be paid pursuant to this Section 6, such shares shall continue to be entitled to dividends thereon as provided in Section 3. In the event that the Series E Preferred Stock Liquidation Preference is not paid with respect to any shares of Series E Preferred Stock as required to be paid pursuant to this Section 6, all such shares shall remain outstanding and entitled to all the rights and preferences provided herein.

(d) To the extent not prohibited by applicable law, upon the occurrence of a Liquidation Event, following completion of the distributions to the holders of Series C Preferred Stock and those required by Section 6(a) (including without limitation the payment in full of the Series E Preferred Stock Liquidation Preference), if assets or surplus funds remain in the Corporation, no further payments shall be due with respect to the Series C Preferred Stock or Series E Preferred Stock, and the holders of Junior Securities shall share in all remaining assets of the Corporation.

(e) The Corporation shall provide written notice of any Liquidation Event to each record Holder, if practicable, not less than thirty (30) days prior to the payment date or effective date thereof, or, if not practicable to provide prior notice, promptly upon the occurrence thereof.

(f) In the event that, immediately prior to the closing of a Liquidation Event, the cash distributions required by Section 6(a) have not been made, the Corporation shall forthwith either: (i) make payment of such distributions upon or immediately following the closing of such Liquidation Event; (ii) cause such closing to be postponed until such time as such cash distributions have been made; or (iii) cancel such transaction, in which event the rights, preferences and privileges of the Holders shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice by the Corporation required under Section 6(e) and no additional amounts shall be due and owing by the Corporation pursuant to Section 6(c).

7. Conversion Rights.

Subject to Section 3(b), the Holders shall have the following rights and restrictions with respect to the conversion of the Series E Preferred Stock into shares of Common Stock:

(a) Conversion. Prior to obtaining the Stockholder Approval, the Series E Preferred Stock will not be convertible into Common Stock or any other security of the Corporation. Following the date on which Stockholder Approval is obtained, Holder, may, at its option, convert all or any shares of Series E Preferred Stock held by such Holder into Common Stock based on a conversion price of \$1.10 (the “**Conversion Price**”) for the Series E Preferred Stock, by delivering to the Corporation a conversion notice (the “**Conversion Notice**”), in the form attached hereto as Annex A, properly completed and duly executed, and the date any such Conversion Notice is delivered to the Corporation (as determined in accordance with the notice provisions hereof) is a “**Conversion Date**.”

(b) Mechanics of Conversion.

(i) The number of shares of Common Stock issuable upon any conversion of shares of Series E Preferred Stock hereunder shall equal the quotient of (x) the product of (A) the Series E Preferred Stock Liquidation Preference (as adjusted for any stock split of the Series E Preferred Stock, stock combination of the Series E Preferred Stock or other similar transaction of the Series E Preferred Stock) multiplied by, (B) the number of shares of Series E Preferred Stock to be converted, divided by, (y) the Conversion Price on the Conversion Date.

(ii) Upon conversion of any shares of Series E Preferred Stock, the Corporation shall promptly (but in no event later than three (3) Trading Days after the Conversion Date) (i) credit the number of shares of Common Stock to which such Holder shall be entitled to such Holder’s or its designee’s balance account with DTC through its Deposit Withdrawal Agent Commission System, or (ii) in the event that clause (i) is not applicable, issue or cause to be issued and cause to be delivered to or upon the written order of the Holder and in such name or names as the Holder may designate a certificate for the Underlying Shares issuable upon such conversion. The Holder, or any Person so designated by the Holder to receive Underlying Shares, shall be deemed to have become holder of record of such Underlying Shares as of the Conversion Date.

(iii) The Holder shall not be required to deliver the original certificate(s) evidencing the Series E Preferred Stock being converted in order to effect a conversion of such Series E Preferred Stock hereunder. Execution and delivery of the Conversion Notice shall have the same effect as cancellation of the original certificate(s) and issuance of a new certificate evidencing the remaining shares of Series E Preferred Stock; provided that the cancellation of the original certificate(s) shall not be deemed effective until a certificate for such Underlying Shares is delivered to the Holder, or the Holder or its designee receives a credit for such Underlying Shares to its balance account with the DTC through its Deposit Withdrawal Agent Commission System. Upon surrender of a certificate following one or more partial conversions, the Corporation shall promptly deliver to the Holder a new certificate representing the remaining shares of Series E Preferred Stock.

(iv) The Corporation's obligations to issue and deliver Underlying Shares upon conversion of shares of Series E Preferred Stock in accordance with the terms and subject to the conditions hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, or the recovery of any judgment against any Person or any action to enforce the same, or any set-off, counterclaim, recoupment, limitation or termination.

(c) Adjustment for Stock Splits and Combinations. If at any time or from time to time on or after the Original Issue Date the Corporation effects a subdivision of the outstanding Common Stock, the Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if at any time or from time to time after the Original Issue Date the Corporation combines the outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 7(c) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(d) Adjustment for Reclassification, Exchange, Substitution, Reorganization, Merger or Consolidation. If at any time or from time to time on or after the Original Issue Date the Common Stock issuable upon the conversion of the Series E Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification, merger, consolidation or otherwise (other than a subdivision or combination of shares provided for elsewhere in this Section 7), in any such event each Holder shall then have the right to convert Series E Preferred Stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification, merger, consolidation or other change by holders of the maximum number of shares of Common Stock into which such shares of Series E Preferred Stock could have been converted immediately prior to such recapitalization, reclassification, merger, consolidation or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 7 with respect to the rights of the holders of Series E Preferred Stock after the capital reorganization to the end that the provisions of this Section 7 (including adjustment of the Conversion Price then in effect and the number of shares issuable upon conversion of the Series E Preferred Stock) shall be applicable after that event and be as nearly equivalent as practicable.

(e) Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series E Preferred Stock, if the Series E Preferred Stock is then convertible pursuant to this Section 7, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and shall, upon request, prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each Holder so requesting at the Holder's address as shown in the Corporation's books. Failure to request or provide such notice shall have no effect on any such adjustment.

(f) Fractional Shares. The Corporation shall not be required to issue or cause to be issued fractional shares of Common Stock on conversion of Series E Preferred Stock. Subject to Section 7(h), if any fraction of a share of Common Stock would, except for the provisions of this Section 7(f), be issuable upon conversion of Series E Preferred Stock, the number of shares of Common Stock to be issued will be rounded down to the nearest whole share, and the Corporation shall, in lieu of issuing any fractional share, pay an amount of cash equal to the product of such fraction multiplied by the Conversion Price on the date of conversion (each such payment in cash, the "**Fractional Cash Payment**").

(g) Payment of Taxes. The Corporation will pay all documentary, stamp, transfer (but only in respect of the registered Holder thereof) and other similar taxes that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series E Preferred Stock, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series E Preferred Stock so converted were registered. Holders shall be liable for any income, capital gain or similar tax imposed in connection with such transfer.

(h) Restrictions. Notwithstanding anything else set forth in this Section 7 to the contrary, the Corporation shall not be required to pay any Fractional Cash Payments pursuant to Section 7(f) to any Holder if the payment of such Fractional Cash Payments would cause the Corporation to violate any applicable law or regulation or order. The Corporation shall pay any Fractional Cash Payments owed by it but that it did not pay pursuant to the immediately preceding sentence on the date that is on or before the day that is five (5) days after the Corporation is first able to pay such Fractional Cash Payments without violating any applicable law or regulation or order.

8. Redemption. The Corporation shall not have any right to redeem the Series E Preferred Stock and the Holder shall not have any right to cause the Corporation to redeem the Series E Preferred Stock.

9. Replacement Certificates. If any certificate evidencing Series E Preferred Stock, or Common Stock deliverable pursuant to this Certificate of Designations, is mutilated, lost, stolen or destroyed, the Corporation shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution for such certificate, a new certificate, but only upon receipt of evidence reasonably satisfactory to the Corporation of such loss, theft or destruction (in such case) and, in each case, customary and reasonable indemnity, if requested. Applicants for a new certificate under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Corporation may prescribe.

10. Reservation of Common Stock. The Corporation shall at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Underlying Shares as required hereunder, the number of shares of Common Stock which are then issuable and deliverable pursuant to this Certificate of Designations, in each case free from preemptive rights or any other contingent purchase rights of Persons other than the Holders. All shares of Common Stock so issuable and deliverable shall, upon issuance in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to issue Underlying Shares as required hereunder, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

11. Notices. Any and all notices or other communications or deliveries hereunder shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via email or facsimile at the email address or facsimile number specified in this Section 11 prior to 5:30 p.m. (New York City time) on a Business Day, (ii) the next Business Day after the date of transmission, if such notice or communication is delivered via email or facsimile at the email address or facsimile number specified in this Section 11 on a day that is not a Business Day or later than 5:30 p.m. (New York City time) on any Business Day, (iii) the Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The address or facsimile number for such communications shall be: (i) if to the Corporation, to the address or facsimile number therefor set forth in the Transfer and Exchange Agreement, or (ii) if to a Holder, to the address or facsimile number appearing on the Corporation's stockholder records or such other address or facsimile number as such Holder may provide to the Corporation in accordance with this Section 11.

12. Voting Rights. Prior to obtaining the Stockholder Approval, the Series E Preferred Stock will be non-voting and will not have the right to vote on any matters presented to the stockholders of the Corporation. Following the date on which Stockholder Approval is obtained, each Holder shall be entitled to vote with holders of outstanding shares of Common Stock, voting together as a single class, with respect to any and all matters presented to the stockholders of the Corporation for their action or consideration (whether at a meeting of stockholders of the Corporation, by written action of stockholders in lieu of a meeting or otherwise), except as provided by law. In any such vote, each Holder shall be entitled to a number of votes equal to the largest number of whole shares of Common Stock into which all shares of Series E Preferred Stock held of record by such Holder is convertible as of the record date for such vote or written consent or, if there is no specified record date, as of the date of such vote or written consent.

13. Miscellaneous.

(a) The headings herein are for convenience only, do not constitute a part of this Certificate of Designations and shall not be deemed to limit or affect any of the provisions hereof.

(b) No provision of this Certificate of Designations may be amended, except in a written instrument signed by the Corporation and the Majority Holders. Any of the rights of the Holders set forth herein may be waived by the affirmative vote or by written consent of the Majority Holders, except that each Holder may waive its own rights as provided in this Certificate of Designations. No waiver of any default with respect to any provision, condition or requirement of this Certificate of Designations shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall

any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has caused this Certificate of Designations to be duly executed as of this 30th day of April, 2023.
STEEL CONNECT, INC.

By: /s/ Jason Wong

Name: Jason Wong

Title: Chief Financial Officer and Treasurer

ANNEX A

NOTICE OF CONVERSION
(To be Executed by the Registered Holder in order
to Convert Shares of Series E Preferred Stock)

The undersigned Holder hereby irrevocably elects to convert the number of shares of Series E Preferred Stock indicated below, represented by stock certificate No(s). _____, into shares of common stock, par value \$0.01 per share (the “***Common Stock***”), of Steel Connect, Inc., a Delaware corporation (the “***Corporation***”), as of the date written below. If securities are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto.

Conversion calculations:

Date to Effect Conversion: _____
Number of shares of Series E Preferred Stock owned prior to Conversion: _____
Number of shares of Series E Preferred Stock to be Converted: _____
Number of shares of Common Stock to be Issued: _____
Address for delivery of physical certificates: _____
or
for DWAC Delivery: _____

DWAC Instructions:
Broker no: _____
Account no: _____

[HOLDER]

By: _____
Name:
Title:
Date:

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

OVERVIEW

Steel Partners Holdings L.P.'s ("SPLP," the "Company," "we," "us" and "our") share capital consists of common units, no par value ("common units"), and 6.0% Series A preferred units, no par value ("Preferred Units"). As of December 31, 2023, we had 21,296,067 common units and 6,422,128 Series A preferred units outstanding. Our common units are listed on the New York Stock Exchange, or NYSE, under the symbol "SPLP" and our Series A preferred units are listed on the NYSE, under the symbol "SPLP-PRA."

The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of Delaware law and our Certificate of Limited Partnership, as amended, and the Tenth Amended and Restated Agreement of Limited Partnership of Steel Partners Holdings L.P., dated as of June 1, 2023, as amended (the "Partnership Agreement"), copies of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. We encourage you to read these documents, and the applicable provisions of Delaware law for additional information.

DESCRIPTION OF COMMON UNITS***The Units***

Our common units represent limited partner interests in us. The holders of common units are entitled to participate in partnership distributions and to exercise the rights and privileges provided to limited partners under our Partnership Agreement.

Transfer of Common Units

Except as provided in the Partnership Agreement, no transfer of any partnership interests shall be made if such transfer would (i) violate the then applicable U.S. federal or state securities laws or rules and regulations of the SEC, any state securities commission, or any other governmental authority with jurisdiction over such transfer, (ii) terminate the existence or qualification of us under the laws of the jurisdiction of its formation, (iii) cause us to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not already so treated or taxed) or (iv) cause us to be subjected to the provisions of the Investment Company Act.

The Steel Partners Holdings GP Inc. (the "General Partner") may impose restrictions on the transfer of partnership interests if it receives an opinion of counsel that such restrictions are necessary to avoid a significant risk of (i) us becoming taxable as a corporation or otherwise becoming taxable as an entity for U.S. federal income tax purposes or (ii) us being subjected to the provisions of the Investment Company Act. The General Partner may impose such restrictions by amending the Partnership Agreement; provided however, that any amendment that would result in the delisting or suspension of trading of any class of limited partner interests on the principal national securities exchange on which such class of limited partner interests is then traded must be approved, prior to such amendment being effected, by the approval by vote of the holders of a majority of the voting power of outstanding voting units (excluding voting units owned by us, the General Partner and persons we and the General Partner control).

Distribution and Liquidation Rights

The holders of common units are entitled to participate in partnership distributions authorized by the General Partner in its sole discretion, which may be made in cash or in kind to common unitholders pro rata according to their respective percentage interests in us, subject to the preferential distribution rights of our Preferred Units. In the event of our liquidation, dissolution or winding up, holders of common units will be entitled to receive proportionately any of our assets remaining after the payment of liabilities and subject to the prior rights of our Preferred Units.

Voting Rights

Each record holder of a common unit is entitled to one vote per common unit. If, absent regulatory approval, at any time any person or group, other than (i) General Partner, SP General Services LLC and their respective affiliates, and (ii) a person or group that acquires 10% or more of any common units with the prior approval of the Board of

Directors, acquires, in the aggregate, beneficial ownership of 10% or more of any class of common units then outstanding, that person or group will lose voting rights with respect to all of its common units in excess of 9.9%, and such common units may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under the Partnership Agreement. Limited partnership interests owned by us or our subsidiaries will not be considered to be outstanding for purposes of calculating required votes, determining the presence of a quorum or for other similar purposes under the Partnership Agreement.

Any common units held for its own account by a unitholder that is a bank holding company or a financial holding company, as defined in the U.S. Bank Holding Company Act of 1956, as amended, or the "BHCA," or a non-bank subsidiary of such holding company and that received its common units as a distribution by Steel Partners II Master Fund L.P. or any of its affiliates following the acquisition by us of Steel Partners II, L.P., which became effective without further condition on July 15, 2009, (each a "BHC Partner,") that is determined at the time of admission of such BHC Partner to be in excess of 4.99% (or such lesser or greater percentage as may be permitted under Section 4(c)(6) of the BHCA or other applicable law) of the total common units, excluding, for purposes of calculating this percentage, portions of any other common units that are deemed to be non-voting interests pursuant to Section 3.5 of the Partnership Agreement, shall be non-voting interests (whether or not subsequently transferred in whole or in part to any other person except if such common units are transferred (i) to the public in an offering registered under the Securities Act; (ii) in a transaction pursuant to Rule 144 or Rule 144A under the Securities Act in which no person acquires more than 2% of our total common units; or (iii) in a single transaction to a third party who acquires at least a majority of our total common units without regard to the transfer of any non-voting interests. Upon the admission of any additional unitholder to the partnership or any reduction of the total outstanding common units (whether as a result of repurchases of common units by us or otherwise), recalculation of the common units held by all BHC Partners shall be made, and only that portion of the total common units held by each BHC Partner (which shall include, solely for the purpose of calculating the total common units of such BHC Partner, any common units other than a non-voting interest previously transferred by such BHC Partner to a person who was a unitholder at the time of transfer) that is determined as of the date of such admission or reduction to be in excess of 4.99% (or such lesser or greater percentage as may be permitted under Section 4(c)(6) of the BHCA or other applicable law) of the total outstanding common units, excluding non-voting interests as of such date, shall be a non-voting interest.

Election of Directors

The unitholders will vote together as a single class for the election of directors. The unitholders entitled to vote will elect by a plurality of the votes cast at such meeting persons to serve as directors on the Board of Directors who are nominated in accordance with the provisions of the Partnership Agreement. The holders of our common units do not have any cumulative voting rights.

Amendment of Partnership Agreement

Amendments to the Partnership Agreement may not be proposed except by or with the consent of the General Partner. To adopt a proposed amendment (other than an amendment that does not require unitholder approval, as discussed further in our Partnership Agreement), the Board of Directors must seek the written approval of unitholders or call a meeting of the unitholders to consider and vote upon the proposed amendment. A proposed amendment shall be effective upon its approval by the Unitholders holding a majority of the voting power of the Outstanding Voting Units (including Voting Units held by the General Partner and its affiliates), unless a greater or different percentage is required under the Partnership Agreement or by Delaware law.

No Unitholder Approval

The General Partner may generally make amendments to the Partnership Agreement without the approval of any partner or assignee to reflect, among other things:

- the admission, substitution, withdrawal or removal of partners in accordance with the Partnership Agreement;
- an amendment that the General Partner determines in its sole discretion to be necessary or appropriate in connection with the creation, authorization or issuance of any class or series of Partnership Securities or options, rights, warrants or appreciation rights relating to Partnership Securities;
- any amendment expressly permitted in the Partnership Agreement to be made by the General Partner acting alone;
- an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of the Partnership Agreement;
- any amendment that, in the discretion of the General Partner, is necessary or advisable for the formation by us of, or its investment in, any corporation, partnership or other entity, as otherwise permitted by the Partnership Agreement;

- are necessary or advisable for any action taken by the General Partner relating to splits or combinations of partnership securities under the provisions of the Partnership Agreement; or
- are required to effect the intent of the provisions of the Partnership Agreement or are otherwise contemplated by the Partnership Agreement.

Removal of General Partner

The Partnership Agreement provides that the General Partner may be removed if such removal is approved by the vote of the unitholders holding at least 66 2/3% of the voting power of the outstanding voting units (including voting units held by the General Partner and its affiliates) and we receive an opinion of counsel regarding limited liability and tax matters. Any removal of the General Partner will be subject to the approval of a successor general partner by the vote of the unitholders holding a majority of the voting power of our outstanding voting units (including voting units held by the General Partner and its affiliates).

Transfer of General Partner Interests

Subject to certain conditions, we may not transfer all or any part of our interests in the General Partner, and the General Partner may not transfer all or any part of its general partner interest to a person (other than us or our subsidiary) unless such transfer (i) has been approved by the prior written consent or vote of unitholders holding at least 66 2/3% of the voting power of the outstanding voting units, or (ii) is of all, but not less than all, of its general partner interest to (a) an affiliate of the General Partner (other than an individual) or (b) subject to approval by a majority of the independent directors, another person (other than an individual) in connection with the merger or consolidation of the General Partner with or into another person (other than an individual) or the transfer by the General Partner of all, but not less than all, of its general partner interest to another person (other than an individual), or (iii) is the transfer by Steel Partners II GP LLC of the general partner interest to the General Partner pursuant to the terms of the Exchange Agreement, dated as of January 1, 2009, between us and SP II Master Fund, as the same may be amended or modified.

Call Right

If at any time less than 10% of the then issued and outstanding limited partner interests of any class is held by persons other than the General Partner and its affiliates, the General Partner will have the right, which it may assign and transfer in whole or in part to any of its affiliates or to us, exercisable in its sole discretion, to purchase all, but not less than all, of the remaining limited partner interests of the class held by unaffiliated persons as of a record date to be selected by the General Partner, on at least 10 but not more than 60 days' notice. The purchase price in the event of this purchase will be the greater of:

(1) the current market price as of the date three days before the date the notice is mailed; and

(2) the highest price paid by the General Partner or any of its affiliates for any limited partner interests of the class purchased within the 90 days preceding the date on which the General Partner first mails notice of its election to purchase those limited partner interests.

If the General Partner, any affiliate of the General Partner or we elect to exercise the right to purchase limited partner interests as set forth above, the holders of such limited partner interests will be entitled to appraisal rights.

Other Rights and Preferences

Our common units have no preemptive rights, conversion rights or other subscription rights or sinking fund provisions.

Protection of Tax Benefits

The Partnership Agreement contains provisions designed to protect benefits as a result of significant net operating losses and other tax benefits of our subsidiaries and portfolio companies (each an "Associated Company") by preventing certain transfers of securities that could result in an ownership change with respect to an Associated Company. These provisions generally (i) restrict any direct or indirect transfer of our limited partnership interests or any warrant, right or option to purchase a limited partnership interest (together "Partnership Instruments") or (ii) require the termination within three business days after entry into a derivatives contract, if the effect of either (i) or (ii) would be to cause a holder to own more than 4.25% of our units (a "Prohibited Owner") or increase the percentage of units owned directly or indirectly by a Prohibited Owner.

Any direct or indirect transfer attempted in violation of the above would be immediately void as of the date of the prohibited transfer as to the purported transferee (or, in the case of an indirect transfer, the ownership of the direct owner of our Partnership Instruments would terminate simultaneously with the transfer), and the purported transferee (or in the case of any indirect transfer, the direct owner) would not be recognized as a partner of the Company for any purpose whatsoever in respect of such Partnership Instruments.

In addition to a prohibited transfer being void as of the date it is attempted, upon demand, the purported transferee must transfer any Partnership Instruments acquired in violation of the above ("Excess Securities") to an agent designated by us (the "Agent"), along with any distributions paid by the Company with respect to such Excess Securities. Excess Securities will not entitle the purported transferee to any voting or economic rights with respect to the Excess Securities, which will remain with the transferor unless and until the Excess Security is transferred to the Agent or until our Board approves pursuant to its authority.

To the extent permitted by law, any unitholder who knowingly violates the above described provisions will be liable for any and all damages we suffer as a result of such violation, including damages resulting from any limitation in the ability of any of our Associated Companies to use the net operation losses and any professional fees incurred in connection with addressing such violation.

DESCRIPTION OF SERIES A PREFERRED UNITS

The Series A Preferred Units ("Preferred Units") entitle the holders to a cumulative quarterly cash or in-kind (or a combination thereof) distribution, when, as and if declared by the Board of Directors at its sole discretion.

Voting Rights

The Preferred Units have no voting rights, except that holders of the Preferred Units have certain voting rights in limited circumstances relating to the election of directors following the failure to pay six quarterly distributions.

Distribution Rights

The holders of Preferred Units are entitled to receive distributions when, as and if declared by the Board of Directors out of funds legally available, at a rate per annum equal to 6.0% of the \$25.00 liquidation preference per unit. Distributions are payable in cash or in kind or a combination thereof at the sole discretion of the Board of Directors. Distributions on the Preferred Units are payable quarterly on March 15, June 15, September 15 and December 15 of each year, when, as and if declared by the Board of Directors. The Preferred Units rank senior to our common units with respect to the payment of distributions to the extent provided in our Partnership Agreement.

Distributions on the Preferred Units are cumulative and shall accumulate from the date of issuance of the applicable Preferred Units. Distributions on the Preferred Units will accumulate whether or not the terms and provisions of any agreement of the Company, including any agreement relating to its indebtedness, at any time prohibit the current payment of distributions, whether or not the Company has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized. Accumulated but unpaid distributions on the Preferred Units will accumulate as of the applicable distribution payment date on which they first become payable. Distributions on account of arrears for any past distribution periods may be declared and paid at any time, without reference to a regular distribution payment date, to holders of record of the Preferred Units on the record date fixed by the Company acting through the General Partner. Accumulated and unpaid distributions will not bear interest.

The Board of Directors, or a duly authorized committee thereof, may, in its discretion, choose to pay distributions on the Preferred Units without the payment of any distributions on our common units and any other units we may issue in the future ranking, as to the payment of distributions, junior to the Preferred Units (collectively, "junior units"). No distributions may be declared or paid or set apart for payment on any Preferred Units if at the same time any arrears exist or default exists in the payment of distributions on any outstanding series of our senior units (defined below), if any are issued.

When distributions are not declared and paid (or duly provided for) on any distribution payment date (or, in the case of parity units (as defined below) having distribution payment dates different from the distribution payment dates pertaining to the Preferred Units, on a distribution payment date falling within the related distribution period for the Preferred Units) in full upon the Preferred Units or any parity units, all distributions declared upon the Preferred Units and all such parity units payable on such distribution payment date (or, in the case of parity units having distribution payment dates different from the distribution payment dates pertaining to the Preferred Units, on a distribution payment date falling within the related distribution period for the Preferred Units) shall be declared pro rata so that the respective amounts of such distributions shall bear the same ratio to each other as all accumulated

and unpaid distributions per unit on the Preferred Units and all accumulated and unpaid distributions per unit on all parity units payable on such distribution payment date (or in the case of non-cumulative parity units, unpaid distributions for the then current distribution period (whether or not declared) and in the case of parity units having distribution payment dates different from the distribution payment dates pertaining to the Preferred Units, on a distribution payment date falling within the related distribution period for the Preferred Units) bear to each other.

“Parity Units” means any Partnership securities, including Preferred Units, that the Partnership may authorize or issue, the terms of which provide that such securities shall rank equally with the Preferred Units with respect to payment of distributions and distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of our partnership.

Liquidation Rights

Upon any voluntary or involuntary liquidation, dissolution or winding up of our partnership, each holder of the Preferred Units will be entitled to a payment out of our assets available for distribution to the preferred unit holders following the satisfaction of all claims ranking senior to the Preferred Units. Such payment will equal the lesser of: (i) the \$25.00 liquidation preference per preferred unit and accumulated and unpaid distributions, if any, to, but excluding, the date of liquidation and (ii) the positive balance of the holder’s capital account, to the extent such positive balance is attributable to ownership of the Preferred Units and after taking into account allocations of gross ordinary income to holders of Preferred Units for the taxable year in which the liquidation occurs.

After each holder of Preferred Units receives a payment equal to the positive capital account balance for such holder’s units (even if such payment is less than the preferred unit liquidation value of such holder’s units), holders will not be entitled to any further participation in any distribution of our assets.

If upon any liquidation, the amounts payable with respect to the Preferred Units and any other outstanding series of parity units are not paid in full, then the holders of the Preferred Units and the holders of such parity units will share equally and ratably in any distribution of our assets in proportion to the full distributable amounts to which each such holder is entitled.

Redemption

The Company may redeem the Preferred Units at any time, in whole or in part, at the Company's option at a redemption price equal to \$25.00 per unit, plus any accrued and unpaid distributions (payable in cash or common units, or a combination of both, at the Company's discretion). If redeemed in common units, the number of common units to be issued will be equal to the liquidation value per unit divided by the volume weighted-average price of the common units for 60 days prior to the redemption.

The Preferred Units have a term of nine years and to the extent outstanding, will be subject to mandatory redemption on February 7, 2026 at a redemption price equal to \$25.00 per unit, plus any accrued and unpaid distributions (payable in cash or common units, or a combination of both, at the Company's discretion).

There is no restriction on redemption of Preferred Units while there is an arrearage in distribution payments.

Other Rights and Preferences

Our Preferred Units have no conversion rights or other subscription rights or sinking fund provisions.

Schedule of Subsidiaries(as of December 31, 2023) ⁽¹⁾

STEEL PARTNERS HOLDINGS GP INC., a Delaware corporation.

SPH GROUP LLC, a Delaware limited liability company.

SPH GROUP HOLDINGS LLC, a Delaware limited liability company.

STEEL SERVICES LTD, a Delaware corporation.

WEBFINANCIAL HOLDING CORPORATION, a Delaware corporation.

HANDY & HARMAN LTD., a Delaware corporation.

STEEL EXCEL INC., a Delaware corporation.

580 SABAL PALM ROAD LLC, a Delaware LLC.

WEBFINANCIAL HOLDING CORPORATION SUBSIDIARIES

WEBBANK HOLDING CORP., a Delaware corporation.

WEBBANK, a Utah chartered industrial bank.

NATIONAL PARTNERS PFCO LLC, a Delaware limited liability company.

NATIONAL PARTNERS PFCO OF NEW YORK LLC, a Delaware limited liability company.

NATIONAL PARTNERS PFCO INC OF CALIFORNIA, a Delaware limited liability company.

WEBFINANCIAL HOLDING LLC, a Delaware limited liability company.

DUNMORE INTERNATIONAL CORP., a Delaware corporation.

DUNMORE EUROPE GMBH, a corporation organized under the laws of Germany.

HANDY & HARMAN LTD. SUBSIDIARIES

HANDY & HARMAN GROUP, LTD., a Delaware corporation (“HHG”).

WF ASSET CORP., a Delaware corporation.

WHX CS LLC, a Delaware limited liability company..

HANDY & HARMAN, a New York corporation (“HANDY & HARMAN”), a direct subsidiary of HHG.

BAIRNCO LLC, a Delaware limited liability company (“BAIRNCO”), a direct subsidiary of HHG.

HANDY & HARMAN HOLDING CORPORATION, a Delaware corporation, a direct subsidiary of HHG.

JPS INDUSTRIES HOLDINGS LLC., a Delaware corporation, a direct subsidiary of HHG.

JPS COMPOSITE MATERIALS CORPORATION, a Delaware corporation.

SL INDUSTRIES, INC., a Delaware corporation, a direct subsidiary of HHG.

HANDY & HARMAN OF CANADA, LIMITED, a corporation organized under the laws of the Province of Ontario, Canada.

HANDY & HARMAN INTERNATIONAL, LTD., a Delaware corporation.

HANDY & HARMAN NETHERLANDS, BV., a corporation organized under the laws of the Netherlands.

HANDYTUBE CORPORATION, a Delaware corporation.

INDIANA TUBE CORPORATION, a Delaware corporation.

LUCAS-MILHAUPT, INC., a Wisconsin corporation.

LUCAS-MILHAUPT BRAZING MATERIALS (SUZHOU) CO. LTD., a corporation organized under the laws of China.

LUCAS-MILHAUPT HONG KONG LIMITED, a corporation organized under the laws of Hong Kong.

LUCAS MILHAUPT RIBERAC SA, a corporation organized under the laws of France.

LUCAS-MILHAUPT WARWICK LLC, a Delaware limited liability company.

OMG, INC., a Delaware corporation (formerly known as Olympic Manufacturing Group, Inc.)

CEDRO DE MEXICO, S.A. DE C.V., a corporation organized under the laws of Mexico.

DAVALL GEARS LTD., a corporation organized under the laws of United Kingdom.

MOLLART UNIVERSAL JOINTS LTD., a corporation organized under the laws of United Kingdom.

MTE CORPORATION, a Wisconsin corporation.

SL DELAWARE HOLDINGS, INC., a Delaware corporation.

SL MONTEVIDEO TECHNOLOGY, INC., a Minnesota corporation. .

TPE DE MEXICO, S. DE R.L. DE C.V., a corporation organized under the laws of Mexico.

STEEL EXCEL INC. SUBSIDIARIES (2)

STEEL ENERGY SERVICES LTD., a Delaware corporation.

IGO, INC., a Delaware corporation.

ATLANTIC SERVICE CO. LTD., a corporation organized under the laws of Canada, a direct subsidiary of Kasco LLC.

ATLANTIC SERVICE CO. (UK) LTD., a corporation organized under the laws of United Kingdom, a direct subsidiary of Kasco LLC.

BERTRAM & GRAF GMBH, a corporation organized under the laws of Germany, a direct subsidiary of Kasco LLC.

KASCO LLC, a Delaware limited liability company, a direct subsidiary of iGo, Inc.

KASCO ENSAMBL Y S.A. DE C.V., a corporation organized under the laws of Mexico, a direct subsidiary of Kasco LLC.

KASCO MEXICO LLC, a Delaware Limited Liability Company, a direct subsidiary of Kasco LLC.

SUN WELL SERVICE, INC., a North Dakota corporation

ROGUE PRESSURE SERVICES LTD., a Delaware corporation.

BLACK HAWK ENERGY SERVICES, INC., a New Mexico corporation.

BASIN WELL LOGGING WIRELINE SERVICES, INC., a New Mexico corporation.

STEEL SPORTS INC., a Delaware corporation.

BASEBALL HEAVEN INC., a Delaware corporation.

UK ELITE SOCCER INC., a New Jersey Corporation

DGTH LLC, a Delaware corporation.

1001 HERMOSA AVENUE LLC, a Delaware limited liability company.

(1) This list omits subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.

(2) Other than Handy & Harman Ltd. and its subsidiaries.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-257140 on Form S-8 of our reports dated March 8, 2024, relating to the consolidated financial statements of Steel Partners Holdings L.P. (the "Company"), and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

New York, NY
March 8, 2024

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

I, Warren G. Lichtenstein, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of Steel Partners Holdings L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date:

March 8, 2024

/s/ Warren G. Lichtenstein

Warren G. Lichtenstein
Executive Chairman of Steel Partners Holdings GP Inc.

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

I, Ryan O'Herrin, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of Steel Partners Holdings L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date:

March 8, 2024

/s/ Ryan O'Herrin

Ryan O'Herrin
Chief Financial Officer
of Steel Partners Holdings GP Inc.

**Certification of the Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Steel Partners Holdings L.P. (the “Partnership”) on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Warren G. Lichtenstein, Executive Chairman of Steel Partners Holdings GP Inc., the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date:

March 8, 2024

/s/ Warren G. Lichtenstein

Warren G. Lichtenstein
Executive Chairman
of Steel Partners Holdings GP Inc.

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

**Certification of the Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Steel Partners Holdings L.P. (the "Partnership") on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ryan O'Herrin, Chief Financial Officer of Steel Partners Holdings GP Inc., the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date:

March 8, 2024

/s/ Ryan O'Herrin

Ryan O'Herrin
Chief Financial Officer
of Steel Partners Holdings GP Inc.

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

STEEL PARTNERS HOLDINGS L.P.
POLICY FOR THE
RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

A. OVERVIEW

In accordance with the applicable rules of The New York Stock Exchange Listed Company Manual (the “**NYSE Rules**”), Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) (“**Rule 10D-1**”), the Board of Directors of Steel Partners Holdings GP Inc. (the “**Board**”), the general partner of Steel Partners Holdings L.P. (the “**Company**”) has adopted this Policy (the “**Policy**”) to provide for the recovery of erroneously awarded Incentive-based Compensation from Executive Officers. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in Section H, below.

B. RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

(1) In the event of an Accounting Restatement, the Company will reasonably promptly recover the Erroneously Awarded Compensation Received in accordance with NYSE Rules and Rule 10D-1 as follows:

- (i) After an Accounting Restatement, the Compensation Committee (if composed entirely of independent directors, or in the absence of such a committee, a majority of independent directors serving on the Board) (the “**Committee**”) shall determine the amount of any Erroneously Awarded Compensation Received by each Executive Officer and shall promptly notify each Executive Officer with a written notice containing the amount of any Erroneously Awarded Compensation and a demand for repayment or return of such compensation, as applicable.
 - (a) For Incentive-based Compensation based on (or derived from) the Company’s unit price or total unitholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement:
 - i. The amount to be repaid or returned shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the Company’s stock price or total unitholder return upon which the Incentive-based Compensation was Received; and
 - ii. The Company shall maintain documentation of the determination of such reasonable estimate and provide the relevant documentation as required to the NYSE.
- (ii) The Committee shall have discretion to determine the appropriate means of recovering Erroneously Awarded Compensation based on the particular facts and circumstances. Notwithstanding the foregoing, except as set forth in Section B(2) below, in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of an Executive Officer’s obligations hereunder.
- (iii) To the extent that the Executive Officer has already reimbursed the Company for any Erroneously Awarded Compensation Received under any duplicative recovery obligations established by the Company or applicable law, it shall be appropriate for any such reimbursed amount to be credited to the amount of Erroneously Awarded Compensation that is subject to recovery under this Policy.
- (iv) To the extent that an Executive Officer fails to repay all Erroneously Awarded Compensation to the Company when due, the Company shall take all actions reasonable

and appropriate to recover such Erroneously Awarded Compensation from the applicable Executive Officer. The applicable Executive Officer shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

(2) Notwithstanding anything herein to the contrary, the Company shall not be required to take the actions contemplated by Section B(1) above if the Committee (which, as specified above, is composed entirely of independent directors or in the absence of such a committee, a majority of the independent directors serving on the Board) determines that recovery would be impracticable *and* any of the following two conditions are met:

- (i) The Committee has determined that the direct expenses paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before making this determination, the Company must make a reasonable attempt to recover the Erroneously Awarded Compensation, document such attempt(s) and provide such documentation to the NYSE; or
- (ii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and regulations thereunder.

C. DISCLOSURE REQUIREMENTS

The Company shall file all disclosures with respect to this Policy required by applicable U.S. Securities and Exchange Commission ("**SEC**") filings and rules.

D. PROHIBITION OF INDEMNIFICATION

The Company shall not be permitted to insure or indemnify any Executive Officer against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the Company's enforcement of its rights under this Policy. Further, the Company shall not enter into any agreement that exempts any Incentive-based Compensation that is granted, paid or awarded to an Executive Officer from the application of this Policy or that waives the Company's right to recovery of any Erroneously Awarded Compensation, and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date of this Policy).

E. ADMINISTRATION AND INTERPRETATION

This Policy shall be administered by the Committee, and any determinations made by the Committee shall be final and binding on all affected individuals.

The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy and for the Company's compliance with NYSE Rules, Section 10D, Rule 10D-1 and any other applicable law, regulation, rule or interpretation of the SEC or NYSE promulgated or issued in connection therewith.

F. AMENDMENT; TERMINATION

The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary. Notwithstanding anything in this Section F to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rule or NYSE rule.

G. OTHER RECOVERY RIGHTS

This Policy shall be binding and enforceable against all Executive Officers and, to the extent required by applicable law or guidance from the SEC or NYSE, their beneficiaries, heirs, executors,

administrators or other legal representatives. The Committee intends that this Policy will be applied to the fullest extent required by applicable law. Any employment agreement, equity award agreement, compensatory plan or any other agreement or arrangement with an Executive Officer shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Executive Officer to abide by the terms of this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law, regulation or rule or pursuant to the terms of any policy of the Company or any provision in any employment agreement, equity award agreement, compensatory plan, agreement or other arrangement.

H. DEFINITIONS

For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

(1) **"Accounting Restatement"** means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (a "Big R" restatement), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "little r" restatement).

(2) **"Clawback Eligible Incentive Compensation"** means all Incentive-based Compensation Received by an Executive Officer (i) on or after the effective date of the applicable NYSE rules, (ii) after beginning service as an Executive Officer, (iii) who served as an Executive Officer at any time during the applicable performance period relating to any Incentive-based Compensation (whether or not such Executive Officer is serving at the time the Erroneously Awarded Compensation is required to be repaid to the Company), (iv) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (v) during the applicable Clawback Period (as defined below).

(3) **"Clawback Period"** means, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date (as defined below), and if the Company changes its fiscal year, any transition period of less than nine months within or immediately following those three completed fiscal years.

(4) **"Erroneously Awarded Compensation"** means, with respect to each Executive Officer in connection with an Accounting Restatement, the amount of Clawback Eligible Incentive Compensation that exceeds the amount of Incentive-based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid.

(5) **"Executive Officer"** means each individual who is currently or was previously designated as an "officer" of the Company as defined in Rule 16a-1(f) under the Exchange Act. For the avoidance of doubt, the identification of an executive officer for purposes of this Policy shall include each executive officer who is or was identified pursuant to Item 401(b) of Regulation S-K as well as the principal financial officer and principal accounting officer (or, if there is no principal accounting officer, the controller).

(6) **"Financial Reporting Measures"** means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and all other measures that are derived wholly or in part from such measures. Unit price and total unitholder return (and any measures that are derived wholly or in part from unit price or total unitholder return) shall, for purposes of this Policy, be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company's financial statements or included in a filing with the SEC.

(7) **"Incentive-based Compensation"** means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(8) **"NYSE"** means the New York Stock Exchange.

(9) **"Received"** means, with respect to any Incentive-based Compensation, actual or deemed receipt, and Incentive-based Compensation shall be deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is attained, even if the payment or grant of the Incentive-based Compensation to the Executive Officer occurs after the end of that period.

(10) “**Restatement Date**” means the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

Effective as of July 28, 2023.

Exhibit A

ATTESTATION AND ACKNOWLEDGEMENT OF POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

By my signature below, I acknowledge and agree that:

- I have received and read the attached Policy for the Recovery of Erroneously Awarded Compensation (this “**Policy**”).
- I hereby agree to abide by all of the terms of this Policy both during and after my employment with the Company, including, without limitation, by promptly repaying or returning any Erroneously Awarded Compensation to the Company as determined in accordance with this Policy.

Signature:___

Printed Name:___

Date:___