

## Steel Partners Holdings Reports Third Quarter Financial Results

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### Third Quarter 2024 Results

- Revenue was \$520.4 million, an increase of 5.7% as compared to the same period in the prior year
- Net income was \$36.9 million, an increase of 32.2% as compared to the same period in the prior year
- Net income attributable to common unitholders was \$36.4 million, or \$1.65 per diluted common unit
- Adjusted EBITDA\* totaled \$76.0 million; Adjusted EBITDA margin\* was 14.6%
- Net cash provided by operating activities was \$101.8 million
- Adjusted free cash flow\* totaled \$34.3 million
- Total debt at quarter-end was \$120.2 million; net cash\*, which includes, among other items, pension and preferred unit liabilities, and long-term investments was \$5.9 million

### YTD 2024 Results

- Revenue was \$1.5 billion, an increase of 6.4% as compared to the same period in the prior year
- Net income was \$196.6 million, an increase of 76.6% as compared to the same period in the prior year
- Net income attributable to common unitholders was \$187.0 million, or \$8.02 per diluted common unit
- Adjusted EBITDA\* totaled \$218.3 million; Adjusted EBITDA margin\* was 14.3%
- Net cash provided by operating activities was \$368.2 million
- Adjusted free cash flow\* totaled \$96.8 million

NEW YORK--(BUSINESS WIRE)--Nov. 8, 2024-- Steel Partners Holdings L.P. (NYSE: SPLP) (the "Company"), a diversified global holding company, today announced operating results for the third quarter ended September 30, 2024. The financial results of Steel Connect, Inc. ("Steel Connect" or "STCN") have been included in the Company's consolidated financial statements since May 1, 2023.

(Unaudited)					
Q3 2024	Q3 2023	(\$ in thousands)		YTD 2024	YTD 2023
\$520,423	\$492,254	Revenue		\$1,529,928	\$1,438,550
36,873	27,887	Net income		196,620	111,305
36,416	25,572	Net income attributable to common unitholders		186,985	109,568
75,953	44,464	Adjusted EBITDA*		218,320	181,201
14.6%	9.0%	Adjusted EBITDA margin*		14.3%	12.6%
37,349	13,116	Purchases of property, plant and equipment		55,712	36,667
34,338	85,536	Adjusted free cash flow*		96,796	148,393

\*Non-GAAP financial measure. See reconciliations to the nearest GAAP measure included in the financial tables. See "Note Regarding Use of Non-GAAP Financial Measurements" below for the definition of these non-GAAP measures.

"We are proud to announce continued record revenue this quarter, driven by robust performance across multiple segments," said Executive Chairman Warren Lichtenstein. "Our Financial Services segment delivered increased profits, while our Diversified Industrial segment saw significant growth in net sales. These achievements underscore the strength of our strategic initiatives and our commitment to delivering value for our shareholders as we continue to build momentum across the business."

## Results of Operations

### Comparison of the Three and Nine Months Ended September 30, 2024 and 2023 (unaudited)

(Dollar amounts in table and commentary in thousands, unless otherwise indicated)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
Revenue	\$	520,423	\$	492,254	\$	1,529,928	\$	1,438,550
Cost of goods sold		295,577		283,285		872,929		833,977
Selling, general and administrative expenses		137,310		124,934		412,301		376,252
Asset impairment charge		530		—		530		329
Interest expense		1,993		4,115		5,074		15,934
Realized and unrealized losses (gains) on securities, net		2,060		(8,665 )		(2,994 )		(6,151 )
All other expense, net*		29,856		58,539		77,367		96,667
Total costs and expenses		467,326		462,208		1,365,207		1,317,008
<b>Income from operations before income taxes and equity method investments</b>		53,097		30,046		164,721		121,542
Income tax provision (benefit)		16,224		(981 )		(31,906 )		(1,707 )
Loss of associated companies, net of taxes		—		3,140		7		11,944
<b>Net income</b>	\$	36,873	\$	27,887	\$	196,620	\$	111,305

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

## Revenue

Revenue for the three months ended September 30, 2024 increased \$28,169, or 5.7%, as compared to the same period last year. This increase was due to \$19,544 or 6.5%, higher net sales from the Diversified Industrial segment, \$8,479, or 21.2% higher revenue from the Supply Chain segment, and \$6,622, or 6.2% higher revenue from the Financial Services segment. These increases were partially offset by \$6,476 or 13.9%, lower net revenue from the Energy segment.

Revenue for the nine months ended September 30, 2024 increased \$91,378, or 6.4%, as compared to the same period last year, as a result of higher revenue of \$34,005 or 11.2% from the Financial Services segment and higher net sales of \$27,006, or 2.9% from the Diversified Industrial segments, as well as higher revenue of \$66,405 or 94.6% from the Supply Chain segment, primarily driven by favorable impact of the consolidation, partially offset by lower net revenue of \$36,038, or 24.8% from the Energy segment.

## Cost of Goods Sold

Cost of goods sold for the three months ended September 30, 2024 increased \$12,292, or 4.3%, as compared to the same period last year, resulting from higher net sales from the Diversified Industrial segment and higher revenue from the Supply Chain segment, partially offset by the impact of lower net revenue from the Energy segment.

Cost of goods sold for the nine months ended September 30, 2024 increased \$38,952, or 4.7%, as compared to the same period last year, resulting from consolidation of the Supply Chain segment and higher net sales from the Diversified Industrial segment, partially offset by the impact of lower net revenue from the Energy segment.

## Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") for the three months ended September 30, 2024 increased \$12,376, or 9.9%, as compared to the same period last year. The increase was primarily due

to higher expenses from the Financial Services segment of \$7,600 and Supply Chain segment of \$4,900. The increase for the Financial Services segment was primarily due to higher credit performance fees due to higher credit risk transfer ("CRT") balances and higher personnel expenses related to incremental headcount. The increase for the Supply Chain segment was primarily due to an increase in merger and acquisition related expenses compared to the prior period.

SG&A for the nine months ended September 30, 2024 increased \$36,049, or 9.6%, as compared to the same period last year. The increase was primarily driven by higher SG&A expenses from the Financial Services segment of \$22,600 as discussed above and Supply Chain segment of \$16,400, primarily due to the consolidation impact.

### **Interest Expense**

Interest expense decreased \$2,122, or 51.6% and \$10,860 or 68.2% for the three and nine months ended September 30, 2024, respectively, as compared to the same period last year. The decrease for the three and nine month periods was primarily due to significantly lower average debt outstanding.

### **Realized and Unrealized Losses (Gains) on Securities, Net**

The Company recorded losses of \$2,060 and gains of \$2,994 for the three and nine months ended September 30, 2024, as compared to gains of \$8,665 and \$6,151 for the three and nine months ended September 30, 2023, respectively. These gains and losses were due to unrealized gains and losses related to the mark-to-market adjustments on the Company's portfolio of securities.

### **All Other Expense, Net**

All other expense, net totaled \$29,856 for the three months ended September 30, 2024, as compared to \$58,539 in the same period of 2023 and \$77,367 for the nine months ended September 30, 2024, as compared to \$96,667 in the same period of 2023. Lower all other expense, net for the three months ended September 30, 2024 was primarily due to \$29,884 lower provisions for credit losses related to the Financial Services segment, as compared to the same period of 2023. Lower all other expense, net for the nine months ended September 30, 2024 was primarily due to \$37,820 lower provisions for credit losses, partially offset by \$15,203 higher finance interest expense related to the Financial Services segment, as compared to the same period of 2023.

### **Income Tax Provision (Benefit)**

The Company recorded an income tax provision of \$16,224 and an income tax benefit of \$981 for the three months ended September 30, 2024 and 2023, respectively, and income tax benefits of \$31,906 and \$1,707 for the nine months ended September 30, 2024 and 2023, respectively. As a limited partnership, the Company is generally not directly subject to federal and state income taxes, and instead its profits and losses are passed directly to its limited partners for inclusion in their respective income tax returns. Provisions have been made for federal, state, local, and foreign income taxes on the results of operations generated by our consolidated subsidiaries that are taxable entities. The Company's effective tax rate was (19.4%) and (1.4%) for the nine months ended September 30, 2024 and 2023, respectively. The lower effective tax rate for the nine months ended September 30, 2024, is primarily due to a non-cash income tax benefit of \$73,536 for the reduction in the valuation allowance against Steel Connect's deferred tax assets. Significant differences between the statutory rate and the effective tax rate include the effect of the release of valuation allowances with respect to deferred tax assets, partnership losses for which no tax benefit is recognized, tax expense related to unrealized gains and losses on investment, the effect of tax credits and incentives, and other permanent differences.

### **Loss of Associated Companies, Net of Taxes**

The Company recorded a loss from associated companies, net of taxes, of \$7 for the nine months ended September 30, 2024, as compared to losses from associated companies, net of taxes, of \$3,140 and \$11,944 for the three and nine months ended September 30, 2023, respectively.

## **Net Income**

Net income for the three and nine months ended September 30, 2024 were \$36,873 and \$196,620, as compared to \$27,887 and \$111,305, for the same periods in 2023, respectively. The increase in net income for the three month period was primarily driven by higher operating income. The increase in net income for the nine month period was primarily due to higher income tax benefits and higher operating income. See above explanations for further details.

## **Purchases of Property, Plant and Equipment (Capital Expenditures)**

Capital expenditures for the three and nine months ended September 30, 2024 totaled \$37,349, or 7.2% of revenue and \$55,712, or 3.6% of revenue, respectively, as compared to \$13,116, or 2.7% of revenue and \$36,667 or 2.5% of revenue in the same periods of 2023, respectively.

## **Common Units Repurchase Program**

The Company repurchased, under the Repurchase Program, 13,813 and 991,157 common units for an aggregate purchase price of \$547 and \$41,680 during the three and nine months ended September 30, 2024, respectively. As of September 30, 2024, there were approximately 720,463 common units that may yet be purchased under the repurchase program.

On September 1, 2024, the Company entered into a purchase agreement with Hale Partnership Fund, L.P. and related parties (the "Hale Entities") pursuant to which the Company purchased an aggregate of 1,267,803 Common Units from the Hale Entities for an aggregate purchase price of \$63,390. This agreement was approved by the Company's Board of Directors outside of the Repurchase Program.

## **Preferred Units Repurchase Program**

On February 2, 2024, the Board of SPH GP approved the repurchase of up to 400,000 of the SPLP Preferred Units. For the nine months ended September 30, 2024, the Company repurchased 76,146, SPLP Preferred Units for \$1,830. The Company did not repurchase any SPLP Preferred Units during the three months ended September 30, 2024.

## **Additional Non-GAAP Financial Measures**

Adjusted EBITDA was \$75,953 for the three months ended September 30, 2024, as compared to \$44,464 for the same period of 2023. Adjusted EBITDA increased by \$31,489 for the three months ended September 30, 2024. The increase for the three month period was primarily due to 1) higher profit at the Financial Service segment, resulting from higher revenue impact and lower credit loss provisions, partially offset by higher finance interest and higher personnel costs; and 2) higher operating income at the Diversified Industrial segment, primarily driven by higher net sales. These increases were partially offset by lower operating income impact at the Energy segment primarily resulting from lower rig hours. For the three months ended September 30, 2024, adjusted free cash flow was \$34,338, as compared to \$85,536 for the same period in 2023. Lower adjusted free cash flow from the 2024 period was primarily driven by higher working capital usage and capital expenditures, partially offset by higher Adjusted EBITDA.

Adjusted EBITDA was \$218,320 for the nine months ended September 30, 2024, as compared to \$181,201 for the same period of 2023. Adjusted EBITDA increased by \$37,119 for the nine months ended September 30, 2024. The increase for the nine month period was primarily due to: 1) higher profit at the Financial Service segment, resulting from higher revenue impact and lower credit loss provisions, partially offset by higher finance interest and higher personnel costs; 2) favorable impact of the consolidated Supply Chain segment; and 3) higher operating income at the Diversified Industrial segment, resulting from higher net sales. These increases were partially offset by lower operating income impact at the Energy segment primarily resulting from lower rig hours. For the nine months ended September 30, 2024, adjusted free cash flow was \$96,796, as compared to \$148,393 for the same period in 2023. Lower adjusted free cash flow from the 2024 period was primarily driven by higher usage of working capital and capital expenditures, partially offset by higher Adjusted EBITDA.

## **Liquidity and Capital Resources**

As of September 30, 2024, the Company had approximately \$470,000 in availability under its senior credit agreement, as well as \$246,014 in cash and cash equivalents, excluding WebBank cash, and approximately \$78,329 in long-term investments.

As of September 30, 2024, total debt was \$120,171, a decrease of approximately \$71,200, as compared to December 31, 2023. As of September 30, 2024, net cash totaled \$5,909, a decrease of approximately \$50,467, as compared to December 31, 2023, primarily due to treasury stock purchase and higher capital expenditures in Q3 2024. Total leverage (as defined in the Company's senior credit agreement) was approximately 1.0x as of September 30, 2024 versus 1.5x as of December 31, 2023.

### About Steel Partners Holdings L.P.

Steel Partners Holdings L.P. ([www.steelpartners.com](http://www.steelpartners.com)) is a diversified global holding company that owns and operates businesses and has significant interests in various companies, including diversified industrial products, energy, defense, supply chain management and logistics, banking and youth sports. At Steel Partners, our culture and core values of Teamwork, Respect, Integrity, and Commitment guide our Kids First purpose, which is to forge a path of success for the next generation by instilling values, building character, and teaching life lessons through sports.

### (Financial Tables Follow) Consolidated Balance Sheets

(in thousands, except common units)	(Unaudited)	
	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 388,124	\$ 577,928
Trade and other receivables - net of allowance for doubtful accounts of \$1,348 and \$2,481, respectively	240,473	216,429
Loans receivable, including loans held for sale of \$653,219 and \$868,884, respectively, net	1,430,323	1,582,536
Inventories, net	210,714	202,294
Prepaid expenses and other current assets	48,311	48,169
Total current assets	2,317,945	2,627,356
Long-term loans receivable, net	236,603	386,072
Goodwill	145,958	148,838
Other intangible assets, net	101,555	114,177
Deferred tax assets	81,397	581
Other non-current assets	328,423	341,465
Property, plant and equipment, net	278,882	253,980
Operating lease right-of-use assets	64,983	76,746
Long-term investments	78,329	41,225
Total Assets	\$ 3,634,075	\$ 3,990,440
<b>LIABILITIES AND CAPITAL</b>		
Current liabilities:		
Accounts payable	\$ 154,643	\$ 131,922
Accrued liabilities	98,868	117,943
Deposits	1,475,481	1,711,585
Other current liabilities	91,589	103,682
Total current liabilities	1,820,581	2,065,132
Long-term deposits	258,780	370,107
Long-term debt	120,104	191,304
Other borrowings	2,068	15,065

Preferred unit liability		155,065				154,925	
Accrued pension liabilities		43,198				46,195	
Deferred tax liabilities		35,073				18,353	
Long-term operating lease liabilities		52,094				61,790	
Other non-current liabilities		63,439				62,161	
Total Liabilities		2,550,402				2,985,032	
Commitments and Contingencies							
Capital:							
Partners' capital common units: 19,183,332 and 21,296,067 issued and outstanding (after deducting 20,626,267 and 18,367,307 units held in treasury, at cost of \$434,367 and \$329,297), respectively		1,164,004				1,079,853	
Accumulated other comprehensive loss		(121,147)	)			(121,223)	)
Total Partners' Capital		1,042,857				958,630	
Noncontrolling interests in consolidated entities		40,816				46,778	
Total Capital		1,083,673				1,005,408	
Total Liabilities and Capital	\$	3,634,075				\$ 3,990,440	

### Consolidated Statements of Operations (unaudited)

(in thousands, except common units and per common unit data)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
<b>Revenue:</b>								
Diversified Industrial net sales	\$	318,642		\$	299,098		\$	918,570
Energy net revenue		40,266			46,742			145,220
Financial Services revenue		113,027			106,405			304,570
Supply Chain revenue		48,488			40,009			70,190
<b>Total revenue</b>		520,423			492,254			1,438,550
<b>Costs and expenses:</b>								
Cost of goods sold		295,577			283,285			833,977
Selling, general and administrative expenses		137,310			124,934			376,252
Asset impairment charge		530			—			329
Finance interest expense		22,648			22,371			54,494
Provision for credit losses		7,085			36,969			47,979
Interest expense		1,993			4,115			15,934
Realized and unrealized losses (gains) on securities, net		2,060			(8,665)	)		(6,151)
Other expense (income), net		123			(801)	)		(5,806)
<b>Total costs and expenses</b>		467,326			462,208			1,317,008
<b>Income from operations before income taxes and equity method investments</b>		53,097			30,046			121,542
Income tax provision (benefit)		16,224			(981)	)		(1,707)
Loss of associated companies, net of taxes		—			3,140			11,944
<b>Net income</b>		36,873			27,887			111,305

<b>Net income attributable to noncontrolling interests in consolidated entities</b>		(457)	)		(2,315)	)		(9,635)	)		(1,737)	)
<b>Net income attributable to common unitholders</b>	\$	36,416		\$	25,572		\$	186,985		\$	109,568	
<b>Net income per common unit - basic</b>												
Net income attributable to common unitholders	\$	1.83		\$	1.20		\$	9.19		\$	5.10	
<b>Net income per common unit - diluted</b>												
Net income attributable to common unitholders	\$	1.65		\$	1.14		\$	8.02		\$	4.68	
Weighted-average number of common units outstanding - basic		19,929,713			21,298,871			20,338,033			21,495,689	
Weighted-average number of common units outstanding - diluted		23,985,875			25,081,210			24,470,418			25,360,324	

### **Consolidated Statements of Cash Flows (unaudited)**

(in thousands)	Nine Months Ended September 30,											
	2024						2023					
<b>Cash flows from operating activities:</b>												
Net income	\$	196,620		\$	111,305							
Adjustments to reconcile net income from operations to net cash (used in) provided by operating activities:												
Provision for credit losses		10,159			47,979							
Loss of associated companies, net of taxes		7			11,944							
Realized and unrealized gains on securities, net		(2,994)	)		(6,151)	)						
Derivative gains on economic interests in loans		(4,187)	)		(3,762)	)						
Non-cash pension expense		4,199			8,948							
Deferred income taxes		(65,224)	)		(30,390)	)						
Depreciation and amortization		43,839			41,433							
Non-cash lease expense		17,342			12,710							
Equity-based compensation		1,668			1,007							
Asset impairment charges		530			329							
Other		1,317			2,193							
<b>Net change in operating assets and liabilities:</b>												
Trade and other receivables		(24,479)	)		(12,999)	)						
Inventories		(8,243)	)		6,241							
Prepaid expenses and other assets		2,544			(1,038)	)						
Accounts payable, accrued and other liabilities		(20,590)	)		(4,689)	)						
Net decrease (increase) in loans held for sale		215,665			(173,385)	)						
Net cash provided by operating activities	\$	368,173		\$	11,675							
<b>Cash flows from investing activities:</b>												
Purchases of investments		(50,706)	)		(204,611)	)						
Proceeds from sales of investments		13,788			207,893							





Loss of associated companies, net of taxes		—				3,140				7				11,944	
Realized and unrealized losses (gains) on securities, net		2,060				(8,665)	)			(2,994)	)			(6,151)	
Interest expense		1,993				4,115				5,074				15,934	
Depreciation		10,728				10,255				31,000				29,222	
Amortization		4,268				4,438				12,839				12,211	
Asset impairment charge		530				—				530				329	
Non-cash pension expense		1,399				2,979				4,199				8,948	
Non-cash equity-based compensation		743				599				1,612				1,007	
Other items, net		1,135				697				1,339				(1,841)	
Adjusted EBITDA	\$	75,953				\$	44,464			\$	218,320			\$	181,201
Total revenue	\$	520,423				\$	492,254			\$	1,529,928			\$	1,438,550
Adjusted EBITDA margin		14.6	%			9.0	%			14.3	%			12.6	%
<b>Net Cash Reconciliation:</b>	<b>(Unaudited)</b>														
<b>(in thousands)</b>	<b>September 30,</b>							<b>December 31,</b>							
	<b>2024</b>							<b>2023</b>							
Total debt	\$					(120,171)	)	\$						(191,371)	)
Accrued pension liabilities						(43,198)	)							(46,195)	)
Preferred unit liability						(155,065)	)							(154,925)	)
Cash and cash equivalents, excluding WebBank						246,014								407,642	
Long-term investments						78,329								41,225	
Net cash	\$					5,909		\$						56,376	
<b>Adjusted Free Cash Flow Reconciliation:</b>	<b>(Unaudited)</b>														
<b>(in thousands)</b>	<b>Three Months Ended September 30,</b>							<b>Nine Months Ended September 30,</b>							
	<b>2024</b>							<b>2023</b>							
Net cash provided by operating activities	\$	101,758				\$	66,186			\$	368,173			\$	11,675
Purchases of property, plant and equipment		(37,349)	)				(13,116)	)			(55,712)	)			(36,667)
Net (decrease) increase in loans held for sale		(30,071)	)				32,466				(215,665)	)			173,385
Adjusted free cash flow	\$	34,338				\$	85,536			\$	96,796			\$	148,393

### Segment Results (unaudited)

(in thousands)	Three Months Ended September 30,						Nine Months Ended September 30,								
	2024			2023			2024			2023					
<b>Revenue:</b>															
Diversified Industrial	\$	318,642		\$	299,098		\$	945,576		\$	918,570				

Energy		40,266			46,742			109,182			145,220	
Financial Services		113,027			106,405			338,575			304,570	
Supply Chain	\$	48,488			\$ 40,009			\$ 136,595			\$ 70,190	
Total revenue	\$	520,423			\$ 492,254			\$ 1,529,928			\$ 1,438,550	
<b>Income (loss) before interest expense and income taxes:</b>												
Diversified Industrial	\$	26,346			\$ 14,756			\$ 66,175			\$ 61,015	
Energy		3,466			5,968			8,149			15,239	
Financial Services		23,945			(2,588 )			80,846			48,246	
Supply Chain		2,637			4,011			8,870			5,846	
Corporate and other		(1,304 )			8,874			5,748			(4,814 )	
<b>Income before interest expense and income taxes:</b>		55,090			31,021			169,788			125,532	
Interest expense		1,993			4,115			5,074			15,934	
Income tax provision (benefit)		16,224			(981 )			(31,906 )			(1,707 )	
<b>Net income</b>	\$	36,873			\$ 27,887			\$ 196,620			\$ 111,305	
<b>Loss of associated companies, net of taxes:</b>												
Corporate and other	\$	—			\$ 3,140			\$ 7			\$ 11,944	
Total	\$	—			\$ 3,140			\$ 7			\$ 11,944	
<b>Segment depreciation and amortization:</b>												
Diversified Industrial	\$	10,604			\$ 10,257			\$ 31,743			\$ 30,333	
Energy		2,161			2,740			6,482			7,732	
Financial Services		233			205			620			630	
Supply Chain		1,450			1,324			4,145			2,234	
Corporate and other		548			167			849			504	
Total depreciation and amortization	\$	14,996			\$ 14,693			\$ 43,839			\$ 41,433	
<b>Segment Adjusted EBITDA:</b>												
Diversified Industrial	\$	39,988			\$ 33,581			\$ 105,222			\$ 100,370	
Energy		5,965			7,971			14,035			22,517	
Financial Services		24,218			(4,412 )			81,526			47,573	
Supply Chain		4,266			5,935			13,594			8,806	
Corporate and other		1,516			1,389			3,943			1,935	
Total Adjusted EBITDA	\$	75,953			\$ 44,464			\$ 218,320			\$ 181,201	

### **Note Regarding Use of Non-GAAP Financial Measurements**

The financial data contained in this press release includes certain non-GAAP financial measurements as defined by the SEC, including "Adjusted EBITDA," "Adjusted EBITDA Margin," "Net Cash" and "Adjusted Free Cash Flow." The Company is presenting these non-GAAP financial measurements because it believes that these measures provide useful information to investors about the Company's business and its financial condition. The Company defines Adjusted EBITDA as net income or loss from continuing operations before the effects of income or loss from investments in associated companies and other investments held at fair value, interest expense, taxes, depreciation and amortization, non-cash pension expense or income, and realized and unrealized gains or losses on securities, and excludes certain non-recurring and non-cash items. The Company defines Adjusted EBITDA margin as Adjusted EBITDA as a percentage of revenue. The Company defines Net Cash as the sum of total debt, accrued pension liabilities and preferred unit liability, less the sum of cash and cash equivalents (excluding those used in WebBank's banking operations), and long-term investments. The Company defines Adjusted Free Cash Flow as net cash provided by or used in operating activities of continuing operations less the sum of purchases of property, plant and equipment, and net increases or decreases in loans held for sale. The Company believes these measures are useful to investors because they are measures used by the Company's Board of Directors and management to evaluate its ongoing business, including in internal management reporting, budgeting and forecasting processes, in comparing operating results across the business, as internal profitability measures, as components in assessing liquidity and evaluating the ability and the desirability of making capital expenditures and significant acquisitions, and as elements in determining executive compensation.

However, the measures are not measures of financial performance under generally accepted accounting principles in the U.S. ("U.S. GAAP"), and the items excluded from these measures are significant components in understanding and assessing financial performance. Therefore, these non-GAAP financial measurements should not be considered substitutes for net income or loss, total debt, or cash flows from operating, investing or financing activities. Because Adjusted EBITDA is calculated before recurring cash charges, including realized losses on investments, interest expense, and taxes, and is not adjusted for capital expenditures or other recurring cash requirements of the business, it should not be considered as a measure of discretionary cash available to invest in the growth of the business. There are a number of material limitations to the use of Adjusted EBITDA as an analytical tool, including the following:

- Adjusted EBITDA does not reflect the Company's tax provision or the cash requirements to pay its taxes;
- Adjusted EBITDA does not reflect income or loss from the Company's investments in associated companies and other investments held at fair value;
- Adjusted EBITDA does not reflect the Company's interest expense;
- Although depreciation and amortization are non-cash expenses in the period recorded, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect the cash requirements for such replacement;
- Adjusted EBITDA does not reflect the Company's net realized and unrealized gains and losses on its investments;
- Adjusted EBITDA does not include non-cash charges for pension expense and equity-based compensation;
- Adjusted EBITDA does not include amounts related to noncontrolling interests in consolidated entities;
- Adjusted EBITDA does not include certain other non-recurring and non-cash items; and
- Adjusted EBITDA does not include the Company's discontinued operations.

In addition, Net Cash assumes the Company's cash and cash equivalents (excluding those used in WebBank's banking operations), marketable securities and long-term investments are immediately convertible in cash and can be used to reduce outstanding debt without restriction at their recorded fair value, while Adjusted Free Cash Flow excludes net increases or decreases in loans held for sale, which can vary significantly from period-to-period since these loans are typically sold after origination and thus represent a significant component in WebBank's operating cash flow requirements.

The Company compensates for these limitations by relying primarily on its U.S. GAAP financial measures and using these measures only as supplemental information. The Company believes that consideration of Adjusted EBITDA, Adjusted EBITDA Margin, Net Cash and Adjusted Free Cash Flow, together with a careful review of its U.S. GAAP financial measures, is a well-informed method of analyzing SPLP. Because Adjusted EBITDA, Adjusted EBITDA Margin, Net Cash and Adjusted Free Cash Flow are not measurements determined in accordance with U.S. GAAP and are susceptible to varying calculations, Adjusted EBITDA, Adjusted EBITDA Margin, Net Cash and Adjusted Free Cash Flow, as presented, may not be comparable to other similarly titled measures of other companies.

### **Forward-Looking Statements**

This press release contains certain "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, that reflect SPLP's current expectations and projections about its future results, performance, prospects and opportunities. SPLP identifies these forward-looking statements by using words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate," and similar expressions, including but not limited to, the Company's expectations regarding its ability to deliver shareholder value and build momentum across the business. These forward-looking statements are only predictions based upon the Company's current expectations and projections about future events, and are based on information currently available to the Company and are subject to risks, uncertainties, and other factors that could cause its actual results, performance, prospects, or opportunities in 2024 and beyond to differ materially from those expressed in, or implied by, these forward-looking statements. These factors include, without limitation: disruptions to the Company's business as a result of economic downturns; the negative impact of inflation and supply chain disruptions; the significant volatility of crude oil and commodity prices, including from the ongoing Russia-Ukraine war or the disruptions caused by the ongoing conflict between Israel and Hamas; the effects of rising interest rates; the Company's subsidiaries' sponsor defined pension plans, which could subject the Company to future cash flow requirements; the ability to comply with legal and regulatory requirements, including environmental, health and safety laws and regulations, banking regulations and other extensive requirements to which the Company and its businesses are subject; risks associated with the Company's wholly-owned subsidiary, WebBank, as a result of its Federal Deposit Insurance Corporation ("FDIC") status, highly-regulated lending programs, and capital requirements; the ability to meet obligations under the Company's senior credit facility through future cash flows or financings; the risk of recent events affecting the financial services industry, including the closures or other failures of several large banks; the risk of management diversion, increased costs and expenses, and impact on profitability in connection with the Company's business strategy to make acquisitions, including in connection with the Company's recent majority investment in the Supply Chain segment; the impact of losses in the Company's investment portfolio; the Company's ability to protect its intellectual property rights and obtain or retain licenses to use others' intellectual property on which the Company relies; the Company's exposure to risks inherent to conducting business outside of the U.S.; the impact of any changes in U.S. trade policies; the adverse impact of litigation or compliance failures on the Company's profitability; a significant disruption in, or breach in security of, the Company's technology systems or protection of personal data; the loss of any significant customer contracts; the Company's ability to maintain effective internal control over financial reporting; the rights of unitholders with respect to voting and maintaining actions against the Company or its affiliates; potential conflicts of interest arising from certain interlocking relationships amount us and affiliates of the Company's Executive Chairman; the Company's dependence on the Manager and impact of the management fee on the Company's total partners' capital; the impact to the development of an active market for the Company's units due to transfer restrictions and other factors; the Company's tax treatment and its subsidiaries' ability to fully utilize their tax benefits; the potential negative impact on our operations of changes in tax rates, laws or regulations, including U.S. government tax reform; the loss of essential employees; and other risks detailed from time to time in filings we make with the SEC. These statements involve significant risks and uncertainties, and no assurance can be given that the actual

results will be consistent with these forward-looking statements. Investors should read carefully the factors described in the "Risk Factors" section of the Company's filings with the SEC, including the Company's Form 10-K for the year ended December 31, 2023 and subsequent quarterly reports on Form 10-Q and annual reports on Form 10-K, for information regarding risk factors that could affect the Company's results. Any forward-looking statement made in this press release 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.

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