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, 2021

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	**13-3727655**
(State of incorporation)	(I.R.S. Employer Identification No.)
590 Madison Avenue, 32nd Floor	
New York, New York	**10022**
(Address of principal executive offices)	(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. o

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

Indicate by check mark whether the registrant is a shell company (as defined 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, 2021 totaled approximately $205.8 million based on the then-closing unit price.

On March 1, 2022, there were 20,730,523 common units outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive proxy statement for the 2022 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

- significant volatility in prices of, and declines in demand for, crude oil;
- fluctuations in commodity prices;
- 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 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 extensive legislative and regulatory requirements of our subsidiary, WebBank;
- 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;
- the negative impact of rising interest rates on our investments;
- our ability to adequately obtain or protect our intellectual property and licenses, or defend against third-party infringement claims;
- 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;
- our ability to retain and recruit essential employees or experienced personnel;
- 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 from its borrowers or others regarding the processing of loans or the possibility that the Small Business Administration ("SBA") may not fund some or all PPP loan guaranties;
- disruptions to our business as a result of economic downturns;

- 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; and
- adverse impacts of the novel coronavirus ("COVID-19") pandemic on our business, results of operations, financial condition and cash flows.

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; and
- 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.

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; and
- potential adverse impacts from the limited liability and indemnification of our Manager under our Management Agreement, including the possibility that our Manager may take unnecessary risks for any indemnified actions.

Risks Related to our Common and Preferred Units

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

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 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 Corporate and Other. Each of our companies has its

own management team with significant experience in their industries. Our subsidiary, Steel Services Ltd ("Steel Services"), 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, marketing, investor relations, operating group management 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 21 – "Related Party Transactions" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report. From its founding in 1990, the Manager and its affiliates have focused on increasing value for investors in the businesses it has managed. 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"). The Board of Directors is currently comprised of eight members, six of whom are elected annually by our unitholders and two of whom are appointed by the Manager. Warren G. Lichtenstein, the Executive Chairman of our Manager, 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, up to 6,000 feet, 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. Products are delivered in continuous lengths from 2 inches to 30,000 feet in coil, cut or spool packaging styles.

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 and Packaging - 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. The Packaging Business included API Group Limited ("API"), which manufactured and distributed foils, films and laminates used to enhance the visual appeal of products and packaging to various industries. On January 31, 2020, the Company announced that API and certain of its affiliates commenced administration proceedings in the United Kingdom (the "U.K."). The purpose of the administration proceedings is to facilitate an orderly sale or wind-down of its U.K. operations. In the U.S., API Americas Inc. voluntarily filed for Chapter 11 proceedings in Bankruptcy Court on February 2, 2020 in order to facilitate the sale or liquidation of its business in the U.S. The Company deconsolidated API on January 31, 2020, as it no longer held a controlling financial interest as of that date. Refer to Note 6 - "Discontinued Operations" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report for further information on API.

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. It relies primarily on its local operations to sell and market its services.

*Steel Sport*s - 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.

During the years ended December 31, 2021 and 2020, WebBank issued loans, primarily with one of its lending partners, under the SBA's PPP, authorized under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. As of December 31, 2021, the total PPP loans and associated liabilities were $328,713 and $333,963, respectively. As of December 31, 2020, the

total PPP loans and associated liabilities were $2,047,769 and $2,090,223, respectively. The total PPP loans and associated liabilities were included on the consolidated balance sheets as of December 31, 2021 and 2020.

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 21 - "Related Party Transactions" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Business Strategy

We are focused on reducing costs, including but not limited to our corporate overhead, and the sale of non-core assets. We expect the savings and proceeds will be used to pay down debt and repurchase our units. We continuously evaluate the retention and disposition of existing operations, as well as investigate possible strategic acquisitions. We continue to focus on simplifying our organizational structure and improving our free cash flow and our returns on invested capital.

We strive to enhance the business operations of our companies through balance sheet improvements, strategic allocation of capital, and operational and growth initiatives. We use a set of tools and processes called the *Steel Business System* to drive operational and commercial efficiencies across each of our businesses. The *Steel Business System* utilizes a strategy deployment process to execute strategic initiatives for each of our businesses to improve their performance, including objectives relating to manufacturing improvement, idea generation, product development, and global sourcing of materials and services. Our operational initiatives include creating efficiencies through consolidated purchasing and materials sourcing provided by the *Steel Partners Purchasing Council*, which arranges shared purchasing programs and is reducing costs for, and providing other benefits to, a number of our companies. We are focused on reducing corporate overhead of our companies by centralizing certain administrative and corporate services through Steel Services, which provides management, consulting and advisory services.

Raw Materials

The 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.

Capital Investments

SPLP believes that in order to be and remain competitive, its businesses must continuously strive to increase revenue, improve productivity and product quality, and control and/or reduce manufacturing costs. Accordingly, SPLP expects to continue to make capital investments that reduce overall manufacturing costs, improve the quality of products produced and services provided and broaden the array of products offered to the industries it serves, as well as replace equipment as necessary to maintain compliance with environmental, health and safety laws and regulations. SPLP's capital expenditures for 2021 and 2020 were $52,326 and $23,226, respectively. SPLP anticipates funding its capital expenditures in 2022 from funds generated by operations and borrowed funds. 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.

Employees

As of December 31, 2021, the Company employed approximately 4,500 employees worldwide. Of these employees, 490 were covered by collective bargaining agreements, all in the Diversified Industrial segment. The Energy segment also hires additional full-time and part-time employees during peak seasonal periods.

Human Capital Management

Human capital management is a key driver of the Company's success. The Company's core values are Teamwork, Respect, Integrity and Commitment. By embracing its core values, the Company strives to create an environment where its employees can all be productive, innovative and true to themselves. Our Code of Business Conduct and Ethics establishes the baseline requirements of our integrity and compliance program and aims to promote an environment where everyone is treated fairly with dignity and respect.

The following programs are crucial to support and work to improve the Company's workplace environment:

- **Steel Grow Program:** The Company began the Steel Grow initiative (1) to formalize employee development throughout Steel Partners with the goal of identifying its high performing employees and (2) to recruit, retain and reward the best talent available for the Company, in each case, without discrimination or harassment on the basis of race, color, religion, age, gender, gender identity, sexual orientation, national origin, citizenship, disability, marital status, pregnancy (including unlawful discrimination on the basis of a legally protected pregnancy/maternity leave), veteran status, genetic information or any other characteristic protected by law. Management is committed to promoting from within when the opportunity is right for the employee and the Company, and in 2021 we promoted over 350 employees, a 17% increase over 2020.

- **Diversity, Equity and Inclusion Program:** In 2020, we conducted a comprehensive Diversity, Equity and Inclusion review in the U.S. and oversaw a comprehensive global rollout to all locations including corporate leadership in 2021. Guided by our core values, we are committed to creating a company where our employees are included and respected, and where we support each other in reaching our full potential individually and as a company.

- **Steel Wellness Council:** Our Steel Wellness Council, with representatives from all our businesses, focuses on sharing best practices that maximize the overall wellness of employees, empowering them to help create positive change in communities where we work and live. Our initiatives include mental, physical and financial wellbeing along with healthcare education and community support. Community support includes using our coaching system to enhance the education of our employees who coach and lead children in our communities.

- **Steel Environmental Health and Safety Council:** The Steel Environmental Health and Safety Council is comprised of the health and safety teams at the Company's affiliate companies and representatives from the legal and human resources departments who are dedicated to the safety of our employees.

Employee Health, Safety and Well-Being

As the COVID-19 pandemic remains ongoing, the Company continues to take actions to ensure the health and safety of its employees and their families, customers, suppliers and the greater communities where the Company operates. Many of our office workers continue to telecommute; however, where our essential workers continue at our facilities, the Company has established a number of safety protocols, including face coverings, barriers and physical distance requirements, along with enhanced cleaning, temperature checks, work zones and quarantines as situations require. The Company's COVID-19 Task Force

continues to meet regularly to share good practices, monitor developments with respect to federal, state, local guidance, and create risk mitigation plans and resource guides to safeguard its employees and their families.

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 work-force 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.

Governmental Regulation

As a public company with several 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

The amounts of revenue, earnings before interest and taxes, and identifiable assets attributable to the aforementioned business segments and additional information regarding SPLP's investments are included in Note 22 - "Segment Information" and Note 11 - "Investments" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report.

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 Form 10-K. This Form 10-K, 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.

Risks Related to Our Business

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. 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. 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. The initial agreement announced by OPEC+ on April 12, 2020 to cut oil production has since been since been scaled back, with current plans to coordinate gradual increases in overall production by September 2022. Despite any anticipated oil supply increases as a result of this agreement, 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. For instance, escalating tensions resulting from the Russian invasion of Ukraine could lead to increased volatility in global oil and gas prices, including due to increases in oil production by Russia to finance its activities in Ukraine or to destabilize global oil and gas prices, which could 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 has had, and is likely to continue to have for the foreseeable future, a significant adverse impact on the Company's financial condition, results of operations and cash flows. 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.

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 action; 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; 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.

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 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, 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 impairments on our inventories, which could adversely affect our results of operations. For more information, see Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk – Risks Relating to Commodity Prices”.

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. For more information on regulations relating to 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."

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.

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 that climate change poses through chronic environmental changes and acute, weather-related events continues to attract considerable public and scientific attention in the United States and abroad. Governmental bodies at international, national, regional, state and local levels are taking actions to monitor, limit, restrict and/or eliminate emissions of greenhouse gases ("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 U.S. Environmental Protection Agency (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 has declared a 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, 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. Thus, one or more of these developments could have a material adverse effect on our Energy business's financial condition and/or results of operations.

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, described in more detail below. 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 examination and enforcement action, and some violations could result in an underlying loan being found invalid or unenforceable, or subject to payment defenses.

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;
- 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 Transaction Act and Regulation E promulgated thereunder, which requires 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 Dodd-Frank Act, which was signed into law in 2010, is intended primarily to overhaul the financial regulatory framework and impacts all financial institutions, including WebBank. The Dodd-Frank Act, among other things, established the Consumer Financial Protection Bureau ("CFPB") and Financial Stability Oversight Council, consolidated certain federal bank regulators and imposed increased corporate governance and executive compensation requirements. The Economic Growth, Regulatory Relief, and Consumer Protection Act, which was signed into law in May 2018, amended the Dodd-Frank Act in some respects, but many of the requirements of the Dodd-Frank Act remain in effect. The extent and complexity of this regulatory framework and other regulations 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. In addition, 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.

WebBank offers lending programs through relationships with Marketing Partners. WebBank and its Marketing Partners are subject to supervision by the FDIC and the UDFI. The authority of the FDIC and the UDFI includes the ability to examine WebBank, the Marketing Partners and the programs. The FDIC and 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 CFPB and the Federal Trade Commission ("FTC"), may bring investigations and enforcement actions against WebBank's Marketing Partners. In 2018, the FTC brought such an enforcement action against one of WebBank's Marketing Partners, which remains ongoing. In 2019, the FTC reached a settlement with another WebBank Marketing Partner, in which the Marketing Partner agreed to change certain practices and to pay $3,850 to the FTC as equitable monetary relief. 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 new presidential administration has installed a new Acting Director of the CFPB and nominated a new Director who, as of April 12, 2021, is subject to Senate confirmation. 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. The new administration may make other agency changes that could also affect WebBank. The FDIC recently 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. 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, 2021, the Company had $321,000 available under its senior credit facility and $269,850 of outstanding indebtedness under this 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. For example, in November 2020, we sent a non-binding expression of interest to Nasdaq-listed Steel Connect, Inc. ("Steel Connect"), of which we currently own approximately 30.1%, and, when combined with our affiliates, 34.8%, of the outstanding common stock (and assuming conversion of the Steel Connect Convertible Note and shares of preferred stock as of December 31, 2021, 50.0%, and, when combined with our affiliates, approximately 53.4%, of the outstanding shares of common stock), to acquire all remaining outstanding shares of Steel Connect common stock. We continue to negotiate the non-binding expression of interest with Steel Connect, such that no decision has yet been made with respect to Steel Connect’s response to the expression of interest or any alternatives thereto and we and Steel Connect have not yet reached a definitive offer to purchase. Additionally, on February 25, 2022, pursuant to a transaction agreement, Steel Connect transferred all of its interests in one of its two subsidiaries, IWCO Direct Holdings Inc. ("IWCO"), to an entity owned by the lenders of a loan of which IWCO is borrower, as part of a negotiated restructuring of IWCO’s capital structure and certain financial obligations of IWCO under that loan. For more information, see Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Developments—Investments." We cannot reasonably predict the impact that the disposition of IWCO will have on the market’s long-term perception of Steel Connect’s value or on Steel Connect’s overall valuation, and, in turn, the impact that it may have on a possible acquisitive transaction, if any, with Steel Connect. 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 the 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.

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. 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 interest costs and investments, which could negatively impact our operating results, financial condition and cash flows.

As more fully described in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," 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.

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. 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.

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 (such as the ongoing coronavirus outbreak) and possible imposition of non-U.S. taxes. While we have not experienced any material negative impacts thus far, we may also be adversely affected by regulatory changes and economic conditions following "Brexit" (the U.K.'s exit from the European Union (the "E.U."), which

took effect on January 31, 2020) and the implementation of the E.U.-U.K. Trade and Cooperation Agreement beginning January 1, 2021, including uncertainties as to its effect on trade laws, tariffs and taxes, which could create instability and volatility in the global financial and currency markets. 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.

The various United States federal and local government orders and regulations directing employers to require their employees to be vaccinated could lead to labor disruptions, which could have a material adverse effect on our business and results of operations.

On September 9, 2021, U.S. President Joseph R. Biden issued an executive order obligating parties that contract with the federal government to require their employees to be fully vaccinated against COVID-19, with limited exceptions for certain accommodations (the “federal vaccine requirement”). On September 24, 2021, the Safer Federal Work Task Force issued its workplace safety guidelines on the implementation of the mandate on government contractors. Certain of our subsidiaries may be classified as government contractors, and as a result, some of our U.S.-based employees may be subject to and are required to comply with the federal vaccine mandate. Additionally, on September 9, 2021, President Biden announced a plan directing the U.S. Department of Labor’s Occupational Safety and Health Administration (“OSHA”) to issue an emergency temporary standard requiring all private employers with 100 or more workers to mandate COVID-19 vaccination or produce a weekly test for all employees (the “vaccine-or-testing requirement”). As a company with more than 100 employees, under these regulations, we would therefore also be required to comply with the vaccine-or-testing requirement.

Despite initial effective dates for in the first quarter of 2022, the effective date for these requirements remains fluid, and moreover, in January 2022, the U.S. Supreme Court overturned the enforceability of the vaccine-or-testing requirement. Despite this ruling, we are continuing to determine our applicability and compliance measures with respect to the federal vaccine requirement and vaccine-or-testing requirement. While we continue to monitor the developments with respect to these requirements, given current information, it is not possible to predict with certainty the impacts the impending mandates described above would have. However, these mandates may result in increased costs, labor disruptions or employee attrition, which could be material as a substantial number of our employees are based in areas of the country where vaccination rates are below the national average. If we lose employees, it may be difficult in the current competitive labor market to find replacement employees, and this could have an adverse effect on future revenues and costs, which could be material. In addition, uncertainty could be caused by competing and potentially conflicting laws and regulations, such as the recent executive order issued by the governor of Texas prohibiting vaccine mandates. Accordingly, the impending mandates when implemented, additional and/or more protective vaccine mandates and/or potentially conflicting laws and regulations regarding vaccine mandates could have a material adverse effect on our business and results of operations.

Recent and potential changes in U.S. trade policies and retaliatory responses from other countries may significantly increase the costs or limit supplies of materials and products used in our operations.

The U.S. federal government has created significant uncertainty about the future relationship between the United States and other countries with respect to trade policies, taxes, government regulations and tariffs. The former U.S. presidential administration signaled support for implementing and, in some instances, proposed or took action with respect to major changes to certain trade policies in an effort to encourage U.S production, including tariffs on imports from China, Mexico, Canada and other countries. These new or increased tariffs or duties were imposed on an array of imported materials and goods used in connection with our operations. Foreign governments have responded by imposing or increasing tariffs, duties and/or trade restrictions on U.S. goods and may consider other measures. However, it remains unclear what additional actions, if any, will be taken by the new U.S. administration or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the United States, tax policy related to international commerce or other trade matters. 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, natural disasters and defects in design. 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 are deploying 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. While we maintain cybersecurity insurance coverage that we believe is adequate for our business, such coverage may not cover all potential costs and expenses associated with any security incidents that may occur in the future.

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 and to prevent unwanted intrusions and disclosures, 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. There can be no assurance that we will be able to prevent, detect and adequately address or mitigate such cyber-attacks or security breaches. 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 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. In addition, in 2018 California enacted a comprehensive data privacy law that granted new rights to California residents; that law was subsequently amended by a ballot initiative in 2020. Additional laws may be enacted in other states 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 workforce and at our suppliers, 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 United States 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.

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. Certain of these challenges have been brought or threatened in programs involving WebBank. Additional cases or regulatory actions of this type, 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.

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.

In July 2013, the Federal Reserve Board, the Office of the Comptroller of the Currency and the FDIC issued rules that implemented the Basel III changes to the international regulatory capital framework and revised the U.S. risk-based and leverage capital requirements for U.S. banking organizations in order to strengthen identified areas of weakness in capital rules and to address relevant provisions of the Dodd-Frank Act.

Effective January 1, 2015 for WebBank, 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.

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, 2021 and 2020, the two highest grossing contractual lending programs accounted for approximately 7% and 12%, respectively, of WebBank's total 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) and that 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. 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 also 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 and risks that the Small Business Administration may not fund some or all Paycheck Protection Program loan guaranties.

The CARES Act included a $349 billion loan program administered through the SBA referred to as the Paycheck Protection Program. The PPP has 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.

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. A worsening of customer demand in these industries would adversely affect our revenues, profitability, operating results, cash flows and could lead to further impairments. 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. Our customers' willingness to undertake these activities depends largely upon prevailing industry conditions that are influenced by many factors over which we have no control. 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 if some customers experience difficulty in obtaining adequate financing due to tightness in the credit markets. Furthermore, the financial stability of our customers or suppliers may be compromised, which could result in additional bad debts for us or non-performance by 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, including those resulting from COVID-19, changes in gross domestic product growth, potential future government shutdowns or restrictions, financial and credit market fluctuations or the unavailability of credit, or geopolitical challenges, including global security concerns and the possibility of retaliatory action by various actions in response to Russia’s recent invasion of Ukraine. These adverse effects would likely be exacerbated if global economic conditions worsen, resulting in wide-ranging, adverse and prolonged effects on general business conditions, and materially and adversely affect our operations, financial results and liquidity.

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.

We have identified material weaknesses in our internal control over financial reporting, which could, if not effectively remediated, 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 are required to maintain internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with current accounting principles generally accepted in the United States ("U.S. GAAP"). Under the direction of our Principal Executive Officer and Principal Financial Officer, in 2020, our management conducted an evaluation of the effectiveness of our disclosure controls and procedures and internal control over financial reporting and identified control deficiencies that constituted material weaknesses in our internal control over financial reporting. As discussed in Part II, Item 9A, "Controls and Procedures," our management has re-evaluated its assessment of the effectiveness of internal control over financial reporting of its disclosure controls and procedures and concluded that they were not effective as of December 31, 2021.

These material weaknesses resulted in revisions to our consolidated financial statements for the prior annual and interim periods. While we believe we have made appropriate judgments in revising restated financial statements, there is a risk that we may have to further restate such financial statements or take other actions not currently contemplated. Additionally, we are actively engaged in developing and implementing a remediation plan designed to address these material weaknesses and are committed to remediating them as promptly as possible. For more information on the development and implementation of our remediation plan, see Part II, Item 9A, "Controls and Procedures". Any failure to implement effective internal control could harm our operating results or cause us to fail to meet our reporting obligations. Further revisions of our prior financial statements, failure to remediate our internal control or failure to maintain effective internal control in the future, among other things, could also 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, and may require us to incur additional costs to improve our internal control system. 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.

The COVID-19 pandemic previously had, and may in the future have an adverse effect on our business, results of operations, financial condition and cash flows, and other epidemics or outbreaks of infectious diseases may have a similar impact.

We face risks related to outbreaks of public health crises, including epidemics and infectious diseases such as the ongoing COVID-19 pandemic. The continued spread of COVID-19 and the emergence of new variants of the virus across the globe continues to impact economic activity worldwide by causing disruption and volatility in the global capital markets, as well as a sustained economic slowdown. National and local governments in the United States and around the world continue to implement measures to prevent the spread of COVID-19 and its variants, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, quarantines, curfews and recommendations to practice physical distancing. These preventative measures which have restricted and continue to restrict individuals' daily activities and curtail or cease many businesses' normal operations. In addition, reduced global and local economic activity throughout the COVID-19 pandemic has led to, among other impacts, negative fluctuations in consumer purchase behaviors, increased business costs, and supply chain, logistical and workforce disruptions.

We continue to monitor and work to comply with the COVID-19 guidelines from public health and governmental authorities concerning the prevention and spread of COVID-19 and its variants, as well as the protection of the health and safety of our personnel. As of the date of this filing and for the fiscal year ended December 31, 2021, the Company has not experienced

any significant disruptions to its businesses from COVID-19 as compared to the prior fiscal year. However, the Company experienced significant adverse impacts to its consolidated financial results for the fiscal year ended December 31, 2020. Implementing COVID-19 preventive and reactive measures, as well as the global economic impact of the COVID-19 pandemic generally, resulted in adverse effects to our results of operations, financial condition and liquidity, including reduced activity at our businesses and limited availability and productivity among our workforce and suppliers during the fiscal year ended December 31, 2020. In particular, the continued spread of COVID-19 and its variants and efforts to contain them has had the following effects which could re-arise in the future:

- reduced customer demand for our businesses' products;
- in 2020, caused disruptions in or closures of the Company’s manufacturing operations or those of its customers and suppliers (however, none occurred during 2021 and, as of the filing of this Form 10-K all of the Company’s facilities were open and able to operate at normal capacities);
- caused delays and disruptions in the supply chain resulting in interruptions in the commercial operation of our businesses, increased manufacturing, distribution and product supply costs, as well as reduced manufacturing capacity and adequate inventory levels;
- limited the productivity and efficiency of our personnel as a result of the transition to remote working arrangements, as well as employee quarantines, absenteeism, attrition, and restrictions on employees’ ability to travel;
- impacted availability of qualified personnel due to increased competition and more frequent turnover; and
- 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 that seek to exploit the COVID-19 pandemic.

For more information, see Part II, Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments—COVID-19 Impact” of this Report.

Despite recent indications of economic recovery, the severity of the impact of the COVID-19 pandemic on the Company’s business in 2022 and beyond will depend on a number of uncertain factors and trends. Such factors and trends include, but not limited to: the duration and severity of the virus and its current variants; the emergence of new variant strains; the availability and widespread use of vaccines; the impact of the global business and economic environment on liquidity and the availability of capital; and governmental actions that have been taken, or may be taken in the future, to mitigate adverse economic or other impacts or to mitigate the spread of the virus and its variants. We cannot predict at this time the full extent to which the COVID-19 pandemic may continue to impact adversely our business, results of operations and financial condition, and in particular, the continued disruption to the supply and manufacturing of, and demand for, our businesses’ products, which will depend on such factors.

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, 2021, Mr. Lichtenstein directly owned approximately 2.8% of our outstanding common units. In addition, affiliates of our Manager, including Mr. Lichtenstein, beneficially own approximately 69.1% 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 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, 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. As of the annual measurement date on December 31, 2021, 1,702,059 incentive units vested. The incentive units will be issued upon the termination of the waiting period and/or the receipt of approval, as applicable, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“HSR Act”).

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.

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 net operating tax loss carryforwards of certain of the Company's corporate subsidiaries and other portfolio companies. Unless renewed, the transfer restrictions will expire on February 7, 2023, and they could hinder development of an active market for our common and preferred units. Currently, the Company plans to put the renewal to a limited partner vote at an upcoming meeting of limited partners.

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.

The Company operates, for U.S. federal income tax purposes, as a partnership and not 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. Any future determination to declare dividends 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 significantly exceed their cash distributions in any given year.

The Centralized Partnership Audit Regime may subject unitholders to IRS initiated tax adjustments for prior years on their personal tax returns.

For tax years beginning on or after January 1, 2018, the Company is subject to partnership audit rules enacted as part of 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, the default rule is that the Company would pay an "imputed underpayment" including interest and penalties, if applicable. 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 adjustments on their own personal income tax returns.

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

The Company is subject to taxation in the U.S. and foreign jurisdictions. Changes in various tax laws can and do occur. For example, on December 22, 2017, the U.S. Tax Cuts and Jobs Act (the "Act") was enacted. The Act made substantial changes to the Internal Revenue Code, some of which could have an adverse effect on our business. Among other things, the Act (i) reduces the U.S. corporate income tax rate from 35% to 21% beginning in 2018, (ii) limits annual deductions for interest net expense to no more than 30% of our "adjusted taxable income," plus 100% of our business interest income for the year and (iii) permits a taxpayer to offset only 80% (rather than 100%) of its taxable income with any U.S. net operating losses ("NOLs") generated for taxable years beginning after 2017. The U.S. Department of the Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact how we will apply the law and impact our results of operations in the period issued. While the U.S. Department of the Treasury has issued some proposed regulations since the enactment of the Act, additional guidance is likely forthcoming.

The current U.S. presidential administration has various proposals that, if enacted, would cause significant changes to existing tax law, in particular, an increase in U.S. federal income taxes on corporations and the tax rate on foreign earnings. 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 foreign income 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 is not assured. If we are taxed as a corporation, it could adversely impact our results of operations.

A partnership is not a taxable entity, and distributions by a partnership to a partner are generally not taxable to the partnership or the partner unless the amount of cash distributed to such partner exceeds the partner's adjusted basis in its partnership interest. Section 7704 provides that generally 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 percent or more of the gross income for every taxable year consists of "qualifying income" as defined in the Code. We expect that we will meet the Qualifying Income Exception.

If the Qualifying Income Exception is not available to us, then we will be treated as a corporation instead of a partnership. In that event, the deemed incorporation of SPLP should be tax-free. If we were taxed as a corporation, (i) our net income would be taxed at corporate income tax rates, thereby substantially reducing our profitability, (ii) our common unitholders would not be allowed to deduct their share of losses of SPLP and (iii) distributions to our common unitholders, other than liquidating distributions, would constitute dividends to the extent of our current or accumulated earnings and profits, and would be taxable as such.

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

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

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 limits 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 ending 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 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.

General Risk Factors

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, 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.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

At December 31, 2021, we operated in 61 locations consisting of manufacturing facilities, warehouses, offices, sales, service and laboratory spaces throughout the United States and internationally. Of these, we owned 24 locations consisting of approximately 2.2 million square feet and leased space at 37 locations consisting of approximately 1.5 million square feet.

A summary of square footage by reportable segment at December 31, 2021, is presented below.

Reportable Segment	Leased	Owned	Total
	(Square feet in thousands)		
Diversified Industrial	1,374	2,078	3,452
Energy	59	120	179
Financial Services	36	—	36
Corporate and Other	19	11	30
Total	1,488	2,209	3,697

Our reportable segments have major operations at the following locations:

- Diversified Industrial - Camden, Delaware; Brewster, New York; Bristol, Pennsylvania; Evansville, Indiana; Agawam, Massachusetts; Rockford, Minnesota; Statesville, North Carolina; Anderson, South Carolina; Cudahy, Muskego and Pleasant Prairie, Wisconsin; Warwick, Rhode Island; Matamoros, Mexicali and Tecate, Mexico; Welham Green and Gwent, United Kingdom; Freiburg, Germany; Riberac, France; and Xianghe and Suzhou, China.

- Energy - The Energy business owns office space in Williston, North Dakota; Farmington, New Mexico; Andrews, Texas; and Arnegard, North Dakota and leases office space in Johnstown, Colorado and Midland, Texas. Steel Sports has a lease for approximately 27 acres of land in Yaphank, New York for its baseball service operations and office space in Bridgewater, New Jersey; Virginia Beach, Virginia; and Ardmore, Pennsylvania.

- Financial Services - WebBank leases office space headquartered in Salt Lake City, Utah and additional office space in Summit, New Jersey and Denver, Colorado.

Additionally, our corporate staff occupies office space in 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. In November 2021, the Company's litigation with two insurance carriers in connection with a stockholder class action, Sciabucucchi v. DeMarco, et al., filed in the Court of Chancery of the State of Delaware on December 8, 2017, was resolved in the Company's favor, and the Company received settlement payments totaling $8,827. For more information on material legal proceedings which are ongoing or recently resolved, see "Litigation Matters" in Note 20 - "Commitments and Contingencies" and "Election Contest Litigation" in Note 25 - "Subsequent Events" 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, 2021, we had 21,018,009 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, 2021, there were approximately 105 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. As of December 31, 2021, 1,702,059 incentive units vested under the incentive unit agreement with SPH SPV-I LLC. For more information, see Note 16 - "Capital and Accumulated Other Comprehensive Loss" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report. The incentive units will be issued upon the termination of the waiting period and/or the receipt of approval, as applicable, under the HSR Act. The Company intends to report the sale of the incentive units, as required by SEC rules, on a Current Report on Form 8-K, once this material condition to the sale and issuance is met.

Issuer Purchases of Equity Securities

The Board of Directors has approved the repurchase of up to an aggregate of 7,639,870 of the Company's common units (the "Repurchase Program"), which is inclusive of 1,120,869 common units approved in November 2021. The Repurchase Program was announced on December 7, 2016 and supersedes and cancels, to the extent any amounts remain available, all previously approved repurchase programs. Any purchases made under the Repurchase Program will be made from time to time on the open market at prevailing market prices or in negotiated transactions off the market, in compliance with applicable laws and regulations. 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, 2021, the Company purchased 1,894,297 common units for an aggregate purchase price of $45,039. From the inception of the Repurchase Program until December 31, 2021 the Company had purchased 6,252,245 common units for an aggregate purchase price of approximately $99,384. As of December 31, 2021, there remained 1,387,625 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, 2021. 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, 2021	100,000	$ 28.52	100,000	379,131
November 1-30, 2021	87,116	$ 33.77	87,116	1,412,884
December 1-31, 2021	25,259	$ 37.34	25,259	1,387,625
Total	212,375		212,375	

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, 2021 and *2020. 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 and Financial Services, 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 Form 10-K.

Significant Developments

Following is a summary of significant developments that have impacted the Company in 2021 and early 2022. 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.

Investments

Following is a summary of the recent events involving the Company's investments:

- **Steel Connect** – As of December 31, 2021, we owned approximately 30.1%, and, when combined with our affiliates, 34.8%, of the outstanding common stock (and assuming conversion of the Steel Connect Convertible Note and shares of preferred stock as of December 31, 2021, 50.0%, and, when combined with our affiliates, approximately 53.4%, of the outstanding shares of Steel Connect's common stock).

    - ***Non-Binding Expression of Interest:*** On November 19, 2020, the Board of Directors of the Company sent a letter to Steel Connect setting forth a non-binding expression of interest to acquire all of the outstanding shares of Steel Connect common stock, par value $0.01 per share, not already owned by the Company and its subsidiaries. The letter is only a proposal, which does not constitute an offer or proposal capable of acceptance and may be withdrawn at any time and in any manner. We continue to negotiate the non-binding expression of interest with Steel Connect, such that no decision has yet been made with respect to Steel Connect's response to the expression of interest or any alternatives thereto and we and Steel Connect have not yet reached a definitive offer to purchase. There can be no assurance that any definitive offer will be made, that any agreement will be executed or that the transaction proposed in the letter or any other transaction will be approved or completed. The Company is not obligated to disclose any further developments or updates on the progress of the proposed transaction until either the Company enters into a definitive agreement or determines no such transaction will be approved.

    - ***Divestiture of IWCO:*** On February 25, 2022, pursuant to a transaction agreement (the "Transaction Agreement"), Steel Connect transferred all of its interests in one of its two subsidiaries, IWCO Direct Holdings Inc. ("IWCO"), to an entity owned by affiliates of certain lenders under the financing agreement, dated December 15, 2017 (the "Financing Agreement"), of which IWCO was borrower (the "Buyer"). The transfer was part of a negotiated restructuring of IWCO's capital structure and certain financial obligations of IWCO under that loan. In addition, as part of the overall transaction, the Buyer issued a note in the principal amount of $6,945 payable to Steel Connect as consideration for intercompany obligations owed by IWCO to Steel Connect (the "Subordinated Note"). The Subordinated Note is subordinated to the obligations under the Financing Agreement (including any amendments or other modifications thereto) and matures on the date that is six months after the maturity of the Financing Agreement or six months after repayment in full of the obligations under the Financing Agreement. Steel Connect cannot reasonably predict the impact that the disposition of IWCO will have on the market’s long-term perception

of Steel Connect's value or on Steel Connect's overall valuation, and, in turn, the impact that it may have on a possible acquisitive transaction, if any, with Steel Connect.

- **Aerojet** – As of December 31, 2021, the Company owned 4.9% of Aerojet Rocketdyne Holdings, Inc. ("Aerojet") common stock with a fair value of $184,678. Our Executive Chairman Warren G. Lichtenstein is also a member of Aerojet's board of directors.
    - ***Dividend:*** In March 2021, the Company received a one-time cash dividend from Aerojet of $19,740.
    - ***Termination of Plan of Merger and Election Contest:*** On December 20, 2020, Aerojet entered into an Agreement and Plan of Merger with Lockheed Martin Corporation ("Lockheed"), in which Aerojet would be acquired by Lockheed; however, on February 13, 2022, Lockheed delivered notice that it terminated the merger. On January 28, 2022, we (via our indirectly, wholly-owned subsidiary SPH Group Holdings LLC) provided Aerojet with a notice of stockholder nominations for election of a slate of directors at Aerojet's 2022 annual meeting of stockholders in order to preserve our rights as a stockholder in the event the Lockheed transaction did not close prior to the meeting.
    - ***Litigation Related to Election Contest:*** On February 7, 2022, Mr. Lichtenstein and three other members of Aerojet's board (the "Director Plaintiffs") filed suit in the Court of Chancery of the State of Delaware (the "Court") seeking, among other things, an order preventing the alleged misuse of Aerojet's name and resources in connection with Aerojet's 2022 annual meeting of stockholders. The Director Plaintiffs filed the lawsuit due to disagreements among Aerojet's eight-member Board, which consists of them and four other directors (the "Director Defendants"), over matters relating to our nomination of director candidates for election at Aerojet's 2022 annual meeting of stockholders. On February 11, 2022, the Director Defendants filed suit in their own names and on behalf of Aerojet alleging, among other things, breaches of fiduciary duty by the Director Plaintiffs, aiding and abetting breach of fiduciary by our indirectly, wholly-owned subsidiary SPH Group Holdings LLC, and violations of Aerojet's advance notice bylaw by SPH Group Holdings LLC. For more information, see "Election Contest Litigation" in Note 25 - "Subsequent Events" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.
- **Aviat** – In January and February of 2021, the Company sold its remaining ownership interest in Aviat Network, Inc. for total proceeds of approximately $24,100.
- **iGo** - In January 2022, the Company acquired the remaining interest in iGo, Inc. ("iGo") that it did not previously own for approximately $8,606. iGo is now a wholly-owned subsidiary of the Company.

Debt Refinancing

- **New Credit Agreement –** On December 29, 2021, the Company, amended and restated in its entirety its prior credit agreement, dated as of November 14, 2017, with an amended and restated credit agreement (the "New Credit Agreement") by and among the Company's indirect, wholly-owned subsidiaries SPH Group Holdings LLC, Steel Excel Inc. and iGo (collectively, the "Borrowers") and PNC Bank, National Association, in its capacity as administrative agent, the Lenders (as such term is defined in the New Credit Agreement) party thereto, and certain of the Borrowers' affiliates in their capacities as guarantors. The New Credit Agreement, which has a five-year term, provides for a senior secured revolving credit facility in an aggregate principal amount not to exceed $600,000, which includes a $50,000 subfacility for swing line loans, a $50,000 sub-facility for standby letters of credit and a currency sublimit (available in euros and pounds sterling) equal to the lesser of $75,000 and the total amount of the Revolving Credit Commitment (as such term is defined in the New Credit Agreement). The New Credit Agreement permits the Borrowers, under certain circumstances, to increase the aggregate principal amount of the Revolving Credit Commitments under the New Credit Agreement by $300,000 plus additional amounts so long as the Leverage Ratio (as such term is defined in the New Credit Agreement) would not exceed 3.50:1. The New Credit Agreement permits the Company to borrow for the dividends on its preferred units, pension contributions, investments, acquisitions and other general corporate expenses. The proceeds of the Revolving Credit Loans under the New Credit Agreement will be used (i) to refinance existing indebtedness, (ii) for the payment of fees and expenses in connection with the refinancing transaction, and (iii) for general corporate purposes, certain permitted investments, working capital, letters of credit, capital expenditures and permitted acquisitions. Based on financial results as of December 31, 2021, the Company's total availability under the New Credit Agreement, which is based upon Consolidated Adjusted EBITDA and certain covenants as described in the New Credit Agreement, was approximately $321,000 as of December 31, 2021.

Divestiture

- **Edge Divestiture –** On February 1, 2021, the Company completed the sale of its Edge business for a sales price of $16,000. Edge provided roofing edge metal products and was part of the Company's OMG, Inc. ("OMG") business in the Diversified Industrial segment.

Common Unit Repurchase Program

- In November 2021, the Board of Directors of the Company approved the repurchase of up to an additional 1,120,869 of the Company's common units under the Repurchase Program. During the year ended December 31, 2021, the Company purchased 1,894,297 units for an aggregate price of $45,039 under the Repurchase Program. Since inception of the Repurchase Program until December 31, 2021, the Company has purchased 6,252,245 common units for an aggregate purchase price of approximately $99,384. As of December 31, 2021 there remained 1,387,625 units that may yet be purchased under the Repurchase Program. From January 1, 2022 through March 1, 2022, the Company repurchased 268,623 common units for $10,418.

COVID-19 Impact

The ongoing COVID-19 pandemic (in particular, the emergence of new variants of the virus across the globe) has caused, and continues to cause, significant disruptions in the U.S. and global economies. For example, national and local governments in the United States and around the world continue to implement measures to prevent the spread of COVID-19 and its variants, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, quarantines, curfews, and recommendations to practice physical distancing. Such measures have restricted and continue to restrict individuals’ daily activities and curtail or cease many businesses’ normal operations.

As of the date of this filing, and for the fiscal year ended December 31, 2021, the Company has not experienced any significant disruptions to its businesses as compared to the prior fiscal year. The Company experienced adverse impacts to its consolidated financial results for the fiscal year ended December 31, 2020. However, it has since seen improvements with respect to certain components of its financial statements, including as a 16.3% increase in revenue, during the year ended December 31, 2021. Despite indications of economic recovery, the severity of the impact of the COVID-19 pandemic on the Company’s business in 2022 and beyond will depend on a number of uncertain factors and trends. Such factors and trends include, but not limited to: the duration and severity of the virus and its current variants; the emergence of new variant strains; the availability and widespread use of vaccines; the impact of the global business and economic environment on liquidity and the availability of capital ;and governmental actions that have been taken, or may be taken in the future, to mitigate adverse economic or other impacts or to mitigate the spread of the virus and its variants. The Company continues to monitor for any developments or updates to COVID-19 guidelines from public health and governmental authorities, as well as the protection of the health and safety of its personnel, and is continuously working to ensure that its health and safety protocols, business continuity plans and crisis management protocols are in place to help mitigate any negative impacts of the COVID-19 pandemic on the Company’s employees, business or operations.

RESULTS OF OPERATIONS

Comparison of the Years Ended December 31, 2021 and 2020

	Year Ended December 31,	
	2021	2020
Revenue	$ 1,524,896	$ 1,310,636
Cost of goods sold	1,004,093	859,863
Selling, general and administrative expenses	304,013	290,784
Goodwill impairment charges	—	1,100
Asset impairment charges	—	606
Interest expense	22,250	29,514
Realized and unrealized losses (gains) on securities, net	24,044	(25,643)
All other (income) expenses, net *	(30,369)	29,013
Total costs and expenses	1,324,031	1,185,237
Income before income taxes and equity method investments	200,865	125,399
Income tax provision	84,089	38,136
(Income) loss of associated companies, net of taxes	(15,664)	3,786
Net income from continuing operations	132,440	83,477
Net gain (loss) from discontinued operations, net of taxes	138	(10,199)
Net income	132,578	73,278
Net income attributable to noncontrolling interests in consolidated entities (continuing operations)	(1,170)	(603)
Net income attributable to common unitholders	$ 131,408	$ 72,675

* includes finance interest, provision for loan losses, and other income from the consolidated statements of operations

Non-GAAP Financial Measures

We utilize certain non-GAAP financial measurements as defined by the SEC, which include "Adjusted EBITDA." 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 investments, and excludes certain non-recurring and non-cash items. The Company is presenting this non-GAAP financial measurement because it believes that this measure provides useful information to investors about the Company's business and its financial condition. The Company believes this measure is useful to investors because it is a measure 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 an internal profitability measure, as a component in evaluating the ability and the desirability of making capital expenditures and significant acquisitions, and as an element in determining executive compensation.

However, this measure is not a measure of financial performance under U.S. GAAP, and the items excluded from this measure are significant components in understanding and assessing financial performance. Therefore, this non-GAAP financial measurement should not be considered a substitute for net income or loss. 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.

The following table reconciles net income from continuing operations to Adjusted EBITDA:

	Year Ended December 31,	
	2021	2020
Adjusted EBITDA Reconciliation		
Net income from continuing operations	$ 132,440	$ 83,477
Income tax provision	84,089	38,136
Income from continuing operations before income taxes	216,529	121,613
Add (Deduct):		
(Income) loss of associated companies, net of taxes	(15,664)	3,786
Realized and unrealized losses (gains) on securities, net	24,044	(25,643)
Interest expense	22,250	29,514
Depreciation	42,055	44,583
Amortization	18,466	20,750
Non-cash goodwill impairment charges	—	1,100
Non-cash asset impairment charges	—	606
Non-cash pension (income) expense	(3,972)	3,632
Non-cash equity-based compensation	1,462	887
Other items, net *	(45,337)	12,911
Adjusted EBITDA	**$ 259,833**	**$ 213,739**

*Other items, net for the year ended December 31, 2021 primarily includes (1) $19,740 one-time dividend from Aerojet; (2) a gain of $8,827 from a recent litigation settlement; (3) a pre-tax gain of $8,096 on the sale of OMG’s Edge business; (4) and a pre-tax gain of $6,646 on the sale of an idle facility in the Joining Materials business. Other items, net for the year ended December 31, 2020 primarily includes an environmental reserve charge of $14,000 in the Diversified Industrial segment related to a legacy, non-operating site.

	Year Ended December 31,	
	2021	2020
Segment Adjusted EBITDA		
Diversified Industrial	$ 153,791	$ 140,634
Energy	25,615	13,841
Financial Services	80,618	60,523
Corporate and Other	(191)	(1,259)
Total	**$ 259,833**	**$ 213,739**

Revenue

Revenue in the year ended December 31, 2021 increased $214,260, or 16.3%, as compared to 2020, due to higher sales volume across all segments, primarily due to the economic recovery following impacts from the COVID-19 pandemic during 2020.

Cost of Goods Sold

Cost of goods sold in the year ended December 31, 2021 increased $144,230, or 16.8%, as compared to 2020, due to increases in the Diversified Industrial and Energy segment, primarily due to the higher sales volume discussed above.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") in 2021 increased $13,229, or 4.5%, as compared to 2020, primarily due to the impact of higher sales volume as discussed above, partially offset by a gain as a result of a litigation settlement of $8,827 in 2021, as well as a $14,000 environmental reserve charge recorded in 2020 in the Diversified Industrial segment related to a legacy, non-operating site.

Goodwill Impairment Charges

As a result of declines in customer demand and the performance of the performance materials business during 2020, the Company recorded a $1,100 charge in the consolidated statements of operations for the year ended December 31, 2020.

Asset Impairment Charges

As a result of COVID-19 related declines in our youth sports business within the Energy segment, intangible assets of $606, primarily customer relationships, were fully impaired in 2020.

Interest Expense

Interest expense for the years ended December 31, 2021 and 2020 was $22,250 and $29,514, respectively. The lower interest expense in 2021 was primarily due to lower interest rates and lower average debt levels.

Realized and Unrealized Losses (Gains) on Securities, Net

Realized and unrealized losses on securities, net for the year ended December 31, 2021 was $24,044, as compared to gains of $25,643 for the year ended December 31, 2020. The changes in realized and unrealized losses and gains on securities, net over the respective periods are primarily due to mark-to-market adjustments on the Company's portfolio of securities, which are required to be recorded in earnings under U.S. GAAP.

All Other (Income) Expense, Net

All other income, net totaled $30,369 for the year ended December 31, 2021, is primarily comprised of: (1) a $19,740 one-time dividend from Aerojet; (2) a pre-tax gain of $8,096 on the sale of OMG’s Edge business; and (3) a pre-tax gain of $6,646 on the sale of an idle facility in the Joining Materials business, partially offset by (4) finance interest expense of $7,693. All other expense, net totaled $29,013 for the year ended December 31, 2020 was primarily comprised of provisions for loan losses and finance interest expense.

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, 2021, a tax provision of $84,089 was recorded, as compared to $38,136 in 2020. The Company's effective tax rate was 41.9% and 30.4% for the years ended December 31, 2021 and 2020, respectively. The higher effective tax rate for the year ended December 31, 2021 is primarily due to an increase in U.S. tax expense related to unrealized gains on investment from related parties, which are eliminated for financial statement purposes.

(Income) Loss of Associated Companies, Net of Taxes

The Company recorded gains from associated companies, net of taxes, of $15,664 in 2021, as compared to losses, net of taxes of $3,786 in 2020. For the details of each of these investments and the related mark-to-market adjustments in both periods, see Note 11 - "Investments" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report.

Net Gain (Loss) from Discontinued Operations

The Company recorded net gains from discontinued operations, net of taxes, of $138 for the year ended December 31, 2021 and net losses from discontinued operations, net of taxes, of $10,199 in 2020, related to the Company's API entities which were part of the Diversified Industrial segment. The Company deconsolidated API on January 31, 2020 as it no longer held a controlling financial interest as of that date (see Note 6 - "Discontinued Operations" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report).

Adjusted EBITDA

Adjusted EBITDA was $259,833 in 2021, as compared to $213,739 in 2020. Adjusted EBITDA as a percentage of sales was 17.0% in 2021, as compared to 16.3% in 2020, primarily due to improved profitability from both Diversified Industrial and Energy segments as a result of higher sales volume, as well as from the Financial Services segment driven by lower financial interest expense and lower provision for loan losses.

Segment Analysis

	Year Ended December 31,	
	2021	2020
Revenue:		
Diversified Industrial	$ 1,207,183	$ 1,058,745
Energy	164,028	107,831
Financial Services	153,685	144,060
Total	$ 1,524,896	$ 1,310,636
Segment income (loss) before interest expense and income taxes:		
Diversified Industrial	$ 123,329	$ 70,849
Energy	14,982	(1,887)
Financial Services	79,165	59,799
Corporate and Other	21,303	22,366
Income before interest expense and income taxes	238,779	151,127
Interest expense	22,250	29,514
Income tax provision	84,089	38,136
Net income from continuing operations	$ 132,440	$ 83,477
Segment depreciation and amortization:		
Diversified Industrial	$ 47,568	$ 49,451
Energy	12,212	15,006
Financial Services	485	717
Corporate and Other	256	159
Total depreciation and amortization	$ 60,521	$ 65,333
(Gain) loss of associated companies, net of taxes:		
Corporate and other	$ (15,664)	$ 3,786
Total	$ (15,664)	$ 3,786

Diversified Industrial

Net sales in 2021 increased by $148,438, or 14.0%, as compared to 2020. Net sales increased $171,900, primarily due to higher sales volume from the Building Materials and Joining Materials businesses. These increases were partially offset by approximately $23,400 primarily due to lower sales volume from the Electrical Products businesses.

Segment operating income in 2021 increased by $52,480, or 74.1%, as compared to 2020. The increase in operating income was primarily due to: (1) higher sales volume, (2) a $8,096 pre-tax gain on the sale of OMG’s Edge business, (3) lower non-cash pension expenses of $7,604, (4) a $6,646 pre-tax gain on the sale of an idle facility in the Joining Materials business, and (5) an environmental reserve charge of $14,000 related to a legacy, non-operating site in the second quarter of 2020 that did not recur.

Segment Adjusted EBITDA in 2021 increased by $13,157, or 9.4%, as compared to 2020. The increase in Adjusted EBITDA was primarily due to higher sales volume.

Energy

In 2021, net revenue increased $56,197, or 52.1%, as compared to 2020. The increase in net revenue was primarily due to higher rig hours driven by higher demand from the energy sector due to the rebound of energy prices.

Segment operating income in 2021 was $14,982, as compared to operating loss of $1,887 in 2020. The improvement in operating income was primarily due to higher sales volume.

Segment Adjusted EBITDA in 2021 increased by $11,774, or 85.1%, as compared to 2020. The increase was primarily driven by higher sales volume.

Financial Services

Revenue in 2021 increased $9,625, or 6.7%, as compared to 2020. The increase was primarily due to an increased interest income on higher PPP, credit risk transfer ("CRT") and held-for-sale ("HFS") balances, partially offset by lower interest income driven by lower held-to-maturity ("HTM") balances and higher non-interest income due to higher volume.

Segment operating income in 2021 increased $19,366, or 32.4%, as compared to 2020. The higher operating income was primarily due to higher revenue discussed above and lower expenses. The provision for loan losses decreased $21,823, finance interest expense decreased $4,040, partially offset by an increase in SG&A for the fiscal year ended December 31, 2021, as compared to the same period last year. The lower provision for loan losses was due to better loan performance than expected and higher than expected loan paydowns. The lower finance interest expense was due to a decrease in balances and interest rates. The higher SG&A was driven by higher personnel expense due to higher bonus accrual as well higher credit performance fee due to higher CRT balances, partially offset by lower servicing fees due to lower HTM loan balances, excluding PPP loans.

Segment Adjusted EBITDA in 2021 increased $20,095, or 33.2%, as compared to the same period of 2020. The increase was primarily due to an increase in warrant sales, higher interest income related PPP loans and sale and a lower provision for loan losses, partially offset by a decrease in interest income and fees due to lower origination volume and lower HTM balances.

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,					
	2021			2020		
	Average Outstanding Balance	**Interest Earned/ Paid**	**Yield/ Rate**	**Average Outstanding Balance**	**Interest Earned/ Paid**	**Yield/ Rate**
Interest-earning assets:						
Loans receivable	$ 563,718	$ 76,935	13.7 %	$ 576,897	$ 81,431	14.1 %
PPP loans	1,580,037	23,102	1.5 %	1,353,595	14,941	1.1 %
Held-to-maturity securities	18,826	445	2.4 %	20,188	635	3.2 %
Available-for-sale investments	2,071	47	2.3 %	2,253	46	2.0 %
Federal funds sold	2,211	1	0.1 %	25,757	41	0.2 %
Interest-bearing deposits	194,040	214	0.1 %	137,462	429	0.3 %
Total interest-earning assets	2,360,903	100,744	4.3 %	2,116,152	97,523	4.6 %
Non interest-earning assets	41,896			9,191		
Total assets	$ 2,402,799			$ 2,125,343		
Interest-bearing liabilities:						
Savings accounts	$ 184,332	573	0.3 %	$ 215,987	1,474	0.7 %
Time deposits	321,563	1,419	0.4 %	328,642	5,491	1.7 %
Other borrowings	$ 1,630,472	5,701	0.4 %	$ 1,358,506	4,768	0.4 %
Total interest-bearing liabilities	2,136,367	7,693	0.4 %	1,903,135	11,733	0.6 %
Other non interest-bearing liabilities	33,618			32,004		
Total liabilities	2,169,985			1,935,139		
Shareholder's equity	232,814			190,204		
Total liabilities and shareholder's equity	$ 2,402,799			$ 2,125,343		
Net interest income		$ 93,051			$ 85,790	
Spread on average interest-bearing funds			3.9 %			4.0 %
Net interest margin			3.9 %			4.1 %
Return on assets			2.5 %			2.4 %
Return on equity			26.3 %			27.2 %
Equity to assets			9.7 %			8.9 %
Equity to assets (excluding PPP loans)			28.3 %			24.6 %

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,					
	2021 vs 2020			2020 vs 2019		
	Increase/(Decrease)			Increase/(Decrease)		
	Due to Volume	Due to Rate	Total	Due to Volume	Due to Rate	Total
Earning assets:						
Loans receivable	$ (1,835)	$ (2,660)	$ (4,495)	$ (9,488)	$ (15,571)	$ (25,059)
PPP loans	2,775	5,385	8,160	14,941	—	14,941
Held-to-maturity securities	(41)	(150)	(191)	(1,014)	(382)	(1,396)
Available-for-sale investments	(3)	4	1	(15)	5	(10)
Federal funds sold	(23)	(16)	(39)	(9,265)	9,031	(234)
Interest-bearing deposits	377	(592)	(215)	(426)	(2,348)	(2,774)
Total earning assets	1,250	1,971	3,221	(5,267)	(9,265)	(14,532)
Savings accounts	(191)	(711)	(902)	1,190	(2,618)	(1,428)
Time deposits	(116)	(3,955)	(4,071)	(4,216)	(3,673)	(7,889)
Other borrowings	951	(17)	934	4,768	—	4,768
Total funds	644	(4,683)	(4,039)	1,742	(6,291)	(4,549)
Net variance	$ 606	$ 6,654	$ 7,260	$ (7,009)	$ (2,974)	$ (9,983)

Corporate and Other

Operating income was $21,303 in 2021, as compared to $22,366 in 2020. The fluctuations were primarily due to changes in investment gains and losses from both marketable securities and associated companies. Operating income also included a gain of $8,827 related to the insurance settlement received in connection with the Company’s favorable judgment in the Sciabucucchi v. DeMarco, et al. stockholder class action lawsuit in November 2021. For more information, see the "Litigation Matters" included in Note 20 - "Commitments and Contingencies" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

For additional information on the Company's investments, see Note 2 - "Summary of Significant Accounting Policies" and Note 11 - "Investments" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Balance Sheet Analysis

Loan Portfolio

As of December 31, 2021, net loans accounted for 71% of WebBank's total assets, as compared to 93% at the end of 2020. The following table presents WebBank's loans outstanding by type of loan as of December 31, 2021 and the five most recent year-ends.

	As of December 31,									
	2021		2020		2019		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Real estate loans:										
Commercial - owner occupied	$ 92	— %	$ 209	— %	$ 230	— %	$ 252	0.1 %	$ 272	0.1 %
Commercial - other	571	0.1 %	463	— %	429	0.1 %	380	0.1 %	296	0.1 %
Total real estate loans	663	0.1 %	672	— %	659	0.1 %	632	0.2 %	568	0.2 %
Commercial and industrial	779,536	73.9 %	2,279,672	90.6 %	251,349	32.2 %	146,758	28.0 %	84,726	30.8 %
Consumer loans	76,067	7.2 %	147,652	5.9 %	302,714	38.7 %	188,391	35.9 %	53,238	19.3 %
Loans held for sale	198,632	18.8 %	88,171	3.5 %	226,532	29.0 %	188,143	35.9 %	136,773	49.7 %
Total loans	1,054,898	100.0 %	2,516,167	100.0 %	781,254	100.0 %	523,924	100.0 %	275,305	100.0 %
Less:										
Deferred fees and discounts	—		—		—		—		—	
Allowance for loan losses	(13,925)		(27,059)		(36,682)		(17,659)		(5,237)	
Total loans receivable, net	$ 1,040,973		$ 2,489,108		$ 744,572		$ 506,265		$ 270,068	

The following table includes a maturity profile for the loans that were outstanding as of December 31, 2021:

Due During Years Ending December 31,	Real Estate	Commercial & Industrial	Consumer	Loans Held for Sale
2022	$ —	$ 293,965	$ 50,857	$ 198,632
2023-2026	92	485,571	25,210	—
2027 and thereafter	571	—	—	—
Total	$ 663	$ 779,536	$ 76,067	$ 198,632

Nonperforming Lending Related Assets

There were no nonaccrual loans at December 31, 2021 and 2020.

	As of December 31,				
	2021	2020	2019	2018	2017
Non-accruing loans:					
Commercial real estate - owner occupied	$ —	$ —	$ —	$ —	$ —
Commercial and industrial	—	—	—	—	—
Total	—	—	—	—	—
Accruing loans delinquent:					
90 days or more	3,497	8,701	8,051	3,326	2,658
Total	3,497	8,701	8,051	3,326	2,658
Foreclosed assets:					
Commercial real estate - owner occupied	—	—	—	—	—
Total	—	—	—	—	—
Total non-performing assets	$ 3,497	$ 8,701	$ 8,051	$ 3,326	$ 2,658
Total as a percentage of total assets	0.2 %	0.3 %	0.9 %	0.4 %	0.4 %

Summary of Loan Loss Experience

The methodologies used to estimate the allowance for loan losses ("ALLL") 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 ALLL for each segment using qualitative criteria. We track various risk factors that influence our judgment regarding the level of the ALLL across the portfolio segments. The following table summarizes activity in WebBank's allowance for loan and lease losses for the periods indicated:

	As of December 31,				
	2021	2020	2019	2018	2017
Balance at beginning of period	$ 27,059	$ 36,682	$ 17,659	$ 5,237	$ 1,483
Charge offs:					
Commercial and industrial	(8,101)	(14,250)	(8,667)	(2,772)	(933)
Consumer	(9,205)	(21,042)	(17,918)	(4,549)	(1,214)
Total charge offs	(17,306)	(35,292)	(26,585)	(7,321)	(2,147)
Recoveries:					
Commercial real estate	27	22	22	20	17
Commercial and industrial	2,532	1,313	461	272	142
Consumer	1,490	2,388	1,752	393	103
Total recoveries	4,049	3,723	2,235	685	262
Net (charge offs) recoveries	(13,257)	(31,569)	(24,350)	(6,636)	(1,885)
Additions charged to operations	123	21,946	43,373	19,058	5,639
Balance at end of period	$ 13,925	$ 27,059	$ 36,682	$ 17,659	$ 5,237
Ratio of net charge offs during the period to average loans outstanding during the period	0.6 %	1.6 %	3.8 %	1.7 %	0.8 %

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

	As of December 31,									
	2021		2020		2019		2018		2017	
	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	23	0.1 %	22	— %	24	0.1 %	26	0.1 %	13	0.2 %
Commercial and industrial	9,205	73.9 %	9,293	90.7 %	10,920	32.2 %	6,165	28.0 %	2,800	30.8 %
Consumer loans	4,697	7.2 %	17,744	5.9 %	25,738	38.8 %	11,468	36.0 %	2,424	19.3 %
Loans held for sale	—	18.8 %	—	3.4 %	—	28.9 %	—	35.9 %	—	49.7 %
Total loans	$ 13,925	100.0 %	$ 27,059	100.0 %	$ 36,682	100.0 %	$ 17,659	100.0 %	$ 5,237	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,	
	2021	2020
Cash and cash equivalents	$ 325,363	$ 135,788
WebBank cash and cash equivalents	308,589	117,553
Cash and cash equivalents, excluding WebBank	16,774	18,235
Readily available borrowing capacity under the New Credit Agreement	321,000	336,289
	$ 337,774	$ 354,524

Debt and Financing Arrangements

The Company's senior credit facility which was amended and restated in its entirety in December 2021 (the “New Credit Agreement”) consists of a 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 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 New Credit Agreement covers substantially all of the Company's subsidiaries, with the exception of WebBank. Availability under the New 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 New Credit Agreement. The New 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, 2021. 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 New Credit Agreement will expire on December 29, 2026, and all outstanding amounts will be due and payable. For more information, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments – Debt Refinancing” of this Report.

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, 2021, the Company's working capital was $569,090, as compared to working capital of $286,302 as of December 31, 2020. The increase in working capital during the year ended December 31, 2021 was primarily due to a decrease in retail depository accounts (current liabilities), which was partially offset by an overall decrease in loans receivable related primarily to consumer loans. As of December 31, 2021, the availability under the New Credit Agreement was approximately $321,000. During the years ended December 31, 2021 and 2020, capital expenditures were $52,326 and $23,226, respectively. The Company currently expects full year capital expenditures in the range of $43,000 to $57,000 in 2022. 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, 2022, the minimum required contribution to the Company's pension plans is $12,400. 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, 2021 and 2020, are as follows:

	December 31,	
	2021	2020
Net cash provided by operating activities	$ 77,633	$ 311,235
Net cash provided by (used in) investing activities	1,517,224	(1,899,041)
Net cash (used in) provided by financing activities	(1,404,763)	1,574,128
Net change for the period	$ 190,094	$ (13,678)

Cash Flows from Operating Activities

Net cash provided by operating activities of continuing operations for the year ended December 31, 2021 was $77,633, a decrease of $233,602 compared to the same period in 2020. The decrease was primarily due to higher working capital requirements, driven by an increase in loans held for sale of $110,461 due to the timing of loan originations, which can vary significantly from period-to-period since these loans are typically sold after origination, partially offset by higher operating income and certain non-cash items. Net cash provided by discontinued operations was $138 for the year ended December 31, 2021.

Net cash provided by operating activities of continuing operations for the year ended December 31, 2020 was $311,235. Net income from continuing operations of $83,477 was favorably impacted by certain non-cash items and a decrease of $138,361 in loans held for sale due to a reduction in loan originations at the end of the year of 2020. Net cash provided by discontinued operations was $12,855 for the year ended December 31, 2020.

Cash Flows from Investing Activities

Net cash provided by investing activities of continuing operations was $1,517,224 for the year ended December 31, 2021. Significant items included a decrease in loan originations, net of collections of $1,029,093, proceeds from the sales of loans of $530,969, proceeds from the sale of the OMG Edge business for $16,000 and proceeds from the sale of property, plant and equipment of $6,979, partially offset by purchases of property, plant and equipment of $52,326 and purchases of investments (net of proceeds from maturities and sales of investments) of $13,491.

Net cash used in investing activities of continuing operations was $1,899,041 for the year ended December 31, 2020. Significant items included an increase in loan originations, net of collections of $1,904,843, purchases of property, plant and equipment of $23,226 and net cash paid for the Metallon, Inc. ("Metallon") acquisition of $3,500, partially offset by proceeds from maturities and sales of investments (net of purchases) of $29,528 and proceeds from the sale of property, plant and equipment of $3,000.

Cash Flows from Financing Activities

Net cash used in financing activities of continuing operations was $1,404,763 for the year ended December 31, 2021. Significant items included net PPP loan repayments of $1,753,478, term loan repayments of $182,832, purchases of the Company's common units of $45,039, distributions to preferred unitholders of $9,633 and deferred finance charges of $2,712, partially offset by an increase in deposits of $469,228 and net revolver borrowings of $119,703.

Net cash provided by financing activities of continuing operations was $1,574,128 for the year ended December 31, 2020. Significant items included net proceeds from PPP loan borrowings of $2,090,223, partially offset by a decrease in deposits of $399,058, net revolver repayments of $40,891, redemption of the Company's preferred units of $40,000, purchase of the Company's common units of $20,464, term loan repayments of $14,208 and deferred finance charges of $1,474.

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 $308,589 and $117,553 in cash and cash equivalents, time deposits placed at other institutions and federal funds sold at December 31, 2021 and 2020, respectively. WebBank had $45,000 and $40,000 in lines of credit from its correspondent banks at December 31, 2021 and 2020 respectively. WebBank had $138,141 and $30,590 available from the Federal Reserve discount window at December 31, 2021 and 2020, respectively. Therefore, WebBank had a total of $491,730 and $188,143 in cash, lines of credit and access to the Federal Reserve Bank discount window at December 31, 2021 and 2020, respectively, which represents approximately 43.4% and 29.4%, respectively, of WebBank's total assets (excluding PPP loans funded through the PPP Liquidity Facility).

Environmental Liabilities

Certain of the Company's facilities are subject to environmental remediation obligations. The Company has estimated its liability to remediate these sites and has recorded liabilities of $25,844 as of December 31, 2021. For further discussion regarding these commitments, among others, see Note 20 - "Commitments and Contingencies" to the Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Deposits

Deposits at WebBank at December 31, 2021 and 2020 were as follows:

	2021	2020
Current	$ 447,152	$ 285,393
Long-term	377,735	70,266
Total	$ 824,887	$ 355,659

The increase in deposits as December 31, 2021, as compared to 2020, is due to increase in WebBank's assets, excluding PPP loans. The average original maturity for time deposits at December 31, 2021 was 25 months, as compared to 12 months at December 31, 2020.

The following table details the maturity of time deposits as of December 31, 2021:

	Maturity				
	< 3 Months	3 to 6 Months	6 to 12 Months	> 12 Months	Total
Certificate of deposits less than $100	$ 25,315	$ 28,877	$ 140,404	$ 357,109	$ 551,705
Certificate of deposits of $100 or more	7,540	15,329	28,826	20,626	72,321
Total certificates of deposits	$ 32,855	$ 44,206	$ 169,230	$ 377,735	$ 624,026

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, 2021 and 2020, WebBank's undisbursed commitments under these instruments totaled $218,090 and $170,611, 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

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 Form 10-K, 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.

2021 Goodwill Impairment Tests

For 2021, the Company utilized a qualitative approach for all of its reporting units, except for the Performance Materials and Electrical Products reporting units within the Diversified Industrial segment. The annual impairment test did not result in an impairment to goodwill for any of the reporting units. Based on its qualitative assessment, the Company does not believe that it is more likely than not that the fair value of any of its reporting units tested under this approach is less than its respective carrying values. The Company performed a quantitative assessment of goodwill associated with its Performance Materials and Electrical Products reporting units due to declines in market conditions as a result of the COVID-19 pandemic. 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, 2021, 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 further economic downturns, decreased customer demand for Electrical Products' services, or an inability to execute management’s business strategies. 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, 2021 the Performance Materials reporting unit's fair value exceeded its net book value by greater than 20%. As of December 31, 2021, the Electrical Products reporting unit's fair value exceeded its net book value by 15% and the Electrical Products' reporting unit had goodwill of $46,445.

During the fourth quarter of 2021, the Company changed the date of its annual impairment test of goodwill from October 1 to December 1 to align with the Company’s annual strategic planning process. This change does not represent a material change to our method of applying an accounting principle, and therefore does not delay, accelerate or avoid an impairment charge. The change in annual impairment test date has been prospectively applied beginning December 1, 2021. Based on our assessment as of December 1, 2021, there was no indication of impairment.

2020 Goodwill Impairment Tests

In connection with the Company's 2020 annual goodwill impairment test and as a result of declines in customer demand in the Performance Materials reporting unit, which is included in the Diversified Industrial segment, the Company determined its fair value was less than its carrying value. The Company partially impaired the Performance Materials reporting units' goodwill and recorded a $1,100 charge in Goodwill impairment charges in the accompanying consolidated statement of operations for the year ended December 31, 2020. The fair value of the Performance Materials reporting unit was determined using a discounted cash flow model (a form of the income approach) with consideration of market comparisons. The discounted cash flow model used the Company's projections, which are subject to various risks and uncertainties associated with its forecasted revenue, expenses and cash flows, as well as the expected impact on its business from the COVID-19 pandemic. The Company's significant assumptions in the analysis include, but are not limited to, future cash flow projections, the weighted- average cost of capital, the terminal growth rate and the tax rate. The Company's estimates of future cash flows are based on the current economic environment, recent operating results and planned business strategies. These estimates could be negatively affected by changes in regulations, further economic downturns, decreased customer demand for Performance Materials' products or an inability to execute its business strategies. Future cash flow estimates are, by their nature, subjective, and actual results may differ materially from the Company's estimates.

Long-Lived Asset Testing

The Company's accounting policy for long-lived assets is to estimate the depreciable lives of property, plant and equipment, and to depreciate 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 $4,105 for the year ended December 31, 2021 related to its significant pension plans, and, as of December 31, 2021, the Company had recorded pension liabilities totaling $82,376. 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. The effect of a 1% change in discount rate or expected return on asset assumptions for the pension plans sponsored by the Company's subsidiaries would not have a significant impact on pension cost.

Loan Impairment and Allowance for Loan Losses

A loan is considered impaired when, based on current information and events, it is probable that WebBank will be unable to collect all amounts due according to the contractual terms of the loan agreement, including scheduled interest payments. When a loan has been identified as being impaired, the amount of impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, when appropriate, the loan's observable fair value or the fair value of the collateral (less any selling costs) if the loan is collateral-dependent. If the measurement of the impaired loan is less than the recorded investment in the loan (including accrued interest, net of deferred loan fees or costs and unamortized premium or discount), an impairment is recognized by creating or adjusting an existing allocation of the ALLL, or by charging down the loan to its value determined in accordance with U.S. GAAP.

The ALLL is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when the uncollectability of a loan or receivable balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. The ALLL is evaluated on a regular basis and is based upon a periodic review of the collectability of the amounts due in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance consists of specific and general components. The specific component relates to loans that are classified as doubtful, substandard or loss. For such loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience and is adjusted for qualitative factors to cover uncertainties that could affect the estimate of probable losses. The ALLL is increased by charges to income and decreased by charge-offs (net of recoveries). The periodic evaluation of the adequacy of the allowance is based on WebBank's past loss experience, known and inherent risks in the portfolio, adverse situations that may affect the debtor's ability to repay, the estimated value of any underlying collateral and current economic conditions. Since our loss rates are applied to large pools of loans, even minor changes in the level of estimated losses can significantly affect management's determination of the appropriate ALLL because those changes must be applied across a large portfolio.

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 17 - "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 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.

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 20 - "Commitments and Contingencies" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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 Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our significant market risks are primarily associated with interest rates, equity prices and, to a lesser extent, derivatives. The following sections address the significant market risks associated with our business activities.

SPLP's quantitative and qualitative disclosures about market risk include forward-looking statements with respect to management's opinion about the risk associated with the Company's financial instruments. These statements are based on certain assumptions with respect to market prices, interest rates and other industry-specific risk factors. To the extent these assumptions prove to be inaccurate, future outcomes may differ materially from those discussed herein.

Risks Relating to Investments

The Company's investments are primarily classified as Marketable securities or Long-term investments and are primarily recorded on the Company's consolidated balance sheets at fair value. These investments are subject to equity price risk.

Included in the Company's Long-term investments of $261,080 at December 31, 2021 are equity securities and associated company investments, which are both subject to equity price risk. The Company's significant long-term equity securities investments include common stock ownership interests of $184,678, or 4.9%, of outstanding shares of Aerojet as of December 31, 2021. The Company's significant associated company investments as of December 31, 2021 include its investments in Steel Connect and Aviat. The Company's investments in associated companies are accounted for under the equity method of accounting, primarily using the fair value option. A change in the equity price of our investments in these securities could impact our results in future periods.

For more information about the Company’s investments, see Note 11 - "Investments" to the Consolidated Financial Statements, included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Risks Relating to Interest Rates

The fair value of cash and cash equivalents, trade and other receivables, accounts payable and short-term borrowings approximate their carrying values and are relatively insensitive to changes in interest rates due to the short-term maturities of these instruments or the variable nature of the associated interest rates.

Credit Facilities and Pension Obligations

At December 31, 2021, the Company's long-term debt obligations were comprised primarily of variable rate instruments. Accordingly, the fair value of such instruments may be relatively sensitive to effects of interest rate fluctuations. An increase or decrease in interest expense from a 1% change in interest rates would be approximately $2,700 on an annual basis based on total variable-interest debt outstanding as of December 31, 2021. In addition, the fair value of such instruments is also affected by investors' assessments of the risks associated with industries in which the Company operates, as well as its overall creditworthiness and ability to satisfy such obligations upon their maturity.

A reduction in long-term interest rates could materially increase the Company's cash funding obligations to its pension and other post-retirement benefit plans.

WebBank

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 risk policies established by WebBank's board of directors and in order to preserve shareholder value. In monitoring interest rate risk, WebBank analyzes assets and liabilities based on characteristics including size, coupon rate, repricing frequency, maturity date and likelihood of prepayment.

WebBank currently focuses held-to-maturity lending efforts toward originating competitively priced adjustable-rate or fixed-rate loan products with short to intermediate terms to maturity, generally 7 years or less. This theoretically allows WebBank to maintain a portfolio of loans that will have relatively little sensitivity to changes in the level of interest rates, while providing a reasonable spread over the cost of liabilities used to fund the loans.

The principal objective of WebBank's asset/liability management is to manage the sensitivity of Market Value of Equity ("MVE") to changing interest rates. Asset/liability management is governed by policies reviewed and approved annually by WebBank's board of directors. WebBank's board of directors has delegated the responsibility to oversee the administration of these policies to WebBank's asset/liability committee, or "ALCO." The interest rate risk strategy currently deployed by ALCO is to primarily use "natural" balance sheet hedging (as opposed to derivative hedging). ALCO fine tunes the overall MVE sensitivity by recommending lending and deposit strategies. WebBank then executes the recommended strategy by increasing or decreasing the duration of the loan and deposit products, resulting in the appropriate level of market risk that WebBank's board of directors wants to maintain.

WebBank measures interest rate sensitivity as the difference between amounts of interest-earning assets and interest- bearing liabilities that mature or reprice within a given period of time. The difference provides an indication of the extent to which an institution's interest rate spread will be affected by changes in interest rates. If the amount of interest rate sensitive

assets exceeds the amount of interest rate sensitive liabilities, then the bank is considered to be asset sensitive. If the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets, then the bank is considered to be liability sensitive. In a rising interest rate environment, an institution that is asset sensitive would be in a better position than an institution that is liability sensitive because the yield on its assets would increase at a faster pace than the cost of its interest-bearing liabilities. During a period of falling interest rates, however, an institution that is asset sensitive would tend to have its assets reprice at a faster rate than its liabilities, which would tend to reduce the growth in its net interest income. The opposite is true if the institution is liability sensitive.

WebBank's board of directors and relevant government regulations establish limits on the level of acceptable interest rate risk at WebBank to which management adheres. There can be no assurance, however, that, in the event of an adverse change in interest rates, WebBank's efforts to limit interest rate risk will be successful.

Risks Relating to Commodity Prices

In the normal course of business, our operations are exposed to market risk or price fluctuations related to the purchase of electricity, natural gas, fuel and petroleum-based commodities, including adhesives, and other products, such as yarns, precious metals, electronic and electrical components, steel products and certain non-ferrous metals used as raw materials. The Company is also exposed to the effects of price fluctuations on the value of its commodity inventories, in particular, its precious metal inventory. The raw materials and energy which we use are largely commodities, subject to price volatility caused by changes in global supply and demand and governmental controls.

The Company's market risk strategy has generally been to obtain competitive prices for its products and services, sourced from more than one vendor, and allow operating results to reflect market price movements dictated by supply and demand. 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. Certain of these derivatives are not designated as accounting hedges under ASC Topic 815, *Derivatives and Hedging*. As of December 31, 2021, the Company had entered into forward contracts, with settlement dates through January 2022, for silver with a notional value of $1,058, for gold with a notional value of $688, for palladium with a notional value of $2,922, for copper with a notional value of $1,652 and for tin with a notional value of $1,402. There were no futures contracts outstanding at December 31, 2021.

To the extent that we have not mitigated our exposure to rising raw material and energy prices, we may not be able to increase our prices to our customers to offset such potential raw material or energy price increases, which could have a material adverse effect on our results of operations and operating cash flows.

Risks Relating to Foreign Currency Exchange

The Company, primarily through its Diversified Industrial segment subsidiaries, manufactures and sells its products in a number of countries throughout the world and, as a result, is exposed to movements in foreign currency exchange rates. The Company's major foreign currency exposures involve the markets in Asia, Europe, Canada and Mexico. The Company is subject to the risk of price fluctuations related to anticipated revenues and operating costs, firm commitments for capital expenditures and existing assets or liabilities denominated in currencies other than the U.S. dollar.

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, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), changes in capital, and cash flows, for each of the two years in the period ended December 31, 2021 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, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, 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, 2021, 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 10, 2022, expressed an adverse opinion on the Company's internal control over financial reporting because of material weaknesses.

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 Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates 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 matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment – *Refer to Notes 2 and 9 to the consolidated financial statements*

Critical Audit Matter Description

The Company’s annual 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 annual testing date of October 1, management elected to perform a quantitative approach (Step 1) to evaluate the Performance Material and Electrical Products reporting units for impairment. As of October 1, 2021, the goodwill balance of the Performance Material and Electrical Products reporting units were $6.8 million and $46.5 million, respectively. In performing Step 1 management compared the fair value of the reporting units to its respective carrying value. The Company determined the fair value estimate of these reporting units 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”), and discount rates. Changes in these assumptions could

have a significant impact on either the fair value, the amount of any goodwill impairment charge, or both. The fair value of both reporting units exceeded its carrying value as of the measurement date and, therefore, no impairment was recognized.

We identified goodwill impairment for the Performance Material and Electrical Products reporting units as a critical audit matter because of the significant amount of goodwill recorded at these reporting units, the significant estimates and assumptions management made to estimate the fair value of these reporting units and the differences between their 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 rate.

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 rate by:
    - Testing the source information underlying the determination of the discount 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.

/s/ Deloitte & Touche LLP
New York, New York
March 10, 2022

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, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 325,363	$ 135,788
Marketable securities	—	106
Trade and other receivables - net of allowance for doubtful accounts of $3,510 and $3,368, respectively	193,976	164,106
Receivables from related parties	2,944	2,073
Loans receivable, including loans held for sale of $198,632 and $88,171, respectively, net	529,529	306,091
Inventories, net	184,271	137,086
Prepaid expenses and other current assets	48,019	58,053
Total current assets	1,284,102	803,303
Long-term loans receivable, net	511,444	2,183,017
Goodwill	148,018	150,852
Other intangible assets, net	119,830	138,581
Deferred tax assets	—	66,553
Other non-current assets	79,143	42,068
Property, plant and equipment, net	234,976	228,992
Operating lease right-of-use assets	36,636	29,715
Long-term investments	261,080	291,297
Total Assets	$ 2,675,229	$ 3,934,378
LIABILITIES AND CAPITAL		
Current liabilities:		
Accounts payable	$ 123,282	$ 100,759
Accrued liabilities	86,848	69,967
Deposits	447,152	285,393
Payables to related parties	1,885	4,080
Short-term debt	100	397
Current portion of long-term debt	1,071	10,361
Other current liabilities	54,674	46,044
Total current liabilities	715,012	517,001
Long-term deposits	377,735	70,266
Long-term debt	269,850	323,392
Other borrowings	333,963	2,090,223
Preferred unit liability	149,570	146,892
Accrued pension liabilities	82,376	183,462
Deferred tax liabilities	13,674	2,169
Long-term operating lease liabilities	27,511	21,845
Other non-current liabilities	36,490	39,906
Total Liabilities	2,006,181	3,395,156
Commitments and Contingencies		
Capital:		
Partners' capital common units: 21,018,009 and 22,920,804 issued and outstanding (after deducting 16,810,932 and 14,916,635 units held in treasury, at cost of $264,284 and $219,245), respectively	795,140	707,309
Accumulated other comprehensive loss	(131,803)	(172,649)
Total Partners' Capital	663,337	534,660
Noncontrolling interests in consolidated entities	5,711	4,562
Total Capital	669,048	539,222
Total Liabilities and Capital	$ 2,675,229	$ 3,934,378

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,	
	2021	**2020**
Revenue:		
Diversified Industrial net sales	$ 1,207,183	$ 1,058,745
Energy net revenue	164,028	107,831
Financial Services revenue	153,685	144,060
Total revenue	1,524,896	1,310,636
Costs and expenses:		
Cost of goods sold	1,004,093	859,863
Selling, general and administrative expenses	304,013	290,784
Goodwill impairment charges	—	1,100
Asset impairment charges	—	606
Finance interest expense	7,693	11,733
Provision for loan losses	123	21,946
Interest expense	22,250	29,514
Realized and unrealized losses (gains) on securities, net	24,044	(25,643)
Other income, net	(38,185)	(4,666)
Total costs and expenses	1,324,031	1,185,237
Income from continuing operations before income taxes and equity method investments	200,865	125,399
Income tax provision	84,089	38,136
(Income) loss of associated companies, net of taxes	(15,664)	3,786
Net income from continuing operations	132,440	83,477
Discontinued operations (see Note 6)		
Income (loss) from discontinued operations, net of taxes	138	(2,808)
Net loss on deconsolidation of discontinued operations	—	(7,391)
Net gain (loss) from discontinued operations, net of taxes	138	(10,199)
Net income	132,578	73,278
Net income attributable to noncontrolling interests in consolidated entities (continuing operations)	(1,170)	(603)
Net income attributable to common unitholders	$ 131,408	$ 72,675
Net income (loss) per common unit - basic		
Net income from continuing operations	$ 6.09	$ 3.34
Net income (loss) from discontinued operations	—	(0.41)
Net income attributable to common unitholders	$ 6.09	$ 2.93
Net income (loss) per common unit - diluted		
Net income from continuing operations	$ 4.96	$ 1.85
Net income (loss) from discontinued operations	0.01	(0.20)
Net income attributable to common unitholders	$ 4.97	$ 1.65
Weighted-average number of common units outstanding - basic	21,561,200	24,809,751
Weighted-average number of common units outstanding - diluted	28,920,258	51,390,972

See accompanying Notes to Consolidated Financial Statements

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

	December 31,	
	2021	**2020**
Net income	$ 132,578	$ 73,278
Other comprehensive income (loss), net of tax:		
Gross unrealized gains on derivative financial instruments	182	—
Currency translation adjustments	(1,133)	1,816
Changes in pension liabilities and other post-retirement benefit obligations	41,797	(611)
Other comprehensive income	40,846	1,205
Comprehensive income	173,424	74,483
Comprehensive income attributable to noncontrolling interests	(1,170)	(603)
Comprehensive income attributable to common unitholders	$ 172,254	$ 73,880

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	Treasury Units		Partners'	Accumulated Other Comprehensive	Total Partners'	Noncontrolling Interests in Consolidated	Total
	Units	Units	Dollars	Capital	(Loss) Income	Capital	Entities	Capital
Balance at December 31, 2019	**37,670,992**	**(12,647,864)**	**$ (198,781)**	**$ 654,249**	**$ (191,422)**	**$ 462,827**	**$ 3,806**	**$ 466,633**
Net income	—	—	—	72,675	—	72,675	603	73,278
Currency translation adjustments	—	—	—	—	1,816	1,816	—	1,816
Changes in pension liabilities and post-retirement benefit obligations	—	—	—	—	(611)	(611)	—	(611)
Equity compensation - restricted units	166,447	—	—	887	—	887	—	887
Purchases of SPLP common units	—	(2,268,771)	(20,464)	(20,464)	—	(20,464)	—	(20,464)
Deconsolidation of API (see Note 6)	—	—	—	—	17,481	17,481	—	17,481
Other, net	—	—	—	(38)	87	49	153	202
Balance at December 31, 2020	**37,837,439**	**(14,916,635)**	**(219,245)**	**707,309**	**(172,649)**	**534,660**	**4,562**	**539,222**
Net income				131,408		131,408	1,170	132,578
Unrealized gains on available-for-sale securities					182	182		182
Currency translation adjustments					(1,133)	(1,133)		(1,133)
Changes in pension liabilities and post-retirement benefit obligations					41,797	41,797		41,797
Equity compensation - restricted units	(8,498)			1,462		1,462		1,462
Purchases of SPLP common units		(1,894,297)	(45,039)	(45,039)		(45,039)		(45,039)
Other, net						—	(21)	(21)
Balance at December 31, 2021	**37,828,941**	**(16,810,932)**	**$ (264,284)**	**$ 795,140**	**$ (131,803)**	**$ 663,337**	**$ 5,711**	**$ 669,048**

See accompanying Notes to Consolidated Financial Statements

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

	Year Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net income	$ 132,578	$ 73,278
Gain (loss) from discontinued operations	138	(10,199)
Net income from continuing operations	132,440	83,477
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	123	21,946
(Income) loss of associated companies, net of taxes	(15,664)	3,786
Realized and unrealized losses (gains) on securities, net	24,044	(25,643)
Gain on Sale of Edge business	(8,096)	—
Gain on sale of property, plant and equipment	(6,646)	—
Derivative gains on economic interests in loans	(4,862)	(5,657)
Deferred income taxes	72,798	22,058
Depreciation and amortization	60,521	65,333
Non-cash lease expense	10,237	9,012
Equity-based compensation	1,462	887
Goodwill impairment charges	—	1,100
Asset impairment charges	—	606
Other	(397)	(2,821)
Net change in operating assets and liabilities:		
Trade and other receivables	(33,158)	8,725
Inventories	(48,344)	12,220
Prepaid expenses and other assets	(4,875)	(6,150)
Accounts payable, accrued and other liabilities	8,511	(16,005)
Net (increase) decrease in loans held for sale	(110,461)	138,361
Net cash provided by operating activities - continuing operations	77,633	311,235
Net cash provided by operating activities - discontinued operations	138	12,855
Total cash provided by operating activities	77,771	324,090
Cash flows from investing activities:		
Purchases of investments	(50,074)	(14,365)
Proceeds from sales of investments	24,667	8,830
Proceeds from maturities of investments	11,916	35,063
Loan originations, net of collections	1,029,093	(1,904,843)
Proceeds from sales of loans	530,969	—
Purchases of property, plant and equipment	(52,326)	(23,226)
Proceeds from sale of property, plant and equipment	6,979	3,000
Proceeds from sale of Edge business	16,000	—
Acquisitions, net of cash acquired	—	(3,500)
Net cash provided by (used in) investing activities - continuing operations	1,517,224	(1,899,041)
Net cash used in investing activities - discontinued operations	—	—
Net cash provided by (used in) investing activities	1,517,224	(1,899,041)
Cash flows from financing activities:		
Net revolver borrowings (repayments)	119,703	(40,891)
Repayments of term loans	(182,832)	(14,208)
Purchases of the Company's common units	(45,039)	(20,464)
Net (decrease) increase in other borrowings	(1,753,478)	2,090,223
Distribution to preferred unitholders	(9,633)	(40,000)
Deferred finance charges	(2,712)	(1,474)
Net increase (decrease) in deposits	469,228	(399,058)
Net cash (used in) provided by financing activities - continuing operations	(1,404,763)	1,574,128
Net cash used in financing activities - discontinued operations	—	—
Net cash (used in) provided by financing activities	(1,404,763)	1,574,128
Net change for the period	190,232	(823)
Effect of exchange rate changes on cash and cash equivalents	(657)	(1,337)
Cash and cash equivalents at beginning of period	135,788	137,948
Cash and cash equivalents at end of period, including cash of discontinued operations	$ 325,363	$ 135,788
Less: Cash and cash equivalents of discontinued operations	—	—
Cash and cash equivalents at end of period	$ 325,363	$ 135,788

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 and Financial Services, which are managed separately and offer different products and services. For additional details related to the Company's reportable segments see Note 22 - "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 21 - "Related Party Transactions."

Impact of COVID-19

The ongoing COVID-19 pandemic (in particular, the emergence of new variants of the virus across the globe) has caused, and continues to cause, significant disruptions in the U.S. and global economies. For example, national and local governments in the United States and around the world continue to implement measures to prevent the spread of COVID-19 and its variants, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, quarantines, curfews, and recommendations to practice physical distancing. Such measures have restricted and continue to restrict individuals' daily activities and curtail or cease many businesses' normal operations.

As of the date of this filing, for the fiscal year ended December 31, 2021, the Company has not experienced any significant disruptions to its businesses as compared to the prior fiscal year. The Company experienced adverse impacts to its consolidated financial results for the fiscal year ended December 31, 2020. However, it has since seen improvements with respect to certain components of its financial statements, including a 16.3% increase in revenue, during the year ended December 31, 2021. Despite indications of economic recovery, the severity of the impact of the COVID-19 pandemic on the Company's business in 2022 and beyond will depend on a number of uncertain factors and trends. Such factors and trends include, but not limited to: the duration and severity of the virus and its current variants; the emergence of new variant strains; the availability and widespread use of vaccines; the impact of the global business and economic environment on liquidity and the availability of capital; and governmental actions that have been taken, or may be taken in the future, to mitigate adverse economic or other impacts or to mitigate the spread of the virus and its variants. The Company continues to monitor for any developments or updates to COVID-19 guidelines from public health and governmental authorities, as well as the protection of the health and safety of its personnel, and is continuously working to ensure that its health and safety protocols, business continuity plans and crisis management protocols are in place to help mitigate any negative impacts of the COVID-19 pandemic on the Company's employees, business or operations.

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.

On January 31, 2020, the Company announced that API Group Limited and certain of its affiliates commenced administration proceedings in the United Kingdom ("U.K."). The purpose of the administration proceedings is to facilitate an orderly sale or wind-down of its U.K. operations, which include API Laminates Limited and API Foils Holdings Limited. In the U.S., API Americas Inc. voluntarily filed for Chapter 11 proceedings in Bankruptcy Court on February 2, 2020, in order to facilitate the sale or liquidation of its U.S. assets. The API entities (collectively, "API") were wholly-owned subsidiaries of the Company and were included in the Diversified Industrial segment. The Company deconsolidated API on January 31, 2020 as it no longer held a controlling financial interest as of that date. The results of API's operations are included in Discontinued operations in the accompanying statements of operations. All amounts associated with API have been removed from the Company's financial statements and footnotes, and reported in discontinued operations.

All references made to financial data in this Form 10-K are to the Company's continuing operations, unless specifically noted. See Note 6 - "Discontinued Operations" for additional information.

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 2021 and 2020.
- 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 and Allowance for Doubtful Accounts

The Company recognizes bad debt expense through an allowance account using estimates based primarily on 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, previous loss history 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, 2021, the top 10 of the Company's largest customer balances accounted for 28% of the Company's trade receivables. The Company's allowance for doubtful accounts for trade receivables was $3,510 and $3,368 as of December 31, 2021 and 2020, respectively. The Company recorded charges of $747 to the allowance offset by recoveries of $605 for the year ended December 31, 2021 and charges of $1,258 to the allowance offset by recoveries of $468 for the year ended December 31, 2020.

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 loan losses ("ALLL"), 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 cost or estimated fair market value in the aggregate. A valuation allowance is recorded when cost exceeds fair value based on our determination at the time of reclassification and periodically thereafter. Gains and losses are recorded in noninterest income based on the difference between sales proceeds and carrying value and impairments from reductions in carrying value.

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.

Loan Impairment and Allowance for Loan Losses

A loan is considered impaired when, based on current information and events, it is probable that WebBank will be unable to collect all amounts due according to the contractual terms of the loan agreement, including scheduled interest

payments. When a loan has been identified as being impaired, the amount of impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, when appropriate, the loan's observable fair value or the fair value of the collateral (less any selling costs) if the loan is collateral-dependent. If the measurement of the impaired loan is less than the recorded investment in the loan (including accrued interest, net of deferred loan fees or costs and unamortized premium or discount), an impairment is recognized by creating or adjusting an existing allocation of the ALLL, or by charging down the loan to its value determined in accordance with U.S. GAAP.

The ALLL is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when the uncollectability of a loan or receivable balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. The ALLL is evaluated on a regular basis and is based upon a periodic review of the collectability of the amounts due in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance consists of specific and general components. The specific component relates to loans that are classified as doubtful, substandard or loss. For such loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience and is adjusted for qualitative factors to cover uncertainties that could affect the estimate of probable losses. The ALLL is increased by charges to income and decreased by charge-offs (net of recoveries). The periodic evaluation of the adequacy of the allowance is based on WebBank's past loss experience, known and inherent risks in the portfolio, adverse situations that may affect the debtor's ability to repay, the estimated value of any underlying collateral and current economic conditions.

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 reviews goodwill for impairment annually in the fourth quarter, and tests for impairment during the year 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. As a result of COVID-19 related declines in the Company's youth sports business within the Energy segment, intangible assets of $606, primarily customer relationships, were fully impaired during 2020. The impairment is included in Asset impairment charges in the accompanying statement of operations for the year ended December 31, 2020.

Indefinite-lived intangible assets, which are only within the Diversified Industrial segment, 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. For 2021 and 2020, the Company utilized both the quantitative and qualitative approaches to assess its indefinite-lived intangible assets, and the results indicated no impairment.

Derivatives

The Company uses various hedging instruments to reduce the impact of changes in precious metal prices and the effect of foreign currency fluctuations. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 815, *Derivatives and Hedging*, 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 ASC Topic 815, 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 19 - "Fair Value Measurements"). At December 31, 2021, 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

When the Company acquires a business, it allocates the purchase price to the assets acquired, liabilities assumed and any noncontrolling interests based on their fair values at the acquisition date. Significant judgment may be used to determine these fair values including the use of appraisals, discounted cash flow models, market value for similar purchases or other methods applicable to the circumstances. The assumptions and judgments made by the Company when recording business combinations will have an impact on reported results of operations in the future.

Revenue Recognition

General

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.

Standalone Selling Price

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.

Practical Expedients and Exemptions

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.

Diversified Industrial and Energy Segments

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.

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.

A 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.

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, 2021 and 2020, accrued rebates payable totaled $15,432 and $13,294, respectively, and are included in Accrued liabilities on the Company's consolidated balance sheets.

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.

Concentration of Revenue

No single customer accounted for 10% or more of the Company's consolidated revenues in 2021 or 2020.

Fair Value Measurements

The Company measures certain assets and liabilities at fair value (see Note 19 - "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. 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 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.

Adoption of New Accounting Standards

In August 2018, the FASB issued ASU 2018-14, *Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans.* ASU 2018-14 modifies the disclosure requirements for employers that sponsor defined benefit pension and other post-retirement plans. The Company adopted ASU 2018-14 on December 31, 2021 and the adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments-Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815.* ASU 2020-01 clarifies the interaction between accounting standards related to equity securities, equity method investments and certain derivatives, and is expected to reduce diversity in practice and increase comparability of the accounting for these interactions. The Company adopted ASU 2020-01 on January 1, 2021 and the adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Accounting Standards Not Yet Effective

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 will 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. In May 2019, the FASB issued ASU 2019-05, *Financial Instruments-Credit Losses (Topic 326): Targeted Transition Relief.* ASU 2019-05 provides entities with an option to irrevocably elect the fair value option, applied on an instrument-by-instrument basis for eligible instruments, that are within the scope of Subtopic 326-20, upon the adoption of Topic 326. The fair value option election does not apply to held-to-maturity debt securities. The new standards were to be effective for the Company's 2020 fiscal year. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*. This new standard amended the effective date of Topic 326 for smaller reporting companies until January 1, 2023. A company's determination about whether it is eligible to be a smaller reporting company is based on its most recent determination as of November 15, 2019, in accordance with SEC regulations. As of this date, the Company met the SEC definition of a smaller reporting company. Therefore, the Company will not be required to adopt Topic 326 until January 1, 2023. The Company is currently evaluating the potential impact of this new guidance; however, it expects that it could have a significant impact on the Company's ALLL.

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 22 - "Segment Information."

The following table presents the Company's revenues disaggregated by geography for the years ended December 31, 2021 and 2020. 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,	
	2021	2020
United States	$ 1,434,622	$ 1,229,406
Foreign	90,274	81,230
Total revenue	$ 1,524,896	$ 1,310,636

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, 2021 and 2020 were $12,014 and $17,119, respectively. As of December 31, 2021 and 2020, 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, 2020	$ 7,707
Deferral of revenue	8,977
Recognition of unearned revenue	(13,288)
Balance at December 31, 2021	**$ 3,396**
Balance at December 31, 2019	6,737
Deferral of revenue	15,466
Recognition of unearned revenue	(14,496)
Balance at December 31, 2020	**$ 7,707**

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 19 years.

The components of lease cost are as follows:

	Year Ended December 31,	
	2021	2020
Operating lease cost	$ 10,446	$ 10,249
Short-term lease cost	$ 632	$ 453
Finance lease cost:		
Amortization of right-of-use assets	$ 1,323	$ 1,256
Interest on lease liabilities	256	322
Total finance lease cost	$ 1,579	$ 1,578

Supplemental cash flow information related to leases is as follows:

	Year Ended December 31,	
	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 12,296	$ 10,204
Operating cash flows from finance leases	$ 256	$ 321
Financing cash flows from finance leases	$ 1,766	$ 1,660
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 20,340	$ 6,784
Finance leases	$ 239	$ 64

Supplemental balance sheet information related to leases is as follows:

	December 31, 2021	December 31, 2020	Location on Consolidated Balance Sheet
Operating leases			
Operating lease right-of-use assets	$ 36,636	$ 29,715	Operating lease right-of-use assets
Current operating lease liabilities	$ 9,364	$ 8,936	Other current liabilities
Non-current operating lease liabilities	27,511	21,845	Long-term operating lease liabilities
Total operating lease liabilities	$ 36,875	$ 30,781	
Finance leases			
Finance lease assets	$ 6,688	$ 7,575	Property, plant and equipment, net
Current finance lease liabilities	$ 590	$ 623	Other current liabilities
Non-current finance lease liabilities	3,661	5,177	Other non-current liabilities
Total finance lease liabilities	$ 4,251	$ 5,800	

	Year Ended December 31,	
	2021	2020
Weighted-average remaining lease term (years)		
Operating leases	6.25 years	5.38 years
Finance leases	3.41 years	4.31 years
Weighted-average discount rate		
Operating leases	3.35 %	4.29 %
Finance leases	4.15 %	4.20 %

Maturities of lease liabilities, as of December 31, 2021, are as follows:

	Operating Leases	Finance Leases
2022	$ 10,235	$ 1,826
2023	7,566	1,782
2024	5,724	1,273
2025	4,550	575
2026	3,187	234
Thereafter	9,739	—
Total lease payments	41,001	5,690
Present value of current lease liabilities	9,364	590
Present value of long-term lease liabilities	27,511	3,661
Total present value of lease liabilities	36,875	4,251
Difference between undiscounted cash flows and discounted cash flows	$ 4,126	$ 1,439

5. ACQUISITIONS AND DIVESTITURES

Acquisitions

On January 23, 2020, the Company, through its wholly-owned subsidiary, OMG, Inc. ("OMG"), completed the acquisition of Metallon, Inc. ("Metallon"), which is in the business of manufacturing plugs for the composite exterior deck market, for a cash purchase price of $3,500. The assets acquired included goodwill of $2,300, other intangible assets, primarily unpatented technology, of $800 and property, plant and equipment of $400. No liabilities or contingent consideration were included in the acquisition. Prior to the acquisition, Metallon was the exclusive supplier of plugs to OMG for composite exterior decks, and this acquisition will provide OMG with additional control of its supply chain, production costs and overall product margin. OMG is included in the Company's Diversified Industrial segment. The goodwill of $2,300 is deductible for income tax purposes and will be amortized over 15 years. The final purchase price and purchase price allocation of Metallon were finalized as of September 30, 2020, with no significant changes to preliminary amounts.

Divestiture

On January 31, 2021, the Company completed the sale of its Edge business for a sales price of $16,000. The Company recognized a pre-tax gain of $8,096 which is presented in Other income, net in the consolidated statement of operations during the year ended December 31, 2021. Edge provided roofing edge products and components utilized in the securement of perimeter roof edges and was part of the Company's OMG business in the Diversified Industrial segment. Edge recognized net sales of $17,534 and operating income of $1,250 for the year ended December 31, 2020.

6. DISCONTINUED OPERATIONS

On January 31, 2020, the Company announced that API Group Limited and certain of its affiliates commenced administration proceedings in the United Kingdom. The purpose of the administration proceedings is to facilitate an orderly sale or wind-down of its United Kingdom operations, which include API Laminates Limited and API Foils Holdings Limited. In the United States, API Americas Inc. voluntarily filed for Chapter 11 proceedings in Bankruptcy Court on February 2, 2020, in order to facilitate the sale or liquidation of its U.S. assets. The API Americas Inc. Chapter 11 bankruptcy proceedings were closed by the Bankruptcy Court on December 21, 2020. The API entities were wholly-owned subsidiaries of the Company and part of the Diversified Industrial segment. The Company deconsolidated the API entities on January 31, 2020 as it no longer held a controlling financial interest as of that date. On the date of the deconsolidation, the Company believed that API became a variable interest entity. The Company determined at deconsolidation that it was not the primary beneficiary of API as the Company no longer held a controlling financial interest in API and the Company lacked significant decision-making ability.

The components of Net gain (loss) from discontinued operations, net of taxes in the accompanying consolidated statements of operations are:

	Year Ended December 31,	
	2021	2020
Income (loss) from operations of discontinued operation	$ 182	$ (2,808)
Gain upon initial deconsolidation of API	—	30,515
Loss from change in guarantee liability	—	(51,138)
Tax (provision) benefit from loss on discontinued operations	(44)	13,232
Net gain (loss) from discontinued operations, net of taxes	$ 138	$ (10,199)

The gain upon initial deconsolidation of $30,515 is based primarily on the Company's carrying value of API's assets, liabilities and accumulated other comprehensive loss at the time of deconsolidation. All amounts associated with API have been removed from the Company's financial statements and footnotes, and reported in discontinued operations as described herein.

The following represents the detail of Income (loss) from discontinued operations, net of taxes in the accompanying consolidated statements of operations:

	Year Ended December 31,	
	2021	2020
Revenue	$ —	$ 6,388
Costs and expenses:		
Cost of goods sold	—	6,085
Selling, general and administrative expenses	(182)	2,726
Other expenses, net	—	385
Total costs and expenses	(182)	9,196
Income (loss) before income taxes	182	(2,808)
Income tax provision	(44)	—
Income (loss) from discontinued operations, net of taxes	$ 138	$ (2,808)

7. LOANS RECEIVABLE, INCLUDING LOANS HELD FOR SALE

Major classifications of Loans receivable, including loans held for sale, held by WebBank at December 31, 2021 and 2020 are as follows:

	Total				Current		Non-current	
	December 31, 2021	%	December 31, 2020	%	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Loans held for sale	$ 198,632		$ 88,171		$ 198,632	$ 88,171	$ —	$ —
Commercial real estate loans	$ 663	— %	$ 672	— %	—	—	663	$ 672
Commercial and industrial	779,536	91 %	2,279,672	94 %	293,965	221,469	485,571	2,058,203
Consumer loans	76,067	9 %	147,652	6 %	50,857	23,510	25,210	124,142
Total loans	856,266	100 %	2,427,996	100 %	344,822	244,979	511,444	2,183,017
Less:								
Allowance for loan losses	(13,925)		(27,059)		(13,925)	(27,059)	—	—
Total loans receivable, net	$ 842,341		$ 2,400,937		330,897	217,920	511,444	2,183,017
Loans receivable, including loans held for sale [(a)]					$ 529,529	$ 306,091	$ 511,444	$ 2,183,017

(a) 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 loans receivable, including loans held for sale, was $1,041,459 and $2,498,218 at December 31, 2021 and 2020, respectively.

Loans with a carrying value of approximately $167,437 and $15,849 were pledged as collateral for potential borrowings at December 31, 2021 and 2020, respectively. WebBank serviced $2,780 and $2,828 in loans for others at December 31, 2021 and 2020, respectively.

WebBank sold loans classified as loans held for sale of $10,239,741 and $11,361,131 during the year ended December 31, 2021 and 2020, 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 during the same periods were $10,371,109 and $11,231,167, respectively.

Allowance for Loan Losses

The ALLL represents an estimate of probable and estimable losses inherent in the loan portfolio as of the balance sheet date. Losses are charged to the ALLL when incurred. Generally, commercial loans are charged off or charged down when they are determined to be uncollectible in whole or in part. Consumer term loans are charged off at 120 days past due and open-end consumer and small and medium business loans are charged off at 180 days past due unless the loan is well secured and in the process of collection. The amount of the ALLL is established by analyzing the portfolio at least quarterly, and a provision for or reduction of loan losses is recorded so that the ALLL is at an appropriate level at the balance sheet date. The methodologies used to estimate the ALLL 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, the quantitatively derived level of ALLL is reviewed for each segment using qualitative criteria. Various risk factors are tracked that influence our judgment regarding the level of the ALLL 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 ALLL reflect changes in these factors. The magnitude of the impact of each of these factors on the qualitative assessment of the ALLL 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 ALLL. WebBank's ALLL decreased $13,134, or 49%, during the year ended December 31, 2021, as compared to the year ended December 31, 2020. The decrease in the ALLL during the year ended December 31, 2021 was driven by lower held-to-maturity ("HTM") loan balances, partially offset by an increase due to COVID-19 related qualitative and environmental factors. WebBank continues to monitor the impact of COVID-19 on its loan portfolio and anticipates potential future economic disruption associated with the COVID-19 pandemic. The Company believes there remains a potential for negative impact on the macro-economy that may cause estimated credit losses to materially differ from historical loss experience.

Changes in the ALLL are summarized as follows:

	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
December 31, 2019	$ 24	$ 10,920	$ 25,738	$ 36,682
Charge-offs	—	(14,250)	(21,042)	(35,292)
Recoveries	22	1,313	2,388	3,723
Provision	(24)	11,310	10,660	21,946
December 31, 2020	22	9,293	17,744	27,059
Charge-offs	—	(8,101)	(9,205)	(17,306)
Recoveries	27	2,532	1,490	4,049
Provision	(26)	5,481	(5,332)	123
December 31, 2021	$ 23	$ 9,205	$ 4,697	$ 13,925

The ALLL and outstanding loan balances according to the Company's impairment method are summarized as follows:

December 31, 2021	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
Allowance for loan losses:				
Individually evaluated for impairment	$ 9	$ 152	$ —	$ 161
Collectively evaluated for impairment	14	9,053	4,697	13,764
Total	$ 23	$ 9,205	$ 4,697	$ 13,925
Outstanding loan balances:				
Individually evaluated for impairment	$ 9	$ 2,079	$ —	$ 2,088
Collectively evaluated for impairment	654	777,457	76,067	854,178
Total	$ 663	$ 779,536	$ 76,067	$ 856,266

December 31, 2020	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
Allowance for loan losses:				
Individually evaluated for impairment	$ 10	$ 129	$ —	$ 139
Collectively evaluated for impairment	12	9,164	17,744	26,920
Total	$ 22	$ 9,293	$ 17,744	$ 27,059
Outstanding loan balances:				
Individually evaluated for impairment	$ 10	$ 1,283	$ —	$ 1,293
Collectively evaluated for impairment	662	2,278,389	147,652	2,426,703
Total	$ 672	$ 2,279,672	$ 147,652	$ 2,427,996

Nonaccrual and Past Due Loans

Commercial and industrial loans past due 90 days or more and still accruing interest were $3,037 and $7,369 at December 31, 2021 and 2020, respectively. Consumer loans past due 90 days or more and still accruing interest were $460 and $1,332 at December 31, 2021 and 2020, respectively. The Company did not have any nonaccrual loans at December 31, 2021 or 2020.

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

December 31, 2021	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	$ 663	$ —	$ —	$ —	$ 663	$ —	$ —
Commercial and industrial	772,157	4,342	3,037	7,379	779,536	3,037	—
Consumer loans	74,292	1,315	460	1,775	76,067	460	—
Total loans	$ 847,112	$ 5,657	$ 3,497	$ 9,154	$ 856,266	$ 3,497	$ —

December 31, 2020	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	$ 672	$ —	$ —	$ —	$ 672	$ —	$ —
Commercial and industrial	2,265,150	7,153	7,369	14,522	2,279,672	7,369	—
Consumer loans	142,418	3,902	1,332	5,234	147,652	1,332	—
Total loans	$ 2,408,240	$ 11,055	$ 8,701	$ 19,756	$ 2,427,996	$ 8,701	$ —

(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, 2021	Non - Graded	Pass	Special Mention	Sub-standard	Doubtful	Total Loans
Commercial real estate loans	$ —	$ 654	$ —	$ 9	$ —	$ 663
Commercial and industrial	308,443	465,333	3,681	2,079	—	779,536
Consumer loans	76,067	—	—	—	—	76,067
Total loans	$ 384,510	$ 465,987	$ 3,681	$ 2,088	$ —	$ 856,266

December 31, 2020	Non - Graded	Pass	Special Mention	Sub-standard	Doubtful	Total Loans
Commercial real estate loans	$ —	$ 662	$ —	$ 10	$ —	$ 672
Commercial and industrial	194,338	2,080,623	3,428	1,283	—	2,279,672
Consumer loans	147,652	—	—	—	—	147,652
Total loans	$ 341,990	$ 2,081,285	$ 3,428	$ 1,293	$ —	$ 2,427,996

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, an estimate of the amount of the balance that is impaired is made. A specific reserve is assigned 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 charged off, such that these loans do not have a specific reserve in the ALLL. Payments received on impaired loans that are accruing are recognized in interest income, in accordance with the contractual loan agreement. WebBank recognized $135 and $72 on impaired loans for the years ended December 31, 2021 and 2020, respectively. Payments received on impaired loans that are on nonaccrual are not recognized in interest income, but are applied as a reduction to the principal outstanding. Payments are recognized when cash is received. Information on impaired loans is summarized as follows:

		Recorded Investment				
December 31, 2021	Unpaid Principal Balance	With No Allowance	With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
Commercial real estate loans	$ 9	$ —	$ 9	$ 9	$ 9	$ 10
Commercial and industrial	2,079	—	2,079	2,079	152	2,468
Total loans	$ 2,088	$ —	$ 2,088	$ 2,088	$ 161	$ 2,478

		Recorded Investment				
December 31, 2020	Unpaid Principal Balance	With No Allowance	With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
Commercial real estate loans	$ 10	$ —	$ 10	$ 10	$ 10	$ 11
Commercial and industrial	1,283	—	1,283	1,283	129	2,319
Total loans	$ 1,293	$ —	$ 1,293	$ 1,293	$ 139	$ 2,330

During the year ended December 31, 2021, WebBank issued loans under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"), primarily with one of its lending partners, authorized under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The 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 tables above. Upon borrower forgiveness, the SBA pays WebBank for the principal and accrued interest owed on the loan. The timing of loan forgiveness is uncertain at this time, but borrower forgiveness applications and SBA processing is expected to continue over the next several quarters.

As of December 31, 2021, the total PPP loans and associated liabilities were $328,713 and $333,963, respectively, and included in Long-term loans receivable, net, and Other borrowings, respectively, in the consolidated balance sheet as of December 31, 2021. As of December 31, 2020, the total PPP loans and associated liabilities were $2,047,769 and $2,090,223, respectively, and included in Long-term loans receivable, net, and Other borrowings, respectively, in the consolidated balance sheet as of December 31, 2020. The Bank has received forgiveness payments from the SBA, sold, and received payments from borrowers of $2,765,571 comprising 89.3% of its PPP portfolio during the fiscal year ended December 31, 2021.

The Company is offering loan modifications to assist borrowers during the COVID-19 pandemic. The CARES Act along with the interagency statement issued by the federal banking agencies provides that loan modifications made in response to COVID-19 do not need to be accounted for as a troubled debt restructuring ("TDR"). Accordingly, the Company does not account for such loan modifications as TDRs. The Company's loan modifications allow for payment deferrals, payment reduction, settlements amongst others. At December 31, 2021, the Company had granted loan modifications on $6,622 of loans. The program is ongoing and additional loans continue to be granted modifications. The Company granted approximately $6,718 short–term deferments on loan balances of $6,622, which represent 0.77% of total loan balances as of December 31, 2021. These loan modifications are not classified as TDRs and will not be reported as past due provided that they are performing in accordance with the modified terms.

8. INVENTORIES, NET

A summary of Inventories, net is as follows:

	December 31, 2021	December 31, 2020
Finished products	$ 48,801	$ 41,894
In-process	37,024	24,590
Raw materials	62,207	39,613
Fine and fabricated precious metal in various stages of completion	37,707	34,269
	185,739	140,366
LIFO reserve	(1,468)	(3,280)
Total	$ 184,271	$ 137,086

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, 2021 and 2020, the Company had approximately $30,751 and $25,919, 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.

The Company continues to monitor the impact of COVID-19 on our customers and our inventory levels and related reserves.

	December 31, 2021	December 31, 2020
Supplemental inventory information:		
Precious metals stated at LIFO cost	$ 3,409	$ 4,956
Precious metals stated under non-LIFO cost methods, primarily at fair value	$ 32,830	$ 26,033
Market value per ounce: (in whole dollars)		
Silver	$ 23.32	$ 26.28
Gold	$ 1,827.90	$ 1,891.70
Palladium	$ 1,915.07	$ 2,448.54

9. 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	Corporate and Other	Total
Balance at December 31, 2020:					
Gross goodwill	$ 183,181	$ 67,143	$ 6,515	$ 81	$ 256,920
Accumulated impairments	(41,278)	(64,790)	—	—	(106,068)
Net goodwill	141,903	2,353	6,515	81	150,852
Divestitures [(a)]	(2,813)	—	—	—	(2,813)
Currency translation adjustments	(21)	—	—	—	(21)
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

(a) Related to the divestiture of Edge. See Note 5 - "Acquisitions and Divestitures."

	Diversified Industrial	Energy	Financial Services	Corporate and Other	Total
Balance at December 31, 2019:					
Gross goodwill	$ 180,855	$ 67,143	$ 6,515	$ 81	$ 254,594
Accumulated impairments	(40,178)	(64,790)	—	—	(104,968)
Net goodwill	140,677	2,353	6,515	81	149,626
Acquisitions [(a)]	2,300	—	—	—	2,300
Impairments	(1,100)	—	—	—	(1,100)
Currency translation adjustments	26	—	—	—	26
Balance at December 31, 2020:					
Gross goodwill	183,181	67,143	6,515	81	256,920
Accumulated impairments	(41,278)	(64,790)	—	—	(106,068)
Net goodwill	$ 141,903	$ 2,353	$ 6,515	$ 81	$ 150,852

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

For 2021, the Company utilized a qualitative approach for all of its reporting units, except for the Performance Materials and Electrical Products reporting units within the Diversified Industrial segment. The annual impairment test did not result in an impairment to goodwill for any of the reporting units. Based on its qualitative assessment, the Company does not believe that it is more likely than not that the fair value of any of its reporting units tested under this approach is less than its respective carrying values. The Company performed a quantitative assessment of goodwill associated with its Performance Materials and Electrical Products reporting units due to declines in market conditions as a result of the COVID-19 pandemic. 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, 2021, 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 further economic downturns, decreased customer demand for Electrical Products' services, or an inability to execute management’s business strategies. 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, 2021 the Performance Materials reporting unit's fair value exceeded its net book value by greater than 20%. As of December 31, 2021, the Electrical Products reporting unit's fair value exceeded its net book value by 15% and the Electrical Products' reporting unit had goodwill of $46,445.

During the fourth quarter of 2021, the Company changed the date of its annual impairment test of goodwill from October 1 to December 1 to align with the Company's annual strategic planning process. This change does not represent a material change to our method of applying an accounting principle, and therefore does not delay, accelerate or avoid an impairment charge. The change in annual impairment test date has been prospectively applied beginning December 1, 2021. Based on our assessment as of December 1, 2021, there was no indication of impairment.

In connection with the Company's 2020 annual goodwill impairment test and as a result of declines in customer demand in the Performance Materials reporting unit, which is included in the Diversified Industrial segment, the Company determined its fair value was less than its carrying value. The Company partially impaired the Performance Materials reporting units' goodwill and recorded a $1,100 charge in Goodwill impairment charges in the accompanying consolidated statement of operations for the year ended December 31, 2020. The fair value of the Performance Materials reporting unit was determined using a discounted cash flow model (a form of the income approach) with consideration of market comparisons. The discounted cash flow model used the Company's projections, which are subject to various risks and uncertainties associated with its forecasted revenue, expenses and cash flows, as well as the expected impact on its business from the COVID-19 pandemic. The Company's significant assumptions in the analysis include, but are not limited to, future cash flow projections, the weighted- average cost of capital, the terminal growth rate and the tax rate. The Company's estimates of future cash flows are based on the current economic environment, recent operating results and planned business strategies. These estimates could be negatively affected by changes in regulations, further economic downturns, decreased customer demand for Performance Materials' products or an inability to execute its business strategies. Future cash flow estimates are, by their nature, subjective, and actual results may differ materially from the Company's estimates.

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

	December 31, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 212,589	$ 134,876	$ 77,713	$ 213,984	$ 122,785	$ 91,199
Trademarks, trade names and brand names	50,477	21,516	28,961	51,189	20,209	30,980
Developed technology, patents and patent applications	32,554	21,519	11,035	32,319	19,724	12,595
Other	18,766	16,645	2,121	18,777	14,970	3,807
Total	$ 314,386	$ 194,556	$ 119,830	$ 316,269	$ 177,688	$ 138,581

Trademarks with indefinite lives as of December 31, 2021 and 2020 were $11,726 and $11,405, respectively. Amortization expense related to intangible assets was $18,466 and $20,750 for the years ended December 31, 2021 and 2020, respectively. The estimated amortization expense for each of the five succeeding years and thereafter is as follows:

	Year Ending December 31,					
	2022	2023	2024	2025	2026	Thereafter
Estimated amortization expense	$ 16,288	$ 15,504	$ 14,818	$ 13,374	$ 11,333	$ 36,787

As a result of COVID-19 related declines in the Company's youth sports business within the Energy segment, intangible assets of $606, primarily customer relationships, were fully impaired during 2020. The impairment is included in Asset impairment charges in the accompanying statement of operations for the year ended December 31, 2020.

10. PROPERTY, PLANT AND EQUIPMENT, NET

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

	December 31, 2021	December 31, 2020
Land	$ 20,196	$ 15,888
Buildings and improvements	96,425	83,709
Machinery, equipment and other	441,467	427,733
Construction in progress	17,050	9,864
	575,138	537,194
Accumulated depreciation	(340,162)	(308,202)
Property, plant and equipment, net	$ 234,976	$ 228,992

Depreciation expense was $42,055 and $44,583 for the years ended December 31, 2021 and 2020, respectively.

In March 2021, the Joining Materials business sold an idle facility in Toronto, Canada for $6,979. The Company recognized a gain on the sale of the idle facility of $6,646 in Other income, net during the year ended December 31, 2021.

11. INVESTMENTS

Short-Term Investments

The Company's short-term investments primarily consist of its marketable securities portfolio. The classification of marketable securities as a current asset is based on the intended holding period and realizability of the investments. There were no short-term investments as of December 31, 2021. The investments are carried at fair value and totaled $106 as of December 31, 2020.

Long-Term Investments

The following table summarizes the Company's long-term investments as of December 31, 2021 and 2020:

	Ownership %		Long-Term Investments Balance	
	December 31,		December 31,	
	2021	2020	2021	2020
Aerojet Rocketdyne Holdings, Inc. [(a)]	4.9 %	5.1 %	184,678	208,758
Other long-term investments			1,850	2,230
Steel Connect, Inc. ("STCN") convertible note [(b)]			14,841	14,258
STCN preferred stock [(c)]			34,255	32,832
STCN common stock	30.1 %	29.0 %	25,456	14,309
Aviat Networks, Inc. ("Aviat") common stock [(d)]	— %	10.1 %	—	18,910
Total			$ 261,080	$ 291,297

(a) Gross unrealized gains for Aerojet Rocketdyne Holdings, Inc. ("Aerojet") totaled $173,567 and $197,646 at December 31, 2021 and 2020, respectively. In December 2020, Aerojet's Board of Directors declared a one-time cash dividend of $5.00 per share (the "Pre-Closing Dividend") which was paid on March 24, 2021 to the holders of Aerojet's shares as of the close of business on March 10, 2021. During the year ended December 31, 2021, the Company recognized the $19,740 Aerojet one-time dividend in Other income, net.

(b) Represents investment in STCN convertible note, which the Company accounts for under the fair value option with changes in fair value recognized in the Company's consolidated statements of operations. The Company entered into a convertible note with STCN ("STCN Note") on February 28, 2019, which matures on March 1, 2024. The cost basis of the STCN Note totaled $14,943 as of both December 31, 2021 and 2020. The STCN Note is convertible into shares of STCN's common stock at an initial conversion rate of 421.2655 shares of common stock per $1,000 principal amount of the STCN Note (which is equivalent to an initial conversion price of approximately $2.37 per share), subject to adjustment upon the occurrence of certain events. The STCN Note, if converted as of December 31, 2021, when combined with STCN common and preferred shares, also if converted, owned by the Company, would result in the Company having a direct interest of approximately 50.0% of STCN's outstanding shares.

(c) Represents investment in shares of STCN preferred stock which the Company accounts for under the fair value option with changes in fair value recognized in the Company's consolidated statements of operations. The investment in STCN preferred stock had a cost basis of $35,688 as of both December 31, 2021 and 2020. Each share of preferred stock can be converted into shares of STCN's common stock at an initial conversion price equal to $1.96 per share, subject to adjustment upon the occurrence of certain events.

(d) During the three months ended March 31, 2021, the Company sold its remaining ownership interest in Aviat for total proceeds of approximately $24,100.

	(Income) Loss of Associated Companies, Net of Taxes Year Ended December 31,	
	2021	2020
STCN convertible notes	$ (583)	$ (2,418)
STCN preferred stock	(1,374)	6,401
STCN common stock	(9,786)	10,747
Aviat common stock	(3,921)	(10,485)
Other equity method investments	—	(459)
Total	$ (15,664)	$ 3,786

The amount of unrealized gains (losses) that relate to equity securities still held as of December 31, 2021 and 2020 are as follows:

	Year Ended December 31,	
	2021	2020
Net (losses) gains recognized during the period on equity securities	$ (24,044)	$ 25,643
Less: Net gains (losses) recognized during the period on equity securities sold during the period	44	(1,102)
Unrealized (losses) gains recognized during the period on equity securities still held at the end of the period	$ (24,088)	$ 26,745

Equity Method Investments

The Company's investments in associated companies are accounted for under the equity method of accounting using the fair value option. Associated companies are included in Corporate and Other. As of December 31, 2021, the Company's investment in associated companies was comprised of its investment in STCN.

STCN is a publicly-traded diversified holding company with two wholly-owned subsidiaries, IWCO Direct Holdings, Inc. ("IWCO") and ModusLink Corporation ("ModusLink"). IWCO delivers data-driven marketing solutions for its customers that offer a full range of services including strategy, creative and execution for omnichannel marketing campaigns, along with postal logistics programs for direct mail. ModusLink is a supply chain business process management company serving clients in markets such as consumer electronics, communications, computing, medical devices, software and retail (see Note 25 - "Subsequent Events".)

The following summary statement of operations amounts are for STCN as of and for its fiscal years ended July 31, 2021 and 2020, which are STCN's nearest corresponding full fiscal years to the Company's fiscal years ended December 31, 2021 and 2020, respectively:

	Year Ended July 31,	
	2021	2020
Summary operating results:		
Revenue	$ 613,766	$ 782,813
Gross profit	$ 129,613	$ 162,959
(Loss) income from continuing operations	$ (12,831)	$ 32,443
Net loss	$ (44,391)	$ (5,284)

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, 2021			
	Amortized Cost	Gross Unrealized Gains	Estimated Fair Value	Carrying Value
Collateralized securities	$ 54,932	$ 225	$ 55,157	$ 54,932
Contractual maturities within:				
One year to five years				42,218
Five years to ten years				11,199
After ten years				1,515
Total				$ 54,932

	December 31, 2020			
	Amortized Cost	Gross Unrealized Gains	Estimated Fair Value	Carrying Value
Collateralized securities	$ 16,868	$ 109	$ 16,977	$ 16,868
Contractual maturities within:				
One year to five years				7,563
Five years to ten years				7,193
After ten years				2,112
Total				$ 16,868

WebBank regularly evaluates each HTM debt security whose value has declined below amortized cost to assess whether the decline in fair value is other-than-temporary. If there is an other-than-temporary impairment in the fair value of any individual security classified as HTM, WebBank writes down the security to fair value with a corresponding credit loss portion charged to earnings, and the non-credit portion charged to AOCI.

12. DEPOSITS

A summary of WebBank deposits is as follows:

	December 31, 2021	December 31, 2020
Time deposits year of maturity:		
2020	$ —	$ —
2021	—	138,021
2022	246,291	51,848
2023	224,150	15,094
2024	153,585	3,324
2025	—	—
Total time deposits	624,026	208,287
Savings deposits	200,861	147,372
Total deposits [(a)]	$ 824,887	$ 355,659
Current	$ 447,152	$ 285,393
Long-term	377,735	70,266
Total deposits	$ 824,887	$ 355,659

(a) WebBank has $3,164 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 $827,073 and $357,616 at December 31, 2021 and 2020, respectively.

13. DEBT

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

	December 31, 2021	December 31, 2020
Short-term debt:		
Domestic	—	—
Foreign	$ 100	$ 397
Short-term debt	100	397
Long-term debt:		
Credit Agreement	269,850	332,350
Other debt - foreign	—	230
Other debt - domestic	1,071	1,173
Subtotal	270,921	333,753
Less portion due within one year	1,071	10,361
Long-term debt	269,850	323,392
Total debt	$ 271,021	$ 334,150

Long-term debt as of December 31, 2021 matures in each of the next five years as follows:

	Total	2022	2023	2024	2025	2026	Thereafter
Long-term debt [(a)]	$ 270,921	$ 1,071	$ —	$ —	$ —	$ 269,850	$ —

(a) As of December 31, 2021, long term debt of $1,071 is expected to mature over the following twelve months.

On December 29, 2021, SPH Group Holdings LLC, Steel Excel Inc. and iGo, Inc. (collectively, the “Borrowers”), each an indirect wholly-owned subsidiary of the Company, amended and restated in its entirety that certain Credit Agreement, dated as of November 14, 2017 (the “Prior Credit Agreement”), with an amended and restated credit agreement (the “New Credit Agreement”), with 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 (the “Guarantors” and, together with the Borrowers, the “Loan Parties”). The New Credit Agreement provides for a 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 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 New Credit Agreement permits the Borrowers, under certain circumstances, to increase the aggregate principal amount of revolving credit commitments under the New Credit Agreement by $300,000 plus additional amounts so long as the Leverage Ratio would not exceed 3.50:1.

The New Credit Agreement has a five-year term. Borrowings under the New Credit Agreement are collateralized by substantially all the assets of the Borrowers and the Guarantors and a pledge of all of the issued and outstanding shares of capital stock of each Loan Party’s subsidiaries and are fully guaranteed by the Guarantors. 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 New Credit Agreement. The New Credit Agreement also provides for a commitment fee to be paid on unused borrowings.

The New Credit Agreement also 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 New 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, 2021 the Company was in compliance with all financial covenants under the New Credit Agreement. The Company believes it will remain in compliance with the New Credit Agreements covenants for the next twelve months.

The weighted average interest rate on the New Credit Agreement was 1.44% at December 31, 2021. As of December 31, 2021, letters of credit totaling $9,151 had been issued under the New 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 New 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, 2021, the Company's total availability under the New Credit Agreement, which is based upon Consolidated Adjusted EBITDA and certain covenants as described in the New Credit Agreement, was approximately $321,000 as of December 31, 2021. The Company paid financing costs of approximately $2,712 associated with the issuance of the New Credit Agreement and carried over deferred financing costs from the Prior Credit Agreement of approximately $1,041, resulting in total deferred financing costs of approximately $3,753 as of December 31, 2021 and which the Company is are amortizing over the term of the New Credit Agreement.

14. 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 19 - "Fair Value Measurements"). As of December 31, 2021, 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, 2021, the Company had the following outstanding forward contracts with settlement dates through January 2022. There were no futures contracts outstanding as of December 31, 2021.

Commodity	Amount (in whole units)	Notional Value
Silver	47,396 ounces	$ 1,058
Gold	389 ounces	$ 688
Palladium	1,680 ounces	$ 2,922
Copper	380,000 pounds	$ 1,652
Tin	36 metric tons	$ 1,402

Fair Value Hedges: Certain forward contracts are accounted for as fair value hedges under ASC Topic 815 for the Company's precious metal inventory carried at fair value. These contracts hedge, 25,350 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 ASC Topic 815, 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, 2021		December 31, 2020	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as ASC Topic 815 hedges				
Commodity contracts	Accrued liabilities	$ (53)	Accrued liabilities	$ (6)
Derivatives not designated as ASC Topic 815 hedges				
Commodity contracts	Accrued liabilities	$ (349)	Accrued liabilities	$ (163)
Economic interests in loans	Other non-current assets	$ 6,483	Other non-current assets	$ 11,599

The effects of fair value and cash flow hedge accounting in the consolidated statements of operations for the years ended December 31, 2021 and 2020 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, 2021 and 2020 are as follows:

		Amount of Gain (Loss) Recognized in Income	
		Year Ended December 31,	
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income	2021	2020
Commodity contracts	Other income (expense), net	$ (203)	$ (1,782)
Foreign exchange forward contracts	Revenue/Cost of goods sold	—	—
Economic interests in loans	Financial Services Revenue	4,862	5,657
Total derivatives		$ 4,659	$ 3,875

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, 2021 and 2020, WebBank's undisbursed loan commitments totaled $218,090 and $170,611, 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. 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 counterparty.

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.

15. PENSION AND OTHER POST-RETIREMENT BENEFITS

The Company's significant pension plans include three defined benefit pension plans. The WHX & API Foils Pension Plan ("WHX & API Plan") and the WHX Pension Plan II ("WHX II Plan") are both 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 & API Plan, WHX II 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 Company's other pension and post-retirement benefit plans are not significant individually or in the aggregate.

Immediately prior to December 31, 2020, HNH sponsored the WHX Pension Plan ("WHX Plan") and Steel Excel, Inc. ("Steel Excel") sponsored the API Foils North America Pension Plan (the "API Plan"), which such plans were maintained as

separate defined benefit pension plans within the Company's controlled group. Effective December 31, 2020, the WHX Plan was merged with and into the API Plan, and all participants of both former plans are now participants of the merged plan. The resulting merged plan was renamed the WHX & API Foils Pension Plan ("WHX & API Plan"), and the plan sponsor of that surviving merged plan remained Steel Excel. Effective April 1, 2021, Steel Excel relinquished its role as the plan sponsor of the WHX & API Plan and such role was transferred to HNH, which assumed plan sponsorship of the WHX & API Plan.

Net actuarial losses are being amortized over the average future lifetime of the participants for the WHX & API Plan and the WHX Pension Plan II, which is expected to be approximately 16 years and 13 years, respectively. The JPS Plan's net actuarial losses are also amortized over the average future lifetime of that 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 (income) expense for the Company's pension plans:

	Year Ended December 31,	
	2021	2020
Interest cost	$ 7,516	$ 13,282
Expected return on plan assets	(25,288)	(21,585)
Amortization of actuarial loss and prior service credit	11,804	11,479
Settlement	1,863	336
Total	$ (4,105)	$ 3,512

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

Effective December 31, 2021, the Company entered into an agreement to convert a participating deposit administration group annuity contract to a fully settled contract for certain retirees in the JPS Pension Plan resulting in a settlement charge of $1,863 for the year ended December 31, 2021.

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

	Year Ended December 31,	
	2021	2020
Weighted-average discount rate	2.15 %	3.04 %
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,	
	2021	2020
Change in benefit obligation:		
Benefit obligation at January 1	$ 541,908	$ 529,846
Interest cost	7,516	13,282
Actuarial (gain) loss	(15,199)	39,824
Settlement	(12,257)	—
Benefits paid	(37,938)	(41,044)
Benefit obligation at December 31	484,030	541,908
Change in plan assets:		
Fair value of plan assets at January 1	362,627	345,707
Actual returns on plan assets	51,729	49,496
Benefits paid	(37,938)	(41,044)
Company contributions	41,443	8,468
Settlement	(12,257)	—
Fair value of plan assets at December 31	405,604	362,627
Funded status	$ (78,426)	$ (179,281)
Amounts recognized on the consolidated balance sheets:		
Non-current liability	$ (78,426)	$ (179,281)
Total	$ (78,426)	$ (179,281)

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

	Year Ended December 31,	
	2021	2020
Weighted-average discount rate	2.63 %	2.15 %

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

	Year Ended December 31,	
	2021	2020
Net actuarial loss	$ 183,999	$ 239,305
Accumulated other comprehensive loss	$ 183,999	$ 239,305

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

	Year Ended December 31,	
	2021	2020
Current year actuarial loss	$ (45,546)	$ (11,912)
Amortization of actuarial loss	(13,666)	11,815
Settlement (gain)/loss	3,906	—
Total recognized in comprehensive (loss) income	$ (55,306)	$ (97)

Benefit obligations were in excess of plan assets at both December 31, 2021 and 2020. Additional information for the plans with accumulated benefit obligations in excess of plan assets follows:

	December 31,	
	2021	2020
Projected benefit obligation	$ 484,030	$ 541,908
Accumulated benefit obligation	$ 484,030	$ 541,908
Fair value of plan assets	$ 405,604	$ 362,627

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, 2021 Level 1	Level 2	Level 3	Total
Equity securities:				
U.S. and international mid-cap	$ 54,492			$ 54,492
U.S. and international large-cap	105,685			105,685
U.S. and international small-cap	14,653			14,653
Fixed income securities	1,732			1,732
Mortgage backed securities		10,831		10,831
U.S. Government debt securities		14,918		14,918
Corporate bonds and loans	6,106	23,041		29,147
Convertible promissory notes		129	2,500	2,629
Subtotal	$ 182,668	$ 48,919	$ 2,500	234,087
Pension assets measured at net asset value [1]				
Hedge funds and hedge fund-related strategies				120,099
Private equity				38,278
Total pension assets measured at net asset value				158,377
Cash and cash equivalents				16,827
Net payables				(3,687)
Total pension assets				$ 405,604

et Class	Assets at Fair Value as of December 31, 2020 Level 1	Level 2	Level 3	Total
uity securities:				
U.S. mid-cap	$ 32,181	$ —	$ —	32,181
U.S. and international large-cap	114,658	—	—	114,658
U.S. small-cap	4,184	—	—	4,184
ed income securities	1,556	—	—	1,556
eign exchange contracts	—	—	—	—
rtgage and other asset-backed securities	—	10,488	—	10,488
. Government debt securities	—	9,836	—	9,836
rporate bonds and loans	7,355	20,056	—	27,411
nvertible promissory notes	—	—	10,330	10,330
ck warrants and private company common stock	—	—	2,433	2,433
Subtotal	$ 159,934	40,380	12,763	213,077
nsion assets measured at net asset value [1]				
dge funds and hedge fund-related strategies				101,886
vate equity				27,680
urance separate account				1,592
ol separate account				13,735
al pension assets measured at net asset value				144,893
Cash and cash equivalents				10,677
Net payables				(6,020)
al pension assets				$ 362,627

(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 2021, the changes to the pension plans' Level 3 assets were as follows:

Year Ended December 31, 2021	**Convertible Promissory Notes**	**Stock Warrants**	**Private Company Common Stock**	**Total**
Beginning balance as of January 1, 2021	$ 10,330	$ 1,033	$ 1,400	$ 12,763
Gains or losses included in changes in net assets	(2,681)	(1,033)	(1,400)	(5,114)
Capital Change	(5,149)	—	—	(5,149)
Ending balance as of December 31, 2021	$ 2,500	$ —	$ —	$ 2,500

During 2020, the changes to the pension plans' Level 3 assets were as follows:

Year Ended December 31, 2020	Convertible Promissory Notes	Stock Warrants	Private Company Common Stock	Total
Beginning balance as of January 1, 2020	$ 6,702	$ 643	$ 1,050	$ 8,395
Gains or losses included in changes in net assets	2,128	390	350	2,868
Purchases	1,500	—	—	1,500
Ending balance as of December 31, 2020	$ 10,330	$ 1,033	$ 1,400	$ 12,763

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 2021 and 2020, 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, 2021 and 2020:

Class Name	Fair Value December 31, 2021	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	$ 120,099	$ —	(1)	60 - 180 days
Private equity	38,278	27,802	(2)	(2)

Class Name	Fair Value December 31, 2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	$ 101,886	$ 20,581	(1)	60 - 180 days
Private equity	27,680	8,751	(2)	(2)
Insurance separate account	13,735	—	(3)	(3)
Pooled separate account	1,592	—	Daily	None

(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.
(3) Except for benefit payments to participants and beneficiaries and related expenses, withdrawals are restricted for substantially all of the assets in the account, as defined in the contract. However, a suspension or transfer can be requested with 30 days' notice.

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.

Insurance Separate Account. The JPS Pension Plan held a deposit administration group annuity contract with an immediate participation guarantee from Transamerica Life Insurance Company ("TFLIC"). The TFLIC contract unconditionally guaranteed benefits to certain salaried JPS Pension Plan participants earned through June 30, 1984 in the plan of a predecessor employer. The assets deposited under the contract were held in a separate custodial account ("TFLIC Assets"). If the TFLIC Assets decreased to the level of the trigger point (as defined in the contract), which represents the guaranteed benefit obligation representing the accumulated plan benefits as of June 30, 1984, TFLIC had the right to cause annuities to be purchased for the individuals covered by these contract agreements. Effective December 31, 2021, the Company entered into an agreement to convert this TFLIC contract to a fully settled contract for certain retirees in the JPS Pension Plan resulting in a settlement charge of $1,863 for the year ended December 31, 2021.

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, 2022, the minimum required contribution to the Company's pension plans is approximately $12,400. 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 pension plans are as follows:

Years	Pension Benefit Payments
2022	$ 39,076
2023	38,337
2024	37,286
2025	36,092
2026	34,890
2027-2031	153,116

16. CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE LOSS

As of December 31, 2021, the Company had 21,018,009 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 7,639,870 of the Company's common units (the "Repurchase Program"), which is inclusive of 1,120,869 common units approved in November 2021. The Repurchase Program was announced on December 7, 2016 and supersedes and cancels, to the extent any amounts remain available, all previously approved repurchase programs. Any purchases made under the Repurchase Program will be made from time to time on the open market at prevailing market prices or in negotiated transactions off the market, in compliance with applicable laws and regulations. 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, 2021, the Company purchased 1,894,297 common units for an aggregate purchase price of $45,039. From the inception of the Repurchase Program until December 31, 2021 the Company had purchased 6,252,245 common units for an aggregate purchase price of approximately $99,384. As of December 31, 2021, there remained 1,387,625 units that may yet be purchased under the Repurchase Program. From January 1, 2022 through March 1, 2022, the Company repurchased 268,623 common units for $10,418.

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 (the "Second A&R 2018 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, 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 33,000 restricted units under the Second A&R 2018 Plan through the year ended December 31, 2021. 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 $296 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, 2021, total unrecognized compensation costs related to restricted units were $975 and are expected to be recognized over a weighted average remaining period of 1.1 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 and $7,541 to preferred unitholders for the years ended December 31, 2021 and 2020, respectively. The Company declared an in-kind distribution of approximately $2,371 to preferred unitholders for the three months ended June 30, 2020. 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. On February 6, 2020 (the "Redemption Date"), the Company redeemed 1,600,000 units of the SPLP Preferred Units at a price equal to $25 per unit, plus an amount of $0.22 per unit, equal to any accumulated and unpaid distributions up to, but excluding, the Redemption Date, for a total payment of approximately $40,400.

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, 2021 and 2020 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, 2021 and December 31, 2020, there were 6,422,128 SPLP Preferred Units outstanding.

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 is currently $19.65 and was determined when the most recent award vested on December 31, 2017. 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, 2021, 1,702,059 Incentive Units vested as the Company’s VWAP exceeded the baseline equity value of $19.65, and upon vesting, were classified as Class C units. The Incentive Units will be issued upon the termination of the waiting period and/or the receipt of approval, as applicable, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the “HSR Act”). Additionally, following their issuance, the Incentive Units will automatically convert to common units at a future date (as discussed below).

Upon vesting in Incentive Units, the baseline equity value will be recalculated as the new baseline equity value to be assessed at the next annual measurement date. As of December 31, 2021 the number of Incentive Units for future vesting in awards was 22,720,068 which is the sum of 21,018,009 common units outstanding and 1,702,059 vested Incentive Units as of year end. As of December 31, 2021, the baseline equity value per common unit was calculated as $39.26 due to vesting of Incentive Units. 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. No Incentive Units were vested in 2020.

Accumulated Other Comprehensive Loss

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

	Unrealized loss on available-for-sale securities	Unrealized (loss) gain on derivative financial instruments	Cumulative translation adjustments	Change in net pension and other benefit obligations	Total
Balance at December 31, 2019	(274)	(14)	(25,166)	(165,968)	(191,422)
Net other comprehensive income (loss) attributable to common unitholders [(a)]	—	—	1,816	(524)	1,292
Deconsolidation of API (see Note 6)	—	14	10,522	6,945	17,481
Balance at December 31, 2020	$ (274)	$ —	$ (12,828)	$ (159,547)	$ (172,649)
Net other comprehensive income (loss) attributable to common unitholders [(a)]	182	—	(1,133)	41,797	40,846
Balance at December 31, 2021	$ (92)	$ —	$ (13,961)	$ (117,750)	$ (131,803)

(a) Net of tax benefit of approximately $13,370 and $23 for the years ended December 31, 2021 and 2020, respectively, principally related to changes in pension liabilities and other post-retirement benefit obligations.

17. INCOME TAXES

Details of the Company's tax provision (benefit) are as follows:

	Year Ended December 31,	
	2021	2020
Income before income taxes and equity method investments		
Domestic	$ 190,570	$ 116,867
Foreign	10,295	8,532
Total	$ 200,865	$ 125,399
Income taxes:		
Current:		
Federal	$ 2,229	$ 5,411
State	6,502	7,193
Foreign	2,560	3,205
Total income taxes, current	11,291	15,809
Deferred:		
Federal	67,062	16,006
State	6,416	6,446
Foreign	(680)	(125)
Total income taxes, deferred	72,798	22,327
Income tax provision	$ 84,089	$ 38,136

The following is a 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,	
	2021	2020
Income before income taxes and equity method investments	$ 200,865	$ 125,399
Federal income tax provision at statutory rate	$ 42,182	$ 26,334
(Income)/Loss passed through to common unitholders [a]	2,088	3,503
	44,270	29,837
State income taxes, net of federal effect	12,022	11,317
Change in valuation allowance	(2,739)	2,477
Foreign tax rate differences	1,553	(993)
Uncertain tax positions	(126)	(982)
Federal and state audits	(827)	(33)
Unrealized Gain/(Loss) on Investments [b]	35,143	261
Impairment-related adjustments	—	231
NOL carryback – rate differential	119	(1,371)
Recognition of Basis Step-Up	(3,612)	—
Permanent differences and other	(1,714)	(2,608)
Income tax provision	$ 84,089	$ 38,136

(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.

The CARES Act made tax law changes to provide financial relief to companies as a result of business impacts of COVID-19. The CARES Act, among other things, permits U.S. net operating loss ("NOL") carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019 and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company filed a carryback claim to carry back a 2020 taxable loss to 2015. The Company has recorded a receivable of $3,117 with respect to the refund claim. The Company is electing to take the available relief under the CARES Act to defer payment of certain payroll taxes. The Company has deferred approximately $3,812 of payroll taxes as of December 31 2021.

Deferred income taxes result from temporary differences in the financial basis and tax basis of assets and liabilities. The amounts shown on the following table represent the tax effect of temporary differences between the consolidated tax return basis of assets and liabilities and the corresponding basis for financial reporting, as well as tax credit and operating loss carryforwards.

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

	December 31, 2021	December 31, 2020
Deferred Tax Assets:		
Operating loss carryforwards [(a)]	$ 61,598	$ 91,671
Postretirement and postemployment employee benefits	20,798	45,621
Tax credit carryforwards	4,449	6,577
Accrued costs	6,993	4,802
Investment impairments and unrealized losses	5,416	4,602
Inventories	4,409	5,971
Environmental costs	5,235	5,280
Capital loss	18,471	24,072
Allowance for doubtful accounts and loan losses	4,277	7,515
Lease liabilities	8,247	7,158
Other	5,749	3,289
Gross deferred tax assets	145,642	206,558
Deferred Tax Liabilities:		
Intangible assets	(21,523)	(25,313)
Fixed assets	(26,032)	(27,695)
Unrealized gain on investment [(b)]	(69,491)	(37,254)
Right of use assets	(8,249)	(6,844)
Other	(4,566)	(2,087)
Gross deferred tax liabilities	(129,861)	(99,193)
Valuation allowance [(c)]	(29,455)	(42,981)
Net deferred tax assets	$ (13,674)	$ 64,384
Classified on the Company's consolidated balance sheets as follows:		
Deferred tax assets	$ —	$ 66,553
Deferred tax liabilities	13,674	2,169
	$ (13,674)	$ 64,384

(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) Represents 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, 2021, the Company's corporate subsidiaries had carryforwards of U.S. federal NOLs of approximately $233,251 that expire in 2022 through 2037. The Company generated federal NOLs of approximately $1,151 during the year which have an unlimited carryforward period. 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 $91,562, which will expire in 2022 through 2037. $76,810 of these SRLY NOL's are subject to an Internal Revenue Code Section 382 limitation, and as a result, may not be available to reduce taxable income. The Company has a valuation allowance to reserve its deferred tax asset associated with the SRLY NOLs. The Company has a capital loss carryforward in the amount of $76,683 that expires in 2022 through 2025. U.S. income taxes were not provided on cumulative undistributed foreign earnings as of December 31, 2021 and 2020. Foreign undistributed earnings remain indefinitely reinvested in foreign operations, therefore, no provision for U.S. income taxes was accrued.

The Company's corporate subsidiaries have NOLs in foreign jurisdictions totaling $21,526. 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 $11,866 and expires in 2022 through 2041. A valuation allowance has been established against a significant portion of the deferred tax asset associated with the state NOLs.

The Company's corporate subsidiaries have federal research and development credit carryforwards of $15,282 that expire in 2022 through 2040, and state research and development credit carryforwards of $20,111 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.

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 2021 and 2020 was as follows:

Balance at December 31, 2019	$	48,707
Additions for tax positions related to current year		266
Payments		(2,640)
Reductions due to lapsed statutes of limitations and expiration of credits		(3,954)
Balance at December 31, 2020		42,379
Additions for tax positions related to current year		362
Additions for tax positions related to prior years		
Payments		(229)
Reductions due to lapsed statutes of limitations and expiration of credits		(459)
Balance at December 31, 2021	$	42,053

The Company's total gross unrecognized tax benefits were $42,053 and $42,379 at December 31, 2021 and 2020, respectively, of which $38,300, if recognized, would affect the provision for income taxes. In 2021, the Company reversed $459 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, 2021, it is reasonably possible that unrecognized tax benefits may decrease by $281 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 2021 and 2020, the amount of such interest and penalties recognized was not significant.

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 in. The Company is generally no longer subject to federal, state or local income tax examinations by tax authorities for any year prior to 2017. However, 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 is not currently under tax examination in any foreign jurisdictions. The Company has ongoing state audits in various state tax jurisdictions. The Company has not identified any material adjustments with respect to the state audits to date.

18. NET INCOME (LOSS) PER COMMON UNIT

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

	December 31,	
	2021	2020
Net income from continuing operations	$ 132,440	$ 83,477
Net income attributable to noncontrolling interests in consolidated entities (continuing operations)	(1,170)	(603)
Net income from continuing operations attributable to common unitholders	131,270	82,874
Net income (loss) from discontinued operations attributable to common unitholders	138	(10,199)
Net income attributable to common unitholders	131,408	72,675
Effect of dilutive securities:		
Interest expense from SPLP Preferred Units [a]	12,311	12,002
Net income attributable to common unitholders – assuming dilution	$ 143,719	$ 84,677
Net income (loss) per common unit - basic		
Net income from continuing operations	$ 6.09	$ 3.34
Net loss from discontinued operations	—	(0.41)
Net income attributable to common unitholders	$ 6.09	$ 2.93
Net income (loss) per common unit – diluted		
Net income attributable to common unitholders	$ 4.96	$ 1.85
Net income (loss) from discontinued operations	0.01	(0.20)
Net income attributable to common unitholders	$ 4.97	$ 1.65
Denominator for net income (loss) per common unit - basic [b]	21,561,200	24,809,751
Effect of dilutive securities:		
Unvested restricted common units	177,439	16,668
SPLP Preferred Units	7,181,619	26,564,553
Denominator for net income (loss) per common unit - diluted [a]	28,920,258	51,390,972

(a) Assumes the SPLP Preferred Units were redeemed in common units as described in Note 16 - "Capital and Accumulated Other Comprehensive Loss."

(b) As of the annual measurement date on December 31, 2021, 1,702,059 incentive units vested. The incentive units will be issued upon the termination of the waiting period and/or the receipt of approval, as applicable, under HSR Act.

19. 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, 2021 and 2020 are summarized by type of inputs applicable to the fair value measurements as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Long-term investments [a]	$ 210,995	$ —	$ 50,085	$ 261,080
Precious metal and commodity inventories recorded at fair value	35,438	—	—	35,438
Economic interests in loans [b]	—	—	6,483	6,483
Warrants [c]	—	—	6,929	6,929
Total	$ 246,433	$ —	$ 63,497	$ 309,930
Liabilities:				
Commodity contracts on precious metal and commodity inventories	$ —	$ 402	$ —	$ 402
Other precious metal liabilities	31,725	—	—	31,725
Total	$ 31,725	$ 402	$ —	$ 32,127

December 31, 2020		Level 1		Level 2		Level 3		Total
Assets:								
Marketable securities [(a)]	$	88	$	18	$	—	$	106
Long-term investments [(a)]		242,863		—		48,434		291,297
Precious metal and commodity inventories recorded at fair value		27,324		—		—		27,324
Economic interests in loans [(b)]		—		—		11,599		11,599
Warrants [(c)]		—		—		2,618		2,618
Total	$	270,275	$	18	$	62,651	$	332,944
Liabilities:								
Commodity contracts on precious metal and commodity inventories	$	—	$	169	$	—	$	169
Other precious metal liabilities		28,315		—		—		28,315
Total	$	28,315	$	169	$	—	$	28,484

(a) For additional detail of the marketable securities and long-term investments see Note 11 - "Investments."

(b) For additional detail of the marketable securities and long-term investments see Note 14 - "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, 2021 or 2020.

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 fro 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 14 - "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, 2019	$	53,658	$	18,633	$	2,086	$	74,377
Purchases		340		—		—		340
Sales and cash collections		(2,118)		(12,691)		—		(14,809)
Realized gains on sale		460		5,657		532		6,649
Unrealized gains		2,441		—		—		2,441
Unrealized losses		(6,347)		—		—		(6,347)
Balance at December 31, 2020		48,434		11,599		2,618		62,651
Purchases		95		—		—		95
Sales and cash collections		(632)		(9,978)		(2,377)		(12,987)
Realized gains on sale		182		4,862		6,688		11,732
Unrealized gains		2,006		—		—		2,006
Balance at December 31, 2021	$	50,085	$	6,483	$	6,929	$	63,497

(a) Unrealized gains and losses are recorded in (Income) loss 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 losses (gains) on securities, net or Financial Services revenue in the Company's consolidated statements of operations.

Long-Term Investments - Valuation Techniques

The Company estimates the value of its investments in STCN preferred stock and the STCN Note using a Monte Carlo simulation. Key inputs in these valuations include the trading price and volatility of STCN's common stock, the risk-free rate of return, as well as the dividend rate, conversion price, redemption date of the preferred stock, the maturity date of the STCN Note, possibility of occurrence of a fundamental change, as defined in the STCN Note, and likelihood of early redemption of the STCN Note.

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 14 - "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 6.74% to 35.51%, a constant default rate of 1.89% to 21.50% and a discount rate of 1.85% to 25.92%.

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. As discussed in Note 9 - "Goodwill and Other Intangible Assets, Net" to the Company's consolidated financial statements, the Company recorded a goodwill impairment charge of $1,100 in Goodwill impairment charges in the accompanying consolidated statements of operations for the year ended December 31, 2020. The goodwill impairment was determined by measuring and comparing the fair value of the business, using an income and market approach, to its carrying amount. The valuation of the Company's businesses was a nonrecurring fair value measurement and was classified as a Level 3 measurement due to the degree of unobservable inputs in the valuation. Such inputs included estimates of the amount and timing of expected future cash flows and assumptions in determining risk-adjusted discount rates. Changes in these unobservable inputs might have resulted in a higher or lower fair value measurement.

20. COMMITMENTS AND CONTINGENCIES

Environmental and Litigation Matters

As discussed in more detail below, certain of the Company's subsidiaries 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 and as defendants in certain litigation matters. Most 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 is provided, in excess of the accrued liability (if any) for such matters. Any estimated range is or will be based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss 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 proceedings would have a material effect on the financial position, liquidity or results of operations of the Company.

The environmental claims 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 many 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 costs associated with environmental and litigation matters on an undiscounted basis, when they become probable and reasonably estimable. As of December 31, 2021, on a consolidated basis, the Company recorded liabilities of $2,043 and $23,801 in Accrued liabilities and Other non-current liabilities, respectively, on the consolidated balance sheet. As of December 31, 2020, on a consolidated basis, the Company recorded liabilities of $1,066 and $24,716 in Accrued Liabilities and Other non-current liabilities, respectively, on the consolidated balance sheet. These 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 has 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 HNH 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 national and state environmental laws. Those subsidiaries have remediation expenses on an ongoing basis, although such costs are continually being readjusted based upon the emergence of new findings, techniques and alternative methods. HNH recorded liabilities of approximately $24,378 related to estimated environmental investigation and remediation costs as of December 31, 2021.

Included among these liabilities, certain HNH 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 HNH subsidiaries are PRP's.

Based upon information currently available, the HNH 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 an HNH 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 HNH subsidiaries have environmental liabilities include the following:

HNH 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 HNH manufacturing facility located in Fairfield, Connecticut. An ecological risk assessment 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 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 to $17,500. In 2020, the Company increased its reserve for future remediation costs by $14,000, which is its 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 HNH or the Company.

In 1986, Handy & Harman Electronic Materials Corporation ("HHEM"), a subsidiary of HNH, 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. HHEM 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 HHEM and HNH, all after having the first $1,000 paid by the former owner/operator. Additionally, HHEM 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 HHEM 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 $950 has been established for HHEM'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 $2,800 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 HHEM, 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, HHEM and 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's filed an Amended Complaint, bringing the same claims as the original Complaint. On July 1, 2020, the HHEM and the Company answered and asserted crossclaims for indemnification and contribution against another defendant, Cycle Chem, Inc. Cycle Chem also asserted crossclaims against HHEM and the Company, which have been answered. The parties have largely completed written and document discovery, and are commencing mediation. The Company intends to assert all legal and procedural defenses available. Based upon currently available information, the Company has determined that a range of potential loss cannot be reasonably estimated at this time. 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 HHEM, HNH or the Company.

HNH'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, in 2013, SLI entered into a consent decree with both the U.S. Department of Justice and the U.S. Environmental Protection Agency ("EPA") 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 its operations at the Pennsauken Site. The State is seeking treble damages and attorneys' fees, NRD for loss of use of groundwater, as well as a request for relief that SLI pay all cleanup and removal costs that the State has incurred and will incur at the Pennsauken Site. The State did not specifically identify its alleged damages in the complaint or in response to SLI's demand for a statement of damages. SLI filed a motion for partial dismissal, resulting in dismissal of the State's claim for trespass and their claim for public nuisance to the extent that claim seeks money damages. The parties have recently commenced written and document discovery. SLI intends to assert all legal and procedural defenses available to it. Based upon currently available information, the Company has determined that a range of potential loss can no longer 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.

SLI reported soil contamination and groundwater contamination in 2003 from the SurfTech site located in Camden, New Jersey. Substantial investigation and remediation work have been completed under the direction of the licensed site remediation professional ("LSRP") for the site. Additional soil excavation and chemical treatment is expected to start in the first half of 2022. Post-remediation groundwater monitoring will be conducted and a full-scale groundwater bioremediation is expected to be implemented 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 SLI, HNH or 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 $1,400 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.

Litigation Matters

On December 8, 2017, a stockholder class action, captioned Sciabucucchi v. DeMarco, et al., was filed in the Court of Chancery of the State of Delaware (the "Chancery Court") by a purported former stockholder of HNH challenging the Company's acquisition, through a subsidiary, of all of the outstanding shares of common stock of HNH not already owned by the Company or any of its affiliates. The action named as defendants the former members of the HNH board of directors, the Company and SPH GP, and alleged, among other things, that the defendants breached their fiduciary duties to the former public stockholders of HNH in connection with the aforementioned acquisition. The complaint sought, among other relief, unspecified monetary damages, attorneys' fees and costs. On July 9, 2019, the Company entered into a settlement of the case, solely to avoid the substantial burden, expense, inconvenience and distraction of continued litigation and to resolve each of the plaintiff's claims against the defendant parties. In the settlement, the defendants agreed to pay the plaintiff class $30,000, but denied that they engaged in any wrongdoing or committed any violation of law or breach of duty and stated that they believe they acted properly, in good faith, and in a manner consistent with their legal duties. The settlement was approved by the Chancery Court on December 2, 2019. Our insurance carriers agreed to contribute an aggregate of $17,500 toward the settlement amount. The Company recorded a charge of $12,500 in Selling, general and administrative expenses in the consolidated statement of operations for the fiscal year ended December 31, 2019, which consisted of the legal settlement of $30,000, reduced by the $17,500 of insurance recoveries. The settlement was paid on December 17, 2019. The Company made a demand of an aggregate of $10,000 in further contributions from two insurance carriers. The dispute with the insurance carriers was litigated in the New York Supreme Court and the Court ruled on June 16, 2021 in the Company's favor on all issues and authorized a judgment to be entered against the insurance carriers for $11,300 plus statutory interest at 9% from June 16, 2021. On November 10, 2021, the Company entered into a settlement agreement with such carriers for approximately $11,000. The Company is party to a contingency agreement with its counsel whereby its counsel received 20% of the settlement received by the Company related to this matter. The Company received net settlement payments totaling $8,827 in November 2021 and is included in Selling, general and administrative expenses in the Company's consolidated statements of operations.

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 Chancery Court. The plaintiff sought to assert class action and derivative claims against the Company, together with STCN and with certain of members of 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 dismiss, allowing the matter to proceed.

On August 13, 2021, the defendants, entered into a memorandum of understanding (the "MOU") with the plaintiff in connection with the settlement of the Reith litigation. Pursuant to the MOU, the defendants agreed to cause their directors' and officers' liability insurance carriers to pay to STCN $2,750 in cash. The Company's $1,100 share of the settlement is fully covered by insurance and will be paid by the Company's insurance carrier. The payment shall be paid into an escrow account within 14 business days of the later of (i) the entry of the scheduling order in connection with the stipulation of the settlement; or (ii) the date on which the plaintiff's counsel provides to the defendants' counsel written payment and wire instructions.

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. The surrenders and cancellations are in the following amounts: for Mr. Lichtenstein, 1,833,333 vested

shares and 300,000 unvested shares; for Mr. Howard, 916,667 vested shares and 150,000 unvested shares; and for Mr. Fejes, 100,000 vested shares. The surrenders and cancellations are to be completed no later than seven calendar days following final approval of the settlement by the court and the exhaustion of any appeals therefrom or the expiration of time to appeal. Mr. Lichtenstein, Mr. Howard and Mr. Fejes surrendered the shares required under their respective Surrender Agreement and such shares were subsequently cancelled. The settlement requires court approval, and there can be no assurances that such approval will be granted.

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, 2021. In many cases these claims involved more than 100 defendants. There remained approximately 45 pending asbestos claims as of December 31, 2021. BNS Sub believes it has significant defenses to any liability for toxic-tort claims on the merits. 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, 2021 and 2020, BNS Sub had accrued $1,466 and $1,349, 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.

21. RELATED PARTY TRANSACTIONS

The components of receivables from related parties and payables from related parties for the years ended December 31, 2021 and 2020 are presented below:

	Year Ended December 31,	
	2021	2020
Receivable from related parties:		
Receivable from associated companies - STCN	$ 1,233	$ 1,572
Receivable from other related parties	1,711	501
Total	$ 2,944	$ 2,073
Payables to related parties:		
Accrued management fees	$ 49	$ 2,319
Payables to other related parties	1,836	1,761
Total	$ 1,885	$ 4,080

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 16 - "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 $8,559 and $6,706 for the years ended December 31, 2021 and 2020, 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 $49 and $2,319 at December 31, 2021 and 2020, 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 $3,733 and $2,514 during the years ended December 31, 2021 and 2020, respectively, of which $3,561 and $2,198 was reimbursement for executive travel during the years ended December 31, 2021 and 2020, respectively. Unpaid amounts for reimbursable expenses were approximately $1,673 and $1,594 at December 31, 2021 and 2020, respectively, and are included in Payables to other 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, and STCN. In total, Steel Services currently charges approximately $4,474 annually to these companies. All amounts billed under these service agreements are classified as a reduction of Selling, general and administrative expenses. The receivable from STCN of $1,233 as of December 31, 2021 includes $906 for amounts receivable for the management services agreement and a $327 receivable of interest for the STCN Note.

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, 2021 and 2020, several related parties and consolidated subsidiaries had deposits totaling $1,115 and $1,164 at WebBank, respectively. Approximately $36 and $88 of these deposits, including interest which was not significant, have been eliminated in consolidation as of December 31, 2021 and 2020, respectively.

22. SEGMENT INFORMATION

SPLP operates through the following segments: Diversified Industrial, Energy 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 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 21 - "Related Party Transactions."

Steel Services charged the Diversified Industrial, Energy and Financial Services segments $39,523, $5,670 and $1,482, respectively, for the year ended December 31, 2021. For the year ended December 31, 2020, Steel Services charged the

Diversified Industrial, Energy and Financial Services segments $28,285, $5,263 and $1,677, 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,	
	2021	2020
Revenue:		
Diversified Industrial	$ 1,207,183	$ 1,058,745
Energy	164,028	107,831
Financial Services	153,685	144,060
Total	$ 1,524,896	$ 1,310,636
Income (loss) before interest expense and income taxes:		
Diversified Industrial	$ 123,329	$ 70,849
Energy	14,982	(1,887)
Financial Services	79,165	59,799
Corporate and other	21,303	22,366
Income before interest expense and income taxes	238,779	151,127
Interest expense	22,250	29,514
Income tax provision	84,089	38,136
Net income from continuing operations	$ 132,440	$ 83,477
(Gain) loss of associated companies, net of taxes:		
Corporate and other	$ (15,664)	$ 3,786
Total	$ (15,664)	$ 3,786

	Year Ended December 31, 2021	
	Capital Expenditures	Depreciation and Amortization
Diversified Industrial	$ 25,727	$ 47,568
Energy	6,958	12,212
Financial Services	217	485
Corporate and other	19,424	256
Total	$ 52,326	$ 60,521

	Year Ended December 31, 2020	
	Capital Expenditures	Depreciation and Amortization
Diversified Industrial	$ 19,809	$ 49,451
Energy	3,083	15,006
Financial Services	313	717
Corporate and other	21	159
Total	$ 23,226	$ 65,333

	December 31,	
	2021	2020
Total Assets:		
Diversified Industrial	$ 843,484	$ 777,495
Energy	65,251	168,696
Financial Services	1,454,654	2,723,897
Corporate and other	311,840	264,290
Total	$ 2,675,229	$ 3,934,378

The following table presents geographic revenue and long-lived asset information as of and for the years ended December 31, 2021 and 2020. Foreign revenue is based on the country in which the legal subsidiary generating the revenue is domiciled. Long-lived assets in 2021 and 2020 consist of property, plant and equipment, non-current operating lease right-of-use assets, plus approximately $4,843 in both 2021 and 2020, 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, 2021 and 2020. Neither revenue nor long-lived assets from any single foreign country were material to the consolidated financial statements of the Company.

	2021		2020	
	Revenue	Long-lived Assets	Revenue	Long-lived Assets
Geographic information:				
United States	$ 1,434,622	$ 243,038	$ 1,229,406	$ 235,166
Foreign	90,274	33,417	81,230	28,384
Total	$ 1,524,896	$ 276,455	$ 1,310,636	$ 263,550

23. 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:

			Amount of Capital Required					
	Actual		For Capital Adequacy Purposes		Minimum Capital Adequacy With Capital Buffer		To Be Well Capitalized Under Prompt Corrective Provisions	
As of December 31, 2021	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital								
(to risk-weighted assets)	$ 257,262	27.10 %	$ 75,907	8.00 %	$ 99,628	10.50 %	$ 94,884	10.00 %
Tier 1 Capital								
(to risk-weighted assets)	$ 245,377	25.90 %	$ 56,930	6.00 %	$ 80,651	8.50 %	$ 75,907	8.00 %
Common Equity Tier 1 Capital								
(to risk-weighted assets)	$ 245,377	25.90 %	$ 42,698	4.50 %	$ 66,419	7.00 %	$ 61,674	6.50 %
Tier 1 Capital								
(to average assets)	$ 245,377	26.80 %	$ 36,687	4.00 %	n/a	n/a	$ 45,859	5.00 %
As of December 31, 2020								
Total Capital								
(to risk-weighted assets)	$ 212,002	34.30 %	$ 49,512	8.00 %	$ 64,985	10.50 %	$ 61,891	10.00 %
Tier 1 Capital								
(to risk-weighted assets)	$ 204,028	33.00 %	$ 37,134	6.00 %	$ 52,607	8.50 %	$ 49,512	8.00 %
Common Equity Tier 1 Capital								
(to risk-weighted assets)	$ 204,028	33.00 %	$ 27,851	4.50 %	$ 43,323	7.00 %	$ 40,229	6.50 %
Tier 1 Capital								
(to average assets)	$ 204,028	32.40 %	$ 25,219	4.00 %	n/a	n/a	$ 31,523	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.

24. SUPPLEMENTAL CASH FLOW INFORMATION

A summary of supplemental cash flow information for the years ended December 31, 2021 and 2020 is presented in the following table:

	Year Ended December 31,	
	2021	2020
Cash paid during the period for:		
Interest	$ 28,288	$ 34,028
Taxes	$ 13,184	$ 36,843

25. SUBSEQUENT EVENTS

Steel Connect's Disposition of IWCO Direct Holdings, Inc.

On February 25, 2022, Steel Connect announced the full disposition of its wholly-owned subsidiary, IWCO Direct Holdings, Inc. ("IWCO"), to an investor group led by affiliates of Cerberus Capital Management, L.P. ("Cerberus"), IWCO's senior secured lender. Prior to the disposition, IWCO had approximately $361,000 outstanding under its credit facility with Cerberus that was to mature in December 2022. Steel Connect did not receive any cash consideration from the Cerberus-led investor group in exchange for the disposition of IWCO. ModusLink Corporation, Steel Connect's other operating unit, is unaffected by the disposition of IWCO.

WebBank Asset Purchase Agreement for Premium Finance Receivables

On February 4, 2022, WebBank entered into an asset purchase agreement to acquire certain specified assets, primarily consisting of $28,000 of premium finance receivables. The acquisition will allow WebBank to continue to grow its premium finance loan portfolio. The transaction is expected to close in the second quarter of 2022, subject to completion of closing conditions specified in the asset purchase agreement. The purchase price will contain an approximately $1,500 purchase premium of the premium finance receivables plus a profit share interest, which is expected to be approximately $1,600.

iGo Noncontrolling Interest Acquisition

On January 7, 2022, the Company entered into stock purchase agreements with certain stockholders of iGo to purchase such stockholders' shares of iGo common stock at $5.50 per share in cash. Following the acquisition of shares pursuant to the stock purchase agreements, the Company owned more than 90% of iGo's outstanding shares. iGo merged with a subsidiary of the Company on January 14, 2022 (the "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. Upon completion of the Merger, iGo became an indirect wholly-owned subsidiary of the Company.

Election Contest Litigation

As of December 31, 2021, the Company owned 4.9% of Aerojet Rocketdyne Holdings, Inc. ("Aerojet") common stock with a fair value of $184,678. Additionally, the Company's Executive Chairman Warren G. Lichtenstein is a member of Aerojet's board of directors. On February 7, 2022, Mr. Lichtenstein and three other members of Aerojet's board of directors (the "Director Plaintiffs") filed suit in the Court of Chancery of the State of Delaware (the "Court") seeking, among other things, an order preventing the alleged misuse of Aerojet's name and resources in connection with Aerojet's 2022 annual meeting of stockholders. The Director Plaintiffs filed the lawsuit due to disagreements among Aerojet's eight-member board of directors, which consists of the four Director Plaintiffs and four other directors (the "Director Defendants"), over matters relating to the nomination by the Company (via the Company's indirect, wholly-owned subsidiary SPH Group Holdings LLC) of director candidates for election at Aerojet's 2022 annual meeting. In connection with their suit, the Director Plaintiffs sought a temporary restraining order prohibiting the use of Aerojet's name or resources in support of any candidate for election at Aerojet's 2022 annual meeting. On February 11, 2022, the Director Defendants filed suit in their own names and on behalf of Aerojet alleging, among other things, breaches of fiduciary duty by the Director Plaintiffs, aiding and abetting breach of fiduciary by SPH Group Holdings LLC and violations of Aerojet's advance notice bylaw by SPH Group Holdings LLC. The Director Defendants' suit sought, among other things, the appointment of a committee of Aerojet directors, declaratory relief, damages, appointment of a custodian for Aerojet, and removal of Mr. Lichtenstein as a director of Aerojet. On February 23, 2022, the Court issued a letter

opinion and order (the "Order") granting the Director Plaintiffs' proposed temporary restraining order and rejecting the Director Defendants' competing proposed order, which would have required Aerojet to fund up to $20,000 of the parties' proxy solicitation expenses. The Court also rejected the Director Defendants' proposal to require Aerojet to reimburse the parties' litigation costs for affirmative claims. Consistent with the proposal made by the Director Plaintiffs, the Order extended the deadline for submitting director nominations imposed by Aerojet's advance notice bylaw solely to the extent necessary to permit the Director Defendants to nominate a competing slate of directors on or before February 28, 2022 if they choose to do so. On February 25, 2022, the Court consolidated the two lawsuits and scheduled a trial for May 23 to 25, 2022. On March 1, 2022, the Director Defendants announced that they had nominated a slate of eight director candidates for election at Aerojet's 2022 annual meeting. On March 7, 2022, the Director Defendants voluntarily dismissed their claims against the Director Plaintiffs and SPH Group Holdings LLC and moved for the entry of a final judgment granting certain relief against themselves and Aerojet. On March 8, 2022, the Director Plaintiffs moved to enforce the Order entered by the Court of Chancery on February 23, 2022. The Court of Chancery has set a hearing on the Director Defendants' motion for entry of a final judgment and the Director Plaintiffs' motion to enforce for March 23, 2022.

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

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We conducted an evaluation with the participation of our management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under 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 Principal Executive Officer and the Principal Financial Officer concluded that as of December 31, 2021 our disclosure controls and procedures were not effective due to material weaknesses in internal control over financial reporting described below in Management's Report on Internal Control Over Financial Reporting.

Notwithstanding the identified material weaknesses, management, including our Principal Executive Officer and Principal Financial Officer, has determined, based on the procedures we have performed, that the consolidated financial statements included in this Report fairly represent in all material respects our financial condition, results of operations and cash flows as of December 31, 2021 and for the periods presented in accordance with U.S. GAAP.

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.

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, 2021. Based on such evaluation, management concluded that the Company's internal control over financial reporting was not effective as of December 31, 2021, as management identified control deficiencies that constituted material weaknesses in our internal control over financial reporting.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement to the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses relate to the same control deficiencies previously disclosed by the Company in its annual report on Form 10-K for the fiscal year ended December 31, 2020 (the "2020 Annual Report"), which, as discussed in the 2020 Annual Report, led the Company's management to (i) conclude that, as of December 31, 2020, there were material weaknesses in the Company's internal control over financial reporting and that the Company did not have effective internal control over financial reporting, and (ii) revise prior period financial information from January 1, 2019 to September 30, 2020 (the "Revision Period") in the financial statements for the fiscal year ended December 31, 2020 included in the 2020 Annual Report. In particular, as discussed in the 2020 Annual Report and in Note 25 – "Restatement of Previously Issued Consolidated Financial

Statements" to the consolidated financial statements included elsewhere in this Annual Report, during the Company's 2020 year-end close process, management identified certain immaterial errors in the financial statements of a division within our Electrical Products business that were consolidated into previously filed financial statements. The prior period errors related primarily to this division of the Company's Electrical Products business within the Diversified Industrial segment that represented approximately 10% and 11% of the Company's revenue in 2019 and 2020, respectively, and primarily related to inventories, revenue recognition and trade receivables, and accounts payable. Management revised prior period financial information from the Revision Period to correct for the errors identified related to this business and other immaterial errors impacting prior years that were not previously recorded. The errors identified resulted from several control deficiencies that were in existence during the Revision Period and as of December 31, 2020, which led management to conclude there were material weaknesses in the Company's internal control over financial reporting as of December 31, 2020 because the Company's failure to prevent or timely detect the aforementioned Electrical Products business errors in its consolidated financial statements were attributable to the deficiencies identified. For information on the ongoing remediation of these deficiencies, see “Remediation Plan for Material Weakness.” As of December 31, 2021, the Company’s management identified the following unremediated, ongoing control deficiencies, which management concluded constituted material weaknesses in the Company’s internal control over financial reporting:

Control Environment

- The Company did not maintain an effective control environment as evidenced by: (i) an inappropriate tone from the former management team and override of internal controls at the division of our Electrical Products business; (ii) accounting personnel at the division of our Electrical Products business not following established Company accounting policies, controls and procedures; (iii) a lack of accountability for the performance of internal control over financial reporting responsibilities at the division; and (iv) lack of appropriate application, prioritization and timely implementation of corrective activities.

Control Activities

- The Company did not have control activities that were designed and operating effectively at the division of our Electrical Products business as evidenced by: (i) inadequate documentation and support for and/or untimely preparation and review of account reconciliations; (ii) improper segregation of duties, including IT access controls; (iii) failure to perform independent review of recorded accounting entries and accounting analyses; and (iv) weaknesses in information systems requiring management intervention through the manual creation of queries, spreadsheets and ad hoc analysis.

Information and Communication

- Communication and information from the division of the Company's Electronic Products business was withheld from the Company's senior management and from the Company's independent registered public accounting firm. In addition, personnel were not properly trained on the importance of complying with the Company's Code of Business Conduct and communication through our whistle-blower hotline when normal channels were ineffective.

Changes in Internal Control over Financial Reporting

Except for the ongoing remediation of the material weaknesses described above, there were no changes during the year ended December 31, 2021 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Remediation Plan and Status for Material Weaknesses

The Company's management, under the oversight of the Audit Committee, began improving in 2021 and continues to improve the Company's internal control over financial reporting to remediate the material weaknesses as of December 31, 2020 previously disclosed by the Company and the ongoing material weaknesses as of December 31, 2021 described above. Remediation of the identified material weaknesses and strengthening our internal control environment required a substantial effort throughout 2021, and is expected to continue to require a substantial effort in 2022. The Company will test the ongoing operating effectiveness of the new and existing controls in future periods. The material weaknesses cannot be considered completely remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. The current plans, and actions already undertaken, by the Company’s management, along with personnel within the division of its Electrical Products segment, include the following:

Control Environment

The Company's management has already undertaken certain steps to set the proper tone-at-the-top and to develop and maintain an effective internal control environment both Company-wide and within the division of our Electrical Products segment, among others:

- The Company's management has further promoted and communicated the importance of its core values of Teamwork, Respect, Integrity and Commitment Company-wide via consistent messaging by our Executive Chairman, and other key leaders in staff and leadership meetings, communications in employee newsletters and emails, and through company-wide contests in which employees nominated fellow employees who embody each of the core values and the winners received monetary awards.
- Beginning in March 2020, the Company launched a Company-wide training and education program for its accounting and finance teams across all its businesses which includes an emphasis on internal control over financial reporting. The training program, which is led by an expert on accounting, tax and business topics, has been expanded in 2022 to monthly sessions.
- Since early 2020, the division of our Electrical Products business has undergone personnel changes, including the hiring of a new president, chief financial officer, controller and director of human resources, to ensure a proper, consistent tone is communicated within that business, with distinct emphasis on the expectation that previously identified control deficiencies, including technology controls, will be remediated.
- The Company has engaged a leading professional services firm which reviewed the Company’s Sarbanes-Oxley program and assisted the Company's management with enhancing its overall, Company-wide risk assessment process.

Control Activities

The division of the Company's Electrical Products business has already undertaken certain steps to improve its control activities, among others:

- Management of the division of our Electrical Products business has designed and implemented enhanced procedures and controls over the period-end close process and related documentation including, but not limited to review and approval of manual journal entries, account rollforwards and reconciliations.
- Management of the division of our Electrical Products business has enhanced the journal entry preparation and review process to validate that all appropriate support is included and is complete and accurate, and all review steps are evidenced.

Actions to be taken and expected to be completed during 2022 to improve control activities both Company-wide and within the division of our Electrical Products business include the following:

- The Company's management has designed and begun implementing increased and enhanced balance sheet reviews of its businesses to allow more focus on the account reconciliation and internal control processes, and greater review of areas of significant accounting estimates, significant accounting judgements and areas of higher risk. The objective is that beginning, in 2022, all significant businesses will be subject to annual reviews.
- The Company's management plans to update the Company's existing accounting policies and design and implement additional formal accounting policies and procedures to eliminate the risk of subjective judgments where possible, and to ensure transactions are properly initiated, recorded, processed, reported and appropriately authorized and approved Company-wide across key business and financial processes.
- The Company will continue to evaluate and hire new finance team members with the appropriate experience, certifications, education and training for key financial reporting and accounting positions. The Company's management believes that the addition of skilled personnel will help to facilitate adherence to policies, procedures and controls to strengthen our control environment. During the first half of calendar 2022, the Corporate Controller’s group of the Company will add key finance positions related to internal controls and technical accounting.
- The Company plans to implement a financial close technology across its businesses, which among other things will allow for automation of certain close processes, built-in system controls, and greater organizational standardization and policies around the close process. The financial close technology will provide management with increased visibility of the business close processes.

Information and Communication

Actions to be taken and expected to be completed during 2022 to enhance information and communication Company-wide include the following:

- In the fourth quarter of 2021, the Company implemented a new annual Company-wide Code of Conduct training to ensure that all employees understand the Company’s standards, rules and expectations to ensure compliance, as well as Company-wide training to promote greater awareness and use of the Company’s whistleblower program.

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, 2021, 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, because of the effect of the material weaknesses identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2021, 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, 2021, of the Company and our report dated March 10, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

- The Company did not maintain an effective control environment as evidenced by: (i) an inappropriate tone from the former management team and override of internal controls at the division of its Electrical Products business; (ii) accounting personnel at the division of its Electrical Products business not following established Company accounting policies, controls and procedures; (iii) a lack of accountability for the performance of internal control over financial reporting responsibilities at the division; and (iv) lack of appropriate application, prioritization and timely implementation of corrective activities.

- The Company did not have control activities that were designed and operating effectively at the division of its Electrical Products business as evidenced by: (i) inadequate documentation and support for and/or untimely preparation and review of account reconciliations; (ii) improper segregation of duties, including IT access controls; (iii) failure to perform independent review of recorded accounting entries and accounting analyses; and (iv) weaknesses in information systems requiring management intervention through the manual creation of queries, spreadsheets and ad hoc analysis.
- Communication and information from the division of the Company's Electronic Products business was withheld from the Company's senior management and from the Company's independent registered public accounting firm. In addition, personnel were not properly trained on the importance of complying with the Company's Code of Business Conduct and communication through the Company's whistle-blower hotline when normal channels were ineffective.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit the consolidated financial statements as of and for the year ended December 31, 2021, of the Company, and this report does not affect our report on such financial statements.

/s/ Deloitte & Touche LLP

New York, New York
March 10, 2022

Item 9B. Other Information

None.

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 2022 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 "2022 Proxy Statement"), is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item 11 included in the 2022 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 2022 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 2022 Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item 14 from the 2022 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, 2021 and 2020

Consolidated Statements of Operations for the years ended December 31, 2021 and 2020

Consolidated Statements of Comprehensive Income for the years ended December 31, 2021 and 2020
Consolidated Statements of Changes in Capital for the years ended December 31, 2021 and 2020
Consolidated Statements of Cash Flows for the years ended December 31, 2021 and 2020

Notes to Consolidated Financial Statements

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

Exhibit No.	Description
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	Eighth Amended and Restated Agreement of Limited Partnership of Steel Partners Holdings L.P., dated as of February 20, 2020 (incorporated by reference to Exhibit 3.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed February 24, 2020).
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	Description of Steel Partners Holdings L.P.'s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.2 to Steel Partners Holdings L.P.'s Annual Report on Form 10-K, filed on April 13, 2021).
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).
10.2	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.
10.5*+	Steel Partners Holdings L.P. Second Amended & Restated 2018 Incentive Award Plan.
10.6*	Steel Partners Holdings L.P. Second Amended and Restated 2018 Incentive Award Plan Form Restricted Unit Agreement (incorporated by reference to Exhibit 10.10 to Steel Partners Holdings L.P.'s Annual Report on Form 10-K, filed April 13, 2021).
10.7*	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).
10.8*	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).
10.9	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).
21.1+	Subsidiaries of Steel Partners Holdings L.P.
23.1+	Consent of Independent Registered Public Accounting Firm-Deloitte & Touche LLP.
24.1+	Power of Attorney (included in the signature page)
31.1+	Certification by the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1#	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.
32.2#	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.
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:
March 10, 2022

STEEL PARTNERS HOLDINGS L.P.

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 Jason Wong, 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:	/s/ Warren G. Lichtenstein	March 10, 2022
	Warren G. Lichtenstein, Executive Chairman (Principal Executive Officer)	Date
By:	/s/ Jason Wong	March 10, 2022
	Jason Wong, Chief Financial Officer (Principal Financial Officer)	Date
By:	/s/ Gary W. Tankard	March 10, 2022
	Gary W. Tankard, Chief Accounting Officer (Principal Accounting Officer)	Date
By:	/s/ Jack L. Howard	March 10, 2022
	Jack L. Howard, Director	Date
By:	/s/ James Benenson III	March 10, 2022
	James Benenson III, Director	Date
By:	/s/ Eric P. Karros	March 10, 2022
	Eric P. Karros, Director	Date
By:	/s/ John P. McNiff	March 10, 2022
	John P. McNiff, Director	Date
By:	/s/ General Richard I. Neal	March 10, 2022
	General Richard I. Neal, Director	Date
By:	/s/ Lon Rosen	March 10, 2022
	Lon Rosen, Director	Date
By:	/s/ Rory Tahari	March 10, 2022
	Rory Tahari, Director	Date

AMENDMENT TO INCENTIVE UNIT AGREEMENT, dated as of February 18, 2022 ("**Amendment**"), by and between Steel Partners Holdings L.P., a Delaware limited partnership (the "**Company**"), and SPH SPV-I LLC, LLC, a Delaware limited liability company ("**SPH SPV-I**").

WHEREAS, the Company and SPH SPV-I are parties to that certain Incentive Unit Agreement, dated as of May 11, 2012 (the "**Agreement**");

WHEREAS, the Company and SPH SPV-I desire to amend the Agreement as further described herein.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Section 2(a)(x) of the Agreement shall be amended and restated in its entirety as follows:

   A copy of the computations made by the Manager to calculate such Annual Incentive Number shall promptly be delivered to the General Partner for informational purposes only. Upon delivery of the computation of the Annual Incentive Number, the number of Class C Common Units shown by such computation, if any, shall be classified with respect to the Incentive Units, effective as of the prior Incentive Calculation Date, no later than the first day of the next calendar month following the calendar month in which the Annual Incentive Number computation was delivered to the Partnership; *provided*, *however*, if in connection with the classification of the Class C Common Units, the Company or SPH SPV-I is required to make any filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "**HSR Act**"), such Class C Common Units shall be classified no later than four (4) business days following the later of (i) the expiration or termination of the applicable waiting period under the HSR Act and (ii) the receipt of any applicable antitrust approvals required in connection with such filing under the HSR Act.

2. Except as expressly provided in this Amendment, all of the terms and provisions of the Agreement shall remain in full force and effect.

3. This Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument. A signature to this Amendment executed and/or transmitted electronically shall have the same authority, effect and enforceability as an original signature.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first set forth above.

STEEL PARTNERS HOLDINGS L.P.

By: /s/ Jason Wong

Name: Jason Wong

Title: Chief Financial Officer

SPH SPV-I LLC

By: /s/ Warren Lichtenstein

Name: Warren Lichtenstein

Title: Class A Member

EXHIBIT 10.5

STEEL PARTNERS HOLDINGS L.P.

Second Amended & Restated 2018 Incentive Award Plan

Article 1
Establishment and Purpose

1.1 Establishment and Purpose of the Plan. The Steel Partners Holdings L.P. Second Amended & Restated 2018 Incentive Plan (the "Plan") has been adopted by Steel Partners Holdings GP Inc., a Delaware corporation (the "General Partner"), the general partner of Steel Partners Holdings, L.P., a Delaware limited partnership (the "Partnership"). The purpose of the Plan is to promote the interests of the General Partner, the Partnership and its unitholders by strengthening its ability to attract, retain and motivate qualified individuals to serve as Directors, Employees and Consultants (each as defined below).

1.2 Effective Date of the Plan. The Plan is effective as of the date the Plan is approved by the Partnership's unitholders (the "Effective Date"). The Plan will be deemed to be approved by the unitholders if it receives the affirmative vote of the holders of a majority of the units of the Partnership present or represented and entitled to vote at a meeting duly held in accordance with the applicable provisions of the Partnership's Eighth Amended and Restated Agreement of Limited Partnership, as amended from time to time (the "Partnership Agreement").

1.3 Duration of the Plan. Unless sooner terminated as provided herein, the Plan shall terminate ten (10) years from the Effective Date. After the Plan is terminated, no Awards may be granted but Awards previously granted shall remain outstanding in accordance with their applicable terms and conditions and the Plan's terms and conditions.

Article 2
Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized:

(a) "Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question, including any subsidiary. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise. As used herein, the term "subsidiary" means any corporation, partnership, venture or other entity in which the Partnership holds, directly or indirectly, a fifty percent (50%) or greater ownership interest.

(b) "ASC Topic 718" means Accounting Standards Codification Topic 718, Compensation — Stock Compensation, or any successor accounting standard.

(c) "Applicable Law" means any applicable law, including without limitation: (a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Units are listed, quoted or traded.

(d) "Award" means, individually or collectively, an Option, Unit Appreciation Right, Restricted Unit, Phantom Unit, Substitute Award, Performance Award, or Other Unit Based Award granted under the Plan and includes, as appropriate, any tandem DERs granted with respect to an Award (other than a Restricted Unit or Unit Award).

(e) "Award Agreement" means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee which sets forth the terms and conditions of an Award. An Award Agreement may be in any electronic medium, may be limited to a notation on the books and records of the Partnership and, with the approval of the Committee, need not be signed by a representative of the Partnership or a Participant. In the event of any inconsistency between the Plan and an Award Agreement, the terms of the Plan shall govern.

(f) "Board" or "Board of Directors" means the Board of Directors of the General Partner.

(g) "Cause" means a Participant's (i) conviction of, or the entry of a plea of guilty or no contest to, a felony or any other crime that causes the Partnership or its Affiliates public disgrace or disrepute, or materially and adversely affects the Partnership's or its Affiliates' operations or financial performance or the relationship the Partnership has with its customers, (ii) gross negligence or willful misconduct with respect to the Partnership or any of its Affiliates, including, without limitation fraud, embezzlement, theft or proven dishonesty in the course of his or her employment or other service; (iii) alcohol abuse or use of controlled drugs other than in accordance with a physician's prescription; (iv) refusal to perform any lawful, material obligation or fulfill any duty (other than any duty or obligation of the type described in clause (vi) below) to the Partnership or its Affiliates (other than due to a Disability), which refusal, if curable, is not cured within fifteen (15) days after delivery of written notice thereof; (v) material breach of any agreement with or duty owed to the Partnership or any of its Affiliates, which breach, if curable, is not cured within fifteen (15) days after the delivery of written notice thereof; or (vi) any

breach of any obligation or duty to the Partnership or any of its Affiliates (whether arising by statute, common law or agreement) relating to confidentiality, noncompetition, nonsolicitation or proprietary rights. Notwithstanding the foregoing, if a Participant and the Partnership (or any of its Affiliates) have entered into an employment agreement, consulting agreement or other similar agreement that specifically defines "cause," then with respect to such Participant, "Cause" shall have the meaning defined in that employment agreement, consulting agreement or other agreement.

(h) "Change in Control" shall be deemed to have occurred if

(i) any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (A) the Partnership or any of its Affiliates, (B) any trustee or other fiduciary holding securities under any employee benefit plan of the Partnership or any of its Affiliates, (C) an underwriter temporarily holding securities pursuant to an offering of such securities, or (D) an entity owned, directly or indirectly, by the unitholders of the Partnership in substantially the same proportions as their ownership of Units) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, by way of merger, consolidation, recapitalization, reorganization or otherwise, of fifty percent (50%) or more of the total voting power of the then outstanding voting securities of the General Partner or the Partnership; or

(ii) the General Partner or an Affiliate of the General Partner or an Affiliate of the Partnership ceases to be the general partner of the Partnership; or

(iii) during any period of two (2) consecutive years, individuals who, at the beginning of such period, constitute the Board of Directors of the General Partner and any new Director whose election by the Board of Directors or nomination for election by the General Partner's stockholders was approved by a vote of a majority of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iv) the consummation of a merger or consolidation of the Partnership with any other company, other than a merger or consolidation which would result in the voting securities of the Partnership outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of the Partnership or such surviving entity outstanding immediately after such merger or consolidation; or

(v) the consummation of a plan of complete liquidation of the General Partner or the Partnership or the sale or disposition by the General Partner or the Partnership of all or substantially all the Partnership's assets; or

(vi) any other event specified as a "Change in Control" in an applicable Award Agreement.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or any portion of an Award) that provides for the deferral of compensation that is subject to Section 409A of the Code, to the extent required to avoid the imposition of additional taxes under Section 409A of the Code, the transaction or event described in subsection (i), (ii), (iii), (iv), (v) or (vi) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Committee shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

(i) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder.

(j) "Committee" means the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan.

(k) "Consultant" means an individual (who is not an Employee) who renders consulting or advisory services to the General Partner, the Partnership or any of their respective Affiliates.

(l) "Director" means an individual who is a member of the Board or the board of directors of an Affiliate of the General Partner or the Partnership who is not an Employee or Consultant (other than in that individual's capacity as a Director).

(m) "Disability" means, unless otherwise determined by the Committee in the applicable Award Agreement, absence of an Employee from work under the relevant long term disability plan of the General Partner, Partnership or an Affiliate thereof; provided, however, that for accelerated vesting upon the occurrence of a disability, the Participant must

be described in Section 22(e)(3) of the Code. Notwithstanding the foregoing, for Awards subject to Section 409A of the Code, Disability shall mean that a Participant is considered "disabled" under Section 409A(a)(2)(C)(i) or (ii) of the Code.

(n) "Distribution Equivalent Right" or "DER" means a contingent right, granted alone or in tandem with a specific Award, to receive with respect to each Unit subject to the Award an amount in cash, Units and/or Phantom Units, as determined by the Committee in its sole discretion, equal in value to the distributions made by the Partnership with respect to a Unit during the period such Award is outstanding.

(o) "Effective Date" has the meaning set forth in Section 1.2.

(p) "Employee" means any employee of the Partnership, the General Partner or any of their Affiliates.

(q) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

(r) "Executive Chairman" means the then-current executive chairman of the General Partner.

(s) "Exercise Price" means the price at which a Unit may be purchased by a Participant pursuant to an Option or UAR, as determined by the Committee.

(t) "Fair Market Value" or "FMV" means, as of any date, the value of Units determined as follows:

(i) If the Units are listed on one or more established stock exchanges or national market systems, the Fair Market Value shall be the closing sales price for such Units (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Units are listed on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the immediately preceding trading date such closing sales price or closing bid was reported), as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(ii) If the Units are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, the Fair Market Value shall be the closing sales price for such Units as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Unit shall be the mean between the high bid and low asked prices for the Units on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; or

(iii) In the absence of an established market for the Units of the type described in (a) and (b), above, the Fair Market Value thereof shall be determined by the Committee in good faith using any reasonable method of valuation, which method may be set forth with greater specificity in the Award Agreement, (and, to the extent necessary or advisable, in a manner consistent with Section 409A of the Code and Treas. Reg. Section 1.409A-1(b)(5)(iv)(B)), which determination shall be conclusive and binding on all interested parties. Such reasonable method may be determined by reference to (i) the placing price of the latest private placement of the Units and the development of the Partnership's business operations and the general economic and market conditions since such latest private placement; (ii) other third party transactions involving the Units and the development of the Partnership's business operation and the general economic and market conditions since such sale; (iii) an independent valuation of the Units (by a qualified valuation expert); or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value.

(u) "General Partner" has the meaning set forth in Section 1.1.

(v) "Good Reason" means in connection with a Termination of Employment by a Participant within two (2) years following a Change in Control, (a) a material adverse alteration in the Participant's position or in the nature or status of the Participant's responsibilities from those in effect immediately prior to the Change in Control, or (b) any material reduction in the Participant's base salary rate or target annual bonus, in each case as in effect immediately prior to the Change in Control, or (c) the relocation of the Participant's principal place of employment to a location that is more than fifty (50) miles from the location where the Participant was principally employed at the time of the Change in Control or materially increases the time of the Participant's commute as compared to the Participant's commute at the time of the Change in Control (except for required travel on the Partnership's, General Partner's, or their Affiliate's business to an extent substantially consistent with the Participant's customary business travel obligations in the ordinary course of business prior to the Change in Control).

In order to invoke a Termination of Employment for Good Reason, a Participant must provide written notice to the Partnership, General Partner, Affiliate thereof, or the employer with respect to which the Participant is employed or providing services of the existence of one or more of the conditions constituting Good Reason within ninety (90) days following the Participant's knowledge of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, and the Partnership, General Partner, or Affiliate, as applicable, shall have thirty (30) days following receipt of such written notice (the "Cure Period") during which it may remedy the condition. In the event that the Partnership, General Partner, Affiliate, or the Employer fails to remedy the condition constituting Good Reason during the applicable Cure Period, the Participant's "separation from service" (within the meaning of Section 409A of the Code) must occur, if at all, within two (2) years following the event giving rise to Good Reason in order for such termination as a result of such condition to constitute a Termination of Employment for Good Reason.

(w) "Insider" means an Employee who is, on the relevant date, an officer, director, or ten percent (10%) beneficial owner of the Partnership, as those terms are defined under Section 16 of the Exchange Act.

(x) "Option" means an option to purchase Units granted under the Plan.

(y) "Other Unit-Based Award" means an equity-based or equity-related Award not otherwise described by the terms of the Plan, granted pursuant to Article 8.

(z) "Participant" means a current or former Employee, Consultant, or Director who, in any such case, holds an outstanding Award granted under the Plan.

(aa) "Partnership Agreement" has the meaning set forth in Section 1.2.

(bb) "Performance Period" means the one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more performance criteria will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance Award.

(cc) "Performance Award" means a right granted to a Participant pursuant to Article 8 to receive an Award based upon performance criteria specified by the Committee.

(dd) "Person" means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, governmental agency or political subdivision thereof or other entity (including any "person" or "group" (as those terms are used in Section 13(d) or 14(d) of the Exchange Act)).

(ee) "Phantom Unit" means a notional interest granted under the Plan which upon vesting entitles the Participant to receive, at the time of settlement, a Unit or an amount of cash equal to the Fair Market Value of a Unit, as determined by the Committee in its sole discretion.

(ff) "Plan" has the meaning set forth in Article 1.

(gg) "Qualified Member" means a member of the Committee who is a "nonemployee director" within the meaning of Rule 16b-3(b)(3) of the Exchange Act or any successor rule or regulation thereto as in effect from time to time.

(hh) "Restriction Period" means the period when Restricted Units are subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Committee, in its discretion), as provided in Article 7.

(ii) "Restricted Unit" means an Award granted pursuant to Section 7.10 as to which the Restriction Period has not lapsed.

(jj) "SEC" means the Security and Exchange Commission, or any successor thereto.

(kk) "Substitute Award" means an award granted pursuant to Article 8 of the Plan.

(ll) "Termination of Employment" or a similar reference means the event where the Employee is no longer an Employee of the Partnership, the General Partner or of any Affiliate thereof, including but not limited to where the employing company ceases to be an Affiliate. With respect to any Participant who is not an Employee, "Termination of Employment" shall mean cessation of the performance of services. With respect to any Award that provides "non-qualified deferred compensation" within the meaning of Section 409A of the Code, "Termination of Employment" shall mean a "separation from service" as defined under Section 409A of the Code.

(mm) "Treasury Regulation" or "Treas. Reg." means any regulation promulgated under the Code, as such regulation may be amended from to time.

(nn) "Unit" or "Units" means a common unit or common units of the Partnership.

(oo) "Unit Appreciation Right" or "UAR" means a right granted pursuant to Article 6 to receive a payment equal to the excess of the Fair Market Value of a specified number of Units on the date the UAR is exercised over the Fair Market Value on the date the UAR was granted as set forth in the applicable Award Agreement.

(pp) "Unit Award" means a grant of a Unit that is not subject to a Restricted Period.

(qq) "Unit Distribution Right" or "UDR" means an distribution made by the Partnership with respect to a Restricted Unit.

(rr) "Withholding Taxes" has the meaning set forth in Section 13.1.

Article 3
Administration

3.1 The Committee. The Plan shall be administered by the Committee. The Committee shall consist solely of two or more individuals, each of whom qualifies as (a) a "non-employee director" within the meaning of Rule 16b-3(b)(3) of the Exchange Act or any successor rule or regulation thereto as in effect from time to time, and (b) an "independent director" under the listing requirements of the NYSE, or any similar rule or listing requirement that may be applicable to the Partnership from time to time.

3.2 Authority of the Committee. The Committee shall have complete control over the administration of the Plan and shall have the authority in its sole discretion to (a) exercise all of the powers granted to it under the Plan, (b) construe, interpret and implement the Plan, grant terms and grant notices, and all Award Agreements, (c) prescribe, amend and rescind rules and regulations relating to the Plan, including rules governing its own operations, (d) make all determinations necessary or advisable in administering the Plan, (e) correct any defect, supply any omission and reconcile any inconsistency in the Plan, (f) amend the Plan to reflect changes in applicable law (whether or not the rights of the holder of any Award are adversely affected, unless otherwise provided by the Committee), (g) grant Awards and determine who shall receive Awards, when such Awards shall be granted and the terms and conditions of such Awards, including, but not limited to, conditioning the exercise, vesting, payout or other term of condition of an Award on the achievement of performance criteria, (h) unless otherwise provided by the Committee, amend any outstanding Award in any respect, not materially adverse to the Participant, including, without limitation, to (1) accelerate the time or times at which the Award becomes vested, unrestricted or may be exercised (and, in connection with such acceleration, the Committee may provide that any Units acquired pursuant to such Award shall be Restricted Units, which are subject to vesting, transfer, forfeiture or repayment provisions similar to those in the Participant's underlying Award), (2) accelerate the time or times at which Units are delivered under the Award (and, without limitation on the Committee's rights, in connection with such acceleration, the Committee may provide that any Units delivered pursuant to such Award shall be Restricted Units, which are subject to vesting, transfer, forfeiture or repayment provisions similar to those in the Participant's underlying Award), or (3) waive or amend any goals, restrictions or conditions applicable to such Award, or impose new goals, restrictions and (i) determine at any time whether, to what extent and under what circumstances and method or methods (1) Awards may be (A) settled in cash, Units, other securities, other Awards or other property (in which event, the Committee may specify what other effects such settlement will have on the Participant's Award), (B) exercised or (C) canceled, forfeited or suspended, (2) Units, other securities, cash, other Awards or other property and other amounts payable with respect to an Award may be deferred either automatically or at the election of the Participant or of the Committee, or (3) Awards may be settled by the Partnership or Affiliates or any of its designees.

3.3 Committee Decisions Final. The act or determination of a majority of the Committee shall be the act or determination of the Committee and any decision reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made by a majority at a meeting duly held. The Committee may employ attorneys, consultants, accountants, agents, and other persons, any of whom may be an Employee, and the Committee, the Partnership, and its officers and Directors shall be entitled to rely upon the advice, opinions, or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee pursuant to the provisions of the Plan and all related orders or resolutions shall be final and binding upon the Participants, the Partnership, and all other interested persons, including but not limited to the Partnership, its unitholders, Employees, Participants, and their estates and beneficiaries.

3.4 Delegation of Authority. The Board or Committee may from time to time delegate to a committee of one or more members of the Board or the Executive Chairman the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 3; provided, however, that in no event shall the Executive Chairman be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, or (b) officers of the Partnership (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under the Partnership Agreement, the General Partner's Certificate of Incorporation, Bylaws and Applicable Law. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation or that are otherwise included in the Partnership Agreement and the General Partner's Certificate of Incorporation and Bylaws, and the Board or Committee, as applicable, may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 3.4 shall serve in such capacity at the pleasure of the Board or the Committee, as applicable, and the Board or the Committee may abolish any committee at any time and re-vest in itself any previously delegated authority.

3.5 Indemnification. To the extent allowable pursuant to Applicable Law, each member of the Committee or of the Board shall be indemnified and held harmless by the Partnership and the General Partner from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Partnership and the General Partner an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Partnership Agreement and the General Partner's Certificate of Incorporation and Bylaws, as a matter of law, or otherwise, or any power that the Partnership may have to indemnify them or hold them harmless.

3.6 Exemptions from Section 16(b) Liability. It is the intent of the General Partner that the grant of any Awards to, or other transaction by, a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 of the Exchange Act or another applicable exemption (except for transactions acknowledged by the Participant in writing to be non-exempt). Accordingly, if any provision of the Plan or any Award Agreement does not comply with the requirements of Rule 16b-3 of the Exchange Act or such other exemption as then applicable to any such transaction, such provision shall be construed or deemed amended or inoperative to the extent necessary to conform to the applicable requirements of Rule 16b-3 of the Exchange Act so that such Participant shall avoid liability under

Section 16(b) of the Exchange Act (unless the Board or the Committee, as appropriate, has expressly determined that the Plan or such Award should not comply with Rule 16b-3 of the Exchange Act).

Article 4
Units Subject to the Plan

4.1 Number of Units. Subject to adjustment as provided in Sections 4.2 and 4.3, the aggregate number of Units which may be issued or transferred pursuant to Awards under the Plan shall be two million (2,000,000) Units. Units issued pursuant to the Plan may consist, in whole or in part, of newly issued Units, Units in the open market, Units acquired from the Partnership, General Partner, any of their Affiliates, or any other Person, or any combination of the foregoing, as determined by the Committee in its discretion.

4.2 Unit Accounting. Without limiting the discretion of the Committee under this section, the following rules will apply for purposes of the determination of the number of Units available for grant under the Plan or compliance with the foregoing limits:

(a) If an outstanding Award for any reason expires or is terminated or canceled without having been exercised or settled in full, or if Units acquired pursuant to an Award subject to forfeiture are forfeited under the terms of the Plan or the relevant Award, the Units allocable to the terminated portion of such Award or such forfeited Units shall again be available for issuance under the Plan.

(b) Units shall not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award that is settled in cash, other than an Option.

(c) If the exercise price of an Option is paid by tender to the Partnership, or attestation to the ownership, of Units owned by the Participant, or an Option is settled without the payment of the exercise price, or the payment of taxes with respect to any Award is settled by a net exercise, the number of Units available for issuance under the Plan shall be reduced by the gross number of Units for which the Option is exercised or the other Award has vested or been delivered.

4.3 Anti-Dilution Adjustments.

(a) Equity Restructuring. With respect to any “equity restructuring” event (within the meaning of ASC Topic 718) that could result in an additional compensation expense to the Company or the Partnership or any of their Affiliates pursuant to the provisions of ASC Topic 718 if adjustments to Awards with respect to such event were discretionary, the Committee shall equitably adjust the number and type of Units covered by each outstanding Award and the terms and conditions, including the exercise price and performance criteria (if any), of such Award to equitably reflect such event and shall adjust the number and type of Units (or other securities or property) with respect to which Awards may be granted under the Plan after such event. With respect to any other similar event that would not result in an ASC Topic 718 accounting charge if the adjustment to Awards with respect to such event were subject to discretionary action, the Committee shall have complete discretion to adjust Awards and the number and type of Units (or other securities or property) with respect to which Awards may be granted under the Plan in such manner as it deems appropriate with respect to such other event.

(b) Other Changes in Capitalization. In the event of any non-cash distribution, Unit split, combination or exchange of Units, merger, consolidation or distribution (other than normal cash distributions) of Partnership assets to unitholders, or any other change affecting the Units of the Partnership, other than an “equity restructuring,” the Committee may make equitable adjustments, if any, to reflect such change with respect to (i) the aggregate number and kind of Units that may be issued under the Plan; (ii) the number and kind of Units (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (iv) the grant or exercise price per Unit for any outstanding Awards under the Plan. The Committee may make adjustments in the terms and conditions of, and the criteria included in Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in this Section 4.3) affecting the Partnership or the financial statements of the Partnership or of changes in Applicable Laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. Adjustments under this Section 4.3 shall be consistent with Section 409A of the Code, to the extent applicable, and adjustments pursuant to the determination of the Committee shall be conclusive and binding on all Participants under the Plan (and all other Persons).

4.4 Limitation on Number of Units Granted to Directors. Notwithstanding any provision in the Plan to the contrary, the sum of the grant date fair value of equity-based Awards and the amount of any cash-based Awards granted to a Director during any calendar year shall not exceed five hundred thousand dollars ($500,000).

Article 5
Eligibility and Participation

5.1 General. Persons eligible to be designated as Participants in this Plan include Employees, Consultants and Directors, as determined by the Committee; provided, that an Employee, Consultant or Director must be an “employee” (within

the meaning of General Instruction A.1(a) to Form S-8) of the Partnership or a parent or subsidiary of the Partnership to be eligible to receive such an Award if such individual will be granted an Award that shall, or may, be settled in Units.

5.2 Actual Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible individuals, those to whom Awards shall be granted and shall determine, in its sole discretion, the nature of, any and all terms permissible by law, and the amount of each Award. In making this determination, the Committee may consider any factors it deems relevant, including without limitation, the office or position held by a Participant or the Participant's relationship to the Partnership, the Participant's degree of responsibility for and contribution to the growth and success of the Partnership, the General Partnership or any Affiliate, and the Participant's length of service. No Employee, Consultant or Director shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

5.3 Foreign Participants. In order to assure the viability of Awards granted to Participants employed in foreign countries, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; provided, however, that no such supplements, amendments, restatements, or alternative versions shall increase the Unit limitations contained in Section 4.1 of the Plan.

Article 6
Options and Unit Appreciation Rights

6.1 Grant of Options and UARs. Subject to the terms and provisions of the Plan, Options and UARs may be granted to Participants in such number, and upon such terms and conditions, and at any time and from time to time as shall be determined by the Committee. The Committee shall have discretion in determining the number of Units subject to Options and UARs granted to each Participant, subject to the limitations set forth in this Article 6.

6.2 Award Agreement. Each Option and UAR grant shall be evidenced by an Award Agreement that shall specify the terms and conditions of the Option or UAR, including the Exercise Price, the maximum duration of the Option or UAR, the number of Units to which the Option or UAR pertains, the conditions upon which an Option or UAR shall become vested and exercisable, and such other provisions as the Committee shall determine which are not inconsistent with the terms of the Plan.

6.3 Exercise Price. Unless a greater Exercise Price is determined by the Committee, except for Substitute Awards, the Exercise Price for each Option and UAR awarded under this Plan shall be equal to one hundred percent (100%) of the Fair Market Value of a Unit on the date the Option or UAR is granted.

6.4 Duration of Options and UARs. Each Option and UAR shall expire at such time as the Committee shall determine at the time of grant (which duration may be extended by the Committee); provided, however, that no Option or UAR shall be exercisable later than the tenth (10th) anniversary date of its grant.

6.5 Vesting of Options and UARs. A grant of Options and UARs shall vest at such times and under such terms and conditions as determined by the Committee including, without limitation, suspension of a Participant's vesting during all or a portion of a Participant's leave of absence. The Committee shall have the right to accelerate the vesting of any Option and UAR.

6.6 Exercise of Options and UARS. Options and UARs granted under the Plan shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant. Exercises of Options and UARs may be effected only on days and during the hours NYSE is open for regular trading. The Partnership may change or limit the times or days Options and UARs may be exercised. If an Option or UAR expires on a day or at a time when exercises are not permitted, then the Option or UAR, as applicable, may be exercised no later than the immediately preceding date and time that the Option or UAR was exercisable.

An Option or UAR shall be exercised by providing notice to the designated agent selected by the Partnership (if no such agent has been designated, then to the Partnership), in the manner and form determined by the Committee, which notice shall be irrevocable, setting forth the exact number of Units with respect to which the Option or UAR is being exercised and including with such notice payment of the Exercise Price, as applicable. When an Option or UAR has been transferred, the Partnership or its designated agent may require appropriate documentation that the person or persons exercising the Option or UAR, as applicable, if other than the Participant, has the right to exercise the Option or UAR. No Option or UAR may be exercised with respect to a fraction of a Unit.

6.7 Payment. Unless otherwise determined by the Committee, the Exercise Price shall be paid in full at the time of exercise. No Units shall be issued or transferred until full payment has been received or the next business day thereafter, as determined by the Partnership. The Committee may, from time to time, determine or modify the method or methods of exercising Options and UARs or the manner in which the Exercise Price is to be paid. Unless otherwise provided by the Committee in full or in part, to the extent permitted by Applicable Law, payment may be made by any of the following:

(a) cash or certified or bank check;

(b) delivery of Units owned by the Participant duly endorsed for transfer to the Partnership, with a Fair Market Value of such Units delivered on the date of delivery equal to the Exercise Price (or portion thereof) due for the number of Units being acquired;

(c) if the Partnership has designated a stockbroker to act as the Partnership's agent to process Option or UAR exercises, an Option or UAR may be exercised by issuing an exercise notice together with instructions to such stockbroker irrevocably instructing the stockbroker: (i) to immediately sell (which shall include an exercise notice that becomes effective upon execution of a sale order) a sufficient portion of the Units to be received from the Option or UAR exercise to pay the Exercise Price of the Option or UAR being exercised and the required tax withholding, and (ii) to deliver on the settlement date the portion of the proceeds of the sale equal to the Exercise Price and tax withholding to the Partnership. In the event the stockbroker sells any Units on behalf of a Participant, the stockbroker shall be acting solely as the agent of the Participant, and the Partnership disclaims any responsibility for the actions of the stockbroker in making any such sales. However, if the Participant is an Insider, then the instruction to the stockbroker to sell in the preceding sentence is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act to the extent permitted by law. No Units shall be issued until the settlement date and until the proceeds (equal to the Exercise Price and tax withholding) are paid to the Partnership;

(d) at any time, the Committee may, in addition to or in lieu of the foregoing, provide that an Option or UAR may be settled by "net exercise," which shall mean upon exercise of an Option or UAR, the Partnership may fully satisfy its obligation under the Option or UAR by delivering that number of Units found by taking the difference between (i) the Fair Market Value of the Units on the exercise date, multiplied by the number of Options and/or UARs being exercised and (ii) the total Exercise Price of the Options and/or UARs being exercised, and dividing such difference by the Fair Market Value of the Units on the exercise date; or

(e) any combination of the foregoing methods.

If payment is made by the delivery of Units, the value of the Units delivered shall be equal to the then most recent Fair Market Value of the Units established before the exercise of the Option or UAR. Restricted Units may not be used to pay the Exercise Price. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an "executive officer" of the Partnership or General Partner shall be permitted to pay the Exercise Price of an Option or UAR in any method which would violate Section 13(h) of the Exchange Act.

6.8 Termination of Employment. Unless otherwise provided by the Committee, the following limitations on exercise of Options and UARs shall apply upon Termination of Employment:

(a) Termination by Death or Disability. In the event of the Participant's Termination of Employment by reason of death or Disability, all outstanding Options and UARs granted to that Participant shall immediately vest as of the date of Termination of Employment and may be exercised, if at all, no more than 12 months from the date of the Termination of Employment, unless the Options or UARs, by their terms, expire earlier.

(b) Termination for Cause. In the event of the Participant's Termination of Employment by the Partnership for Cause, all outstanding Options and UARs held by the Participant shall immediately be forfeited to the Partnership and no additional exercise period shall be allowed, regardless of the vested status of the Options and UARs.

(c) Other Termination of Employment. In the event of the Participant's Termination of Employment for any reason other than the reasons set forth in (a) or (b), above:

(i) All outstanding Options and UARs which are vested as of the effective date of Termination of Employment may be exercised, if at all, no more than five (5) years from the date of Termination of Employment if the Participant is eligible to retire, or three (3) months from the date of the Termination of Employment if the Participant is not eligible to retire, as the case may be, unless in either case the Options and UARs, by their terms, expire earlier; and

(ii) In the event of the death of the Participant after Termination of Employment, this paragraph (c) shall still apply and not paragraph (a), above.

(d) Options and UARs not Vested at Termination. Except as provided in paragraph (a) above or as otherwise provided by the Committee, all Options and UARs held by the Participant which are not vested on or before the effective date of Termination of Employment shall immediately be forfeited to the Partnership (and the Units subject to such forfeited Options and UARs shall once again become available for issuance under the Plan).

(e) Other Terms and Conditions. Notwithstanding the foregoing, the Committee may, in its sole discretion, establish different, or waive, terms and conditions pertaining to the effect of Termination of Employment on Options and UARs, whether or not the Options and UARs are outstanding, but no such modification shall shorten the terms of Options and UARs issued prior to such modification or otherwise be materially adverse to the Participant.

6.9 Restrictions on Exercise and Transfer of Options and UARs. Except as otherwise provided in a Participant's Award Agreement or otherwise at any time by the Committee:

(a) During the Participant's lifetime, the Participant's Options and UARs shall be exercisable only by the Participant or by the Participant's guardian or legal representative. After the death of the Participant, except as otherwise provided by Article 9, an Option or UAR shall only be exercised by the holder thereof (including, but not limited to, an executor or administrator of a decedent's estate) or his or her guardian or legal representative.

(b) No Option or UAR may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated except: (i) in the case of the Participant, only upon the Participant's death and in accordance with Article 9; and (ii) in the case of any holder after the Participant's death, only by will or by the laws of descent and distribution; and (iii) pursuant to a domestic relations order. With respect to those Options and UARs, if any, that are permitted to be transferred to another Person, references in the Plan to exercise or payment of the Exercise Price by the Participant shall be deemed to include, as determined by the Committee, the Participant's permitted transferee.

Article 7
Restricted Units and Phantom Units

7.1 Grant of Restricted Units. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Restricted Units to Participants in such amounts, subject to the limitations in Article 4, and upon such terms and conditions as the Committee shall determine. In addition to any other terms and conditions imposed by the Committee, vesting of Restricted Units may be conditioned upon the achievement of performance criteria.

7.2 Restricted Unit Agreement. The Committee may require, as a condition to receiving a Restricted Unit Award, that the Participant enter into a Restricted Unit Award Agreement, setting forth the terms and conditions of the Award. In lieu of a Restricted Unit Award Agreement, the Committee may provide the terms and conditions of an Award in a notice to the Participant of the Award, on the Unit certificate representing the Restricted Unit, in the resolution approving the Award, or in such other manner as it deems appropriate. If certificates representing the Restricted Units are registered in the name of the Participant, any certificates so issued shall be printed with an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award as determined or authorized in the sole discretion of the Committee. Units recorded in book-entry form shall be recorded with a notation referring to the terms, conditions, and restrictions applicable to such Award as determined or authorized in the sole discretion of the Committee. The Committee may require that the unit certificates or book-entry registrations evidencing Restricted Units be held in custody by a designated escrow agent (which may but need not be the Partnership) until the restrictions thereon shall have lapsed, and that the Participant deliver a unit power, endorsed in blank, relating to the Units covered by such Award.

7.3 Transferability. Except as otherwise provided in this Article 7, and subject to any additional terms in the grant thereof, Restricted Units granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until fully vested other than in accordance with Article 9 or pursuant to a domestic relations order.

7.4 Restrictions. The Restricted Units shall be subject to such vesting terms, including the achievement of performance criteria, as may be determined by the Committee in accordance with Section 3.2. Unless otherwise provided by the Committee, to the extent a Restricted Unit is subject to any condition to vesting, if such condition or conditions are not satisfied by the time the period for achieving such condition has expired, such Restricted Unit shall be forfeited. The Committee may impose such other conditions and/or restrictions on any Restricted Unit granted pursuant to the Plan as it may deem advisable including but not limited to a requirement that Participants pay a stipulated purchase price for each Restricted Unit and/or restrictions under applicable Federal or state securities laws; and may legend the certificate representing a Restricted Unit to give appropriate notice of such restrictions. The Committee may also grant a Restricted Unit without any terms or conditions in the form of a vested Unit Award.

The Partnership shall also have the right to retain the certificates representing Restricted Units in the Partnership's possession until such time as the Restricted Units are fully vested and all conditions and/or restrictions applicable to such Restricted Units have been satisfied.

7.5 Removal of Restrictions. Except as otherwise provided in this Article 7 or otherwise provided in the grant thereof, Restricted Units covered by each Restricted Unit grant made under the Plan shall become freely transferable by the Participant after completion of all conditions to vesting, if any. However, the Committee, in its sole discretion, but subject to Section 3.2, shall have the right to immediately vest the Restricted Units and waive all or part of the restrictions and conditions with regard to all or part of the Restricted Units held by any Participant at any time.

7.6 Voting Rights and UDRs. Participants holding Restricted Units granted hereunder may exercise full voting rights and, unless otherwise provided in an Award Agreement, shall receive UDRs with respect to such Units. The Committee may require UDRs, other than regular cash UDRs, paid to Participants with respect to Restricted Units be subject to the same restrictions and conditions as the Restricted Units with respect to which they were paid. If any such UDRs are paid in Units, the Units shall automatically be subject to the same restrictions and conditions as the Restricted Units with respect to which they were paid. In addition, with respect to a Restricted Unit, UDRs shall only be paid out to the extent that the Restricted Unit

vests. Any cash UDRs and unit UDRs with respect to the Restricted Unit shall be withheld by the Partnership for the Participant's account, and interest may be credited on the amount of the cash UDR withheld at a rate and subject to such terms as determined by the Committee. The cash UDRs or unit UDRs so withheld by the Committee and attributable to any particular Restricted Unit (and earnings thereon, if applicable) shall be distributed to the Participant in cash or, at the discretion of the Committee, in common Units having a Fair Market Value equal to the amount of such UDRs, if applicable, upon the release of restrictions on such Restricted Unit and, if such Restricted Unit is forfeited, the Participant shall have no right to such UDRs.

7.7 Termination of Employment Due to Death or Disability. In the event of the Participant's Termination of Employment by reason of death or Disability, unless otherwise determined by the Committee, all restrictions imposed on an outstanding Restricted Unit held by the Participant shall immediately lapse and the Restricted Unit shall immediately become fully vested as of the date of Termination of Employment.

7.8 Termination of Employment for Other Reasons. Unless otherwise provided by the Committee in accordance with Section 3.2, in the event of the Participant's Termination of Employment for any reason other than those specifically set forth in Section 7.7 herein, all Restricted Units held by the Participant which are not vested as of the effective date of Termination of Employment immediately shall be forfeited and returned to the Partnership.

7.9 Phantom Units. In lieu of or in addition to Restricted Units, the Committee may grant Phantom Units under such terms and conditions as shall be determined by the Committee in accordance with Section 3.2. Phantom Units shall be subject to the same terms and conditions under this Plan as Restricted Units except as otherwise provided in this Plan or as otherwise provided by the Committee. Except as otherwise provided by the Committee, the award shall be settled and paid out promptly upon vesting (to the extent permitted by or exempt from Section 409A of the Code), and the Participant holding such Phantom Units shall receive, as determined by the Committee, Units (or cash equal to the Fair Market Value of the number of Units as of the date the Award becomes payable) equal to the number of such Phantom Units. Phantom Units shall not be transferable, shall have no voting rights, and, unless otherwise determined by the Committee, shall not receive distributions or DERs (which in any event shall only be paid out to the extent that the Phantom Units vest). Upon a Participant's Termination of Employment due to death or Disability, the Committee will determine whether there should be any acceleration of vesting.

Article 8
Other Types of Awards

8.1 Performance Awards. Any Participant selected by the Committee may be granted one or more Performance Awards which shall be denominated in a number of Units and which may be linked to any one or more specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Participant.

Payment shall be made in a single lump sum as soon as reasonably practicable following the end of the Performance Period, but not later than the fifteenth (15th) day of the third (3rd) month following the end of the applicable Performance Period. At the discretion of the Committee, Participants may be entitled to receive any distributions declared with respect to Units which have been earned in connection with grants of Performance Units which have been earned but not yet distributed to Participants. The Committee may permit or, if it so provides at grant require, a Participant to defer such Participant's receipt of the payment of cash or the delivery of Units that would otherwise be due to such Participant by virtue of the satisfaction of any requirements or goals with respect to Performance Units. If any such deferral election is required or permitted, the Committee shall establish rules and procedures for such payment deferrals in accordance with Section 409A of the Code.

8.2 Distribution Equivalent Rights.

(a) Any Participant selected by the Committee may be granted DERs based on distributions on the Units that are subject to any Award, to be credited as of distribution payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests or expires, as determined by the Committee. Such DER shall be converted to cash or additional Units by such formula and at such time and subject to such limitations as may be determined by the Committee, in a matter consistent with the rules of Section 409A of the Code. DERs granted with respect to Options or UARs shall be payable, with respect to pre-exercise periods, regardless of whether such Option or UAR is subsequently exercised. Notwithstanding the foregoing, DERs granted by the Committee hereunder shall only be paid out to the extent that the Award vests.

8.3 Substitute Awards. Awards may be granted under the Plan in substitution for similar awards held by individuals who become Employees, Consultants or Directors as a result of a merger, consolidation or acquisition by the Partnership, or an Affiliate of the Partnership, of another entity or the assets of another entity. Such Substitute Awards that are Options or Unit Appreciation Rights may have exercise prices less than the Fair Market Value of a Unit on the date of the substitution if such substitution complies with Section 409A of the Code and other Applicable Laws and exchange rules.

8.4 Other Unit-Based Awards. Any Participant selected by the Committee may be granted one or more Awards that provide Participants with Units or the right to purchase Units or that have a value derived from the value of, or an exercise

or conversion privilege at a price related to, or that are otherwise payable in Units and which may be linked to any one or more of specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of Award) the contributions, responsibilities and other compensation of the particular Participant.

8.5 Term. Except as otherwise provided herein, the term of any Performance Award, DER, Deferred Unit Award, Substitute Award, or Other Unit-Based Award shall be set by the Committee in its discretion.

8.6 Exercise or Purchase Price. The Committee may establish the exercise or purchase price, if any, of any Performance Award, DER, Deferred Unit Award, Substitute Award, or Other Unit-Based Award; provided, however, that such price shall not be less than the Fair Market Value of a Unit on the date of grant, unless otherwise permitted by Applicable Law.

8.7 Exercise Upon Termination of Employment or Service. A Performance Award, DER, Deferred Unit Award, Substitute Award, or Other Unit-Based Award shall only be exercisable or payable while the Participant is an Employee, Consultant or a Director, as applicable; provided, however, that subject to Section 3.2, the Committee in its sole and absolute discretion may provide that a Performance Award, DER, Deferred Unit Award, Substitute Award, or Other Unit-Based Award may be exercised or paid subsequent to a Termination of Employment without Cause. In the event of the Termination of Employment of a Participant by the Partnership, General Partner or an Affiliate thereof for Cause, all Awards under this Article 8 shall be forfeited by the Participant to the Partnership.

8.8 Form of Payment. Payments with respect to any Awards granted under this Article 8 shall be made in cash, in Units or a combination of both, as determined by the Committee.

8.9 Award Agreement. All Awards under this Article 8 shall be subject to such additional terms and conditions as determined by the Committee and shall be evidenced by an Award Agreement.

8.10 Nontransferability. Unless otherwise provided by the Committee, all Awards under this Article 8 may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than in accordance with Article 9 or pursuant to a domestic relations order.

Article 9
Beneficiary Designation

Notwithstanding Sections 6.9, 7.3, 7.9 and 8.10, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than fifty percent (50%) of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

Article 10
Employee Matters

10.1 Limitation of Rights in Units. A Participant shall not be deemed for any purpose to be a unitholder of the Partnership with respect to any of the Units subject to an Award, unless and until Units shall have been issued therefor and delivered to the Participant or his agent. Any Unit to be issued pursuant to an Award granted under the Plan shall be subject to all restrictions upon the transfer thereof which may be now or hereafter imposed by the Partnership Agreement.

10.2 Employment Not Guaranteed. Nothing in the Plan shall interfere with or limit in any way the right of the Partnership, the General Partner, or any Affiliate thereof, to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Partnership, the General Partner, or any Affiliate thereof, subject to the terms of any separate employment, consulting agreement, provision of law, partnership agreement, corporate articles or by-laws to the contrary, at any time to terminate such employment or consulting agreement or to increase or decrease, or otherwise adjust, the other terms and conditions of the recipient's employment or other association with the Partnership, the General Partner, or any Affiliate thereof.

Article 11
Change in Control

11.1 Vesting Upon Change in Control. For the avoidance of doubt, the Committee may not accelerate the vesting and exercisability (as applicable) of any outstanding Awards, in whole or in part, solely upon the occurrence of a Change in Control except as provided in this Section 11.1 and/or Section 12.5. In the event of a Change in Control after the date of the adoption of the Plan, then:

(a) to the extent an outstanding Award subject solely to time-based vesting is not assumed or replaced by a comparable Award referencing shares of the capital units or stock of the successor entity or its "parent corporation" (as defined in Section 424(e) of the Code) or "subsidiary corporation" (as defined in Section 424(f) of the Code) which is publicly traded on a national stock exchange or quotation system, as determined by the Committee in its sole discretion, with appropriate adjustments as to the number and kinds of units and the exercise prices, if applicable, then any outstanding Award subject solely to time-based vesting then held by Participants that is unexercisable, unvested or still subject to restrictions or

forfeiture shall, in each case as specified by the Committee in the applicable Award Agreement or otherwise, be deemed exercisable or otherwise vested, as the case may be, as of immediately prior to such Change in Control;

(b) all Awards that vest subject to the achievement of any performance goal, target performance level, or similar performance-related requirement shall, in each case as specified by the Committee in the applicable Award Agreement or otherwise, either (A) be canceled and terminated without any payment or consideration therefor; or (B) automatically vest based on: (1) actual achievement of any applicable performance goals through the date of the Change in Control, as determined by the Committee in its sole discretion; or (2) achievement of target performance levels (or the greater of actual achievement of any applicable performance goals through the date of the Change in Control, as determined by the Committee in its sole discretion, and target performance levels); provided that in the case of vesting based on target performance levels such Awards shall also be prorated based on the portion of the Performance Period elapsed prior to the Change in Control; and, in the case of this clause (B), shall be paid at the earliest time permitted under the terms of the applicable agreement, plan or arrangement that will not trigger a tax or penalty under Section 409A of the Code, as determined by the Committee;

(c) to the extent that an outstanding Award is vested and/or exercisable at the time of the Change in Control (including under Section 11.1(a), Section 11.1(b) and/or Section 11.2), the Committee may cancel all such outstanding Options or UARs in exchange for a cash payment in an amount equal to the excess, if any, of the Fair Market Value of the Units underlying the unexercised portion of such Option or UAR as of the date of the Change in Control over the Exercise Price of such portion, provided that any Option or UAR with an Exercise Price that equals or exceeds the Fair Market Value of a Unit on the date of such Change in Control shall be cancelled with no payment due the Participant; and

(d) each outstanding Award that is assumed in connection with a Change in Control, or is otherwise to continue in effect subsequent to the Change in Control, will be appropriately adjusted, immediately after the Change in Control, as to the number and class of securities and other relevant terms in accordance with Section 4.3.

11.2 Termination of Employment Upon Change in Control. Unless the Committee provides otherwise, upon a Participant's Termination of Employment (i) by the Partnership, the General Partner, any of their Affiliates or the successor or surviving entity without Cause, or (ii) by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate of the Partnership or an Affiliate of the General Partner at the time the Partnership or General Partner sells or otherwise divests itself of such Affiliate) on or within two (2) years following a Change in Control, all outstanding Awards shall immediately become fully vested and exercisable; *provided that* Phantom Units shall be settled in accordance with the terms of the grant without regard to the Change in Control unless the Change in Control constitutes a "change in control event" within the meaning of Section 409A of the Code and such Termination of Employment occurs within two (2) years following such Change in Control, in which case the Phantom Units shall be settled and paid out with such Termination of Employment.

Article 12
Amendment, Modification, and Termination

12.1 Amendment, Modification, and Termination of the Plan. At any time and from time to time, the Board may amend, modify, alter, suspend, discontinue or terminate the Plan, in whole or in part; provided, however, that (a) to the extent necessary and desirable to comply with Applicable Law, any regulation, or stock exchange rule, the Partnership shall obtain unitholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) unitholder approval is required for any amendment to the Plan that (i) increases the number of Units available under the Plan (other than any adjustment as provided by Section 4.3), or (ii) permits the Committee to grant Options with an Exercise Price that is below Fair Market Value on the date of grant, or (iii) permits the Committee to extend the exercise period for an Option beyond ten (10) years from the date of grant, or (iv) results in a material increase in benefits or a change in eligibility requirements, or (v) changes the granting entity or (vi) changes the type of units.

12.2 Amendment of Awards. Subject to Section 4.3, at any time and from time to time, the Committee may amend the terms of any one or more outstanding Awards, provided that the Award as amended is consistent with the terms of the Plan or if necessary or advisable for the purpose of conforming the Plan or an Award Agreement to any present or future law relating to plans of this or similar nature (including, without limitation, Section 409A of the Code), and to the administrative regulations and rulings promulgated thereunder. Notwithstanding any provision in this Plan to the contrary, absent approval of the unitholders of the Partnership, no Option may be amended to reduce the per unit Exercise Price of the units subject to such Option below the per unit exercise price as of the date the Option is granted and, except as permitted by Section 4.3, no Option may be granted in exchange for, or in connection with, the cancellation or surrender of an Option having a higher per unit Exercise Price.

12.3 Awards Previously Granted. No termination, amendment, or modification of the Plan or any Award (other than Performance Awards) shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award; provided, however, that any such modification made for the purpose of complying with Section 409A of the Code may be made by the Partnership without the consent of any Participant.

12.4 Repricing and Backdating Prohibited. Notwithstanding anything in this Plan to the contrary, except as provided under Section 4.3 and Section 12.1, neither the Committee nor any other person may (i) amend the terms of outstanding Options or UARs to reduce the exercise or grant price of such outstanding Options or UARs; (ii) cancel outstanding Options or UARs in exchange for Options or UARs with an exercise or grant price that is less than the exercise price of the original Options or UARs; or (iii) cancel outstanding Options or UARs with an exercise or grant price above the current Unit price in exchange for cash or other securities. In addition, the Committee may not make a grant of an Option or UAR with a grant date that is effective prior to the date the Committee takes action to approve such Award.

12.5 Cancellation and Termination of Awards. The Committee may, in connection with any merger, consolidation, unit exchange or other transaction entered into by the Partnership in good faith, determine that any outstanding Awards granted under the Plan, whether or not vested, will be canceled and terminated and that in connection with such cancellation and termination the holder of such Award may receive for each Unit subject to such Award a cash payment (or the delivery of units, other securities or a combination of cash, units and securities equivalent to such cash payment) equal to the difference, if any, between the amount determined by the Committee to be the Fair Market Value of the Units and the purchase price per Unit (if any) under the Award multiplied by the number of Units subject to such Award; provided that if such product is zero or less or to the extent that the Award is not then exercisable, the Award will be canceled and terminated without payment therefor.

12.6 Delay in Payment. To the extent required in order to avoid the imposition of any interest and/or additional tax under Section 409A(a)(1)(B) of the Code, any amount that is considered deferred compensation under the Plan or Agreement and that is required to be postponed pursuant to Section 409A of the Code, following the a Participant's Termination of Employment shall be delayed for six (6) months if a Participant is deemed to be a "specified employee" as defined in Section 409A(a)(2)(i)(B) of the Code; provided that, if the Participant dies during the postponement period prior to the payment of the postponed amount, the amounts withheld on account of Section 409A of the Code shall be paid to the executor or administrator of the decedent's estate within 60 days following the date of his death. A "Specified Employee" means any Participant who is a "key employee" (as defined in Section 416(i) of the Code without regard to paragraph (5) thereof), as determined by the Partnership in accordance with its uniform policy with respect to all arrangements subject to Section 409A of the Code, based upon the twelve (12) month period ending on each December 31st (such twelve (12) month period is referred to below as the "identification period"). All Participants who are determined to be key employees under Section 416(i) of the Code (without regard to paragraph five (5) thereof) during the identification period shall be treated as Specified Employees for purposes of the Plan during the twelve (12) month period that begins on the first day of the fourth (4th) month following the close of such identification period.

Article 13
Withholding

13.1 Tax Withholding. Unless otherwise provided by the Committee, the Partnership shall deduct or withhold any amount needed to satisfy any foreign, federal, state, or local tax (including but not limited to the Participant's employment tax obligations) required by law to be withheld with respect to any taxable event arising or as a result of this Plan ("Withholding Taxes").

13.2 Unit Withholding. Unless otherwise provided by the Committee, upon the exercise of Options, the lapse of restrictions on Restricted Units, the vesting of Phantom Units, the distribution of Performance Awards in the form of Units, or any other taxable event hereunder involving the transfer of Units to a Participant, the Partnership shall withhold Units equal in value, using the Fair Market Value on the date determined by the Partnership to be used to value the Units for tax purposes, to the Withholding Taxes applicable to such transaction.

Any fractional Unit payable to a Participant shall be withheld as additional Federal withholding, or, at the option of the Partnership, paid in cash to the Participant.

Unless otherwise determined by the Committee, when the method of payment for the Exercise Price is from the sale by a stockbroker pursuant to Section 6.8(c), herein, of the Unit acquired through the Option exercise, then the tax withholding shall be satisfied out of the proceeds. For administrative purposes in determining the amount of taxes due, the sale price of such Unit shall be deemed to be the Fair Market Value of the Unit.

If permitted by the Committee, prior to the end of any Performance Period, a Participant may elect to have a greater amount of Units withheld from the distribution of a Performance Award to pay withholding taxes; provided, however, the Committee may prohibit or limit any individual election or all such elections at any time (and further provided that such election to so withhold shall not exceed the maximum statutory tax rate prevailing in the jurisdiction(s) applicable to a participant with respect to the tax potentially due on account of such Performance Award).

Alternatively, or in combination with the foregoing, the Committee may require Withholding Taxes to be paid in cash by the Participant or by the sale of a portion of the Units being distributed in connection with an Award, or by a combination thereof.

The withholding of taxes is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act to the extent permitted by law.

Article 14
Successors

All obligations of the Partnership under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Partnership, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Partnership.

Article 15
General Provisions

15.1 No Fractional Units. No fractional Units shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, Awards, or other property shall be issued or paid in lieu of fractional Units or whether such fractional Units or any rights thereto shall be forfeited or otherwise eliminated.

15.2 Reservation of Units. The Partnership shall at all times during the term of the Plan and any outstanding Awards granted hereunder reserve or otherwise keep available such number of Units as will be sufficient to satisfy the requirements of the Plan (if then in effect) and the Awards and shall pay all fees and expenses necessarily incurred by the Partnership in connection therewith.

15.3 Unfunded Status of the Plan. The Plan is intended to constitute an “unfunded” plan for incentive compensation, and the Plan is not intended to constitute a plan subject to the provisions of The Employee Retirement Income Security Act of 1974 (“ERISA”). With respect to any payments not yet made to a Participant by the Partnership, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Partnership. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Units or payments with respect to Options, UARs and other Awards hereunder, provided, however, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

15.4 Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor the submission of the Plan to the unitholders of the Partnership shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including without limitation, the granting of unit options and restricted units other than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

15.5 Investment Representations. The Partnership shall be under no obligation to issue any units covered by any Award unless the units to be issued pursuant to Awards granted under the Plan have been effectively registered under the Securities Act or the Participant shall have made such written representations to the Partnership (upon which the Partnership believes it may reasonably rely) as the Partnership may deem necessary or appropriate for purposes of confirming that the issuance of such units will be exempt from the registration requirements of that Securities Act and any applicable state securities laws and otherwise in compliance with all Applicable Law, rules and regulations, including, but not limited to, that the Participant is acquiring the units for his or her own account for the purpose of investment and not with a view to, or for sale in connection with, the distribution of any such units.

15.6 Registration. If the Partnership shall deem it necessary or desirable to register under the Securities Act or other applicable statutes any Units issued or to be issued pursuant to Awards granted under the Plan, or to qualify any such Units for exemption from the Securities Act or other applicable statutes, then the Partnership shall take such action at its own expense. The Partnership may require from each recipient of an Award, or each holder of Units acquired pursuant to the Plan, such information in writing for use in any registration statement, prospectus, preliminary prospectus or offering circular as is reasonably necessary for that purpose and may require reasonable indemnity to the Partnership and its officers and directors from that holder against all losses, claims, damage and liabilities arising from use of the information so furnished and caused

by any untrue statement of any material fact therein or caused by the omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made. In addition, the Partnership may require of any such person that he or she agree that, without the prior written consent of the Partnership or the managing underwriter in any public offering of Units, he or she will not sell, make any short sale of, loan, grant any option for the purchase of, pledge or otherwise encumber, or otherwise dispose of, any Units during the 180 day period commencing on the effective date of the registration statement relating to the underwritten public offering of securities. Without limiting the generality of the foregoing provisions of this Section 15.6, if in connection with any underwritten public offering of securities of the Partnership the managing underwriter of such offering requires that the Partnership's directors and officers enter into a lock-up agreement containing provisions that are more restrictive than the provisions set forth in the preceding sentence, then (a) each holder of Units acquired pursuant to the Plan (regardless of whether such person has complied or complies with the provisions of clause (b) below) shall be bound by, and shall be deemed to have agreed to, the same lock-up terms as those to which the Partnership's directors and officers are required to adhere; and (b) at the request of the Partnership or such managing underwriter, each such person shall execute and deliver a lock-up agreement in form and substance equivalent to that which is required to be executed by the Partnership's directors and officers.

15.7 Placement of Legends, Stop Orders, etc. Each Unit to be issued pursuant to an Award granted under the Plan may bear a reference to any applicable restriction under the Plan, the terms of the Award and to the fact that no registration statement has been filed with the Securities and Exchange Commission in respect to such Unit. All Units or other securities delivered under the Plan shall be subject to such unit transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of any stock exchange upon which the Units are then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any certificates or recorded in connection with book-entry accounts representing the units to make appropriate reference to such restrictions.

15.8 Uncertificated Units. To the extent that the Plan provides for issuance of certificates to reflect the transfer of Units, the transfer of such Units may be effected on a noncertificated basis, to the extent not prohibited by Applicable Law.

15.9 Other Compensation Arrangements. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to unitholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

15.10 No Requirement for Uniformity. There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated.

15.11 Stand-Alone, Additional, Tandem and Substitute Awards. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution for any other Award granted under the Plan. Awards granted in addition to, in substitution for, or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards. If an Award is granted in substitution or exchange for another Award, the Committee shall require the surrender of such other Award in consideration for the grant of the new Award. Awards under the Plan may be granted in lieu of cash compensation, in which the value of Units subject to the Award is equivalent in value to the cash compensation, or in which the exercise price, grant price, or purchase price of the Award in the nature of a right that may be exercised is equal to the Fair Market Value of the underlying Units minus the value of the cash compensation surrendered. Awards granted pursuant to the preceding sentence shall be designed, awarded and settled in a manner that does not result in additional taxes under Section 409A.

Article 16
Legal Construction

16.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

16.2 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

16.3 Requirements of Law. The granting of Awards and the issuance of Units under the Plan shall be subject to Applicable Law and to such approvals by any governmental agencies or national securities exchanges as may be required.

16.4 Errors. At any time the Partnership may correct any error made under the Plan without prejudice to the Partnership. Such corrections may include, among other things, changing or revoking an issuance of an Award.

16.5 Elections and Notices. Notwithstanding anything to the contrary contained in this Plan, all elections and notices of every kind shall be made on forms prepared by the Partnership or the General Counsel, Secretary or Assistant Secretary, or their respective delegates or shall be made in such other manner as permitted or required by the Partnership or the General Counsel, Secretary or Assistant Secretary, or their respective delegates, including but not limited to elections or notices through electronic means, over the Internet or otherwise. An election shall be deemed made when received by the Partnership (or its designated agent, but only in cases where the designated agent has been appointed for the purpose of receiving such election), which may waive any defects in form. The Partnership may limit the time an election may be made in advance of any deadline.

Where any notice or filing required or permitted to be given to the Partnership under the Plan, it shall be delivered to the principal office of the Partnership, directed to the attention of the General Counsel of the Partnership or his or her successor. Such notice shall be deemed given on the date of delivery.

Notice to the Participant shall be deemed given when mailed (or sent by telecopy) to the Participant’s work or home address as shown on the records of the Partnership or, at the option of the Partnership, to the Participant’s e-mail address as shown on the records of the Partnership.

It is the Participant’s responsibility to ensure that the Participant’s addresses are kept up to date on the records of the Partnership. In the case of notices affecting multiple Participants, the notices may be given by general distribution at the Participants’ work locations.

16.6 Governing Law. To the extent not preempted by Federal law, the Plan, and all awards and agreements hereunder, and any and all disputes in connection therewith, shall be governed by and construed in accordance with the substantive laws of the State of Delaware, without regard to conflict or choice of law principles which might otherwise refer the construction, interpretation or enforceability of this Plan to the substantive law of another jurisdiction.

16.7 Venue. The Partnership and the Participant to whom an award under this Plan is granted, for themselves and their successors and assigns, irrevocably submit to the exclusive and sole jurisdiction and venue of the state or federal courts located in Delaware with respect to any and all disputes arising out of or relating to this Plan, the subject matter of this Plan or any awards under this Plan, including but not limited to any disputes arising out of or relating to the interpretation and enforceability of any awards or the terms and conditions of this Plan. To achieve certainty regarding the appropriate forum in which to prosecute and defend actions arising out of or relating to this Plan, and to ensure consistency in application and interpretation of the Governing Law to the Plan, the parties agree that (a) sole and exclusive appropriate venue for any such action shall be an appropriate state or federal court located in Delaware, and no other, (b) all claims with respect to any such action shall be heard and determined exclusively in such Delaware court, and no other, (c) such Delaware court shall have sole and exclusive jurisdiction over the person of such parties and over the subject matter of any dispute relating hereto and (d) that

the parties waive any and all objections and defenses to bringing any such action before such Delaware court, including but not limited to those relating to lack of personal jurisdiction, improper venue or forum non conveniens.

16.8 409A Compliance. Awards under the Plan may be structured to be exempt from or be subject to Section 409A of the Code. To the extent that Awards granted under the Plan are subject to Section 409A of the Code, the Plan will be construed and administered in a manner that enables the Plan and such Awards to comply with the provisions of Section 409A of the Code. The Committee is authorized to adopt rules or regulations deemed necessary or appropriate to qualify for an exception from or to comply with the requirements of Section 409A of the Code. With respect to an Award that constitutes a deferral of compensation subject to Section 409A of the Code: (i) if any amount is payable under such Award upon a termination of service, a termination of service will be treated as having occurred only at such time the Participant has experienced a “separation from service” as such term is defined for purposes of Section 409A of the Code; (ii) if any amount is payable under such Award upon a disability, a disability will be treated as having occurred only at such time the Participant has experienced a “disability” as such term is defined for purposes of Section 409A of the Code; (iii) if any amount is payable under such Award on account of the occurrence of a Change in Control, a Change in Control will be treated as having occurred only at such time a “change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation” has occurred as such terms are defined for purposes of Section 409A of the Code, (iv) if any amount becomes payable under such Award on account of a Participant’s separation from service at such time as the Participant is a “specified employee” within the meaning of Section 409A of the Code, then no payment shall be made, except as permitted under Section 409A of the Code, prior to the first business day after the earlier of (y) the date that is six months after the date of the Participant’s separation from service or (z) the Participant’s death, (v) any right to receive any installment payments under this Plan shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment, and (vi) no amendment to or payment under such Award will be made except and only to the extent permitted under Section 409A of the Code.

Notwithstanding the foregoing, the tax treatment of the benefits provided under the Plan or any Award Agreement is not warranted or guaranteed, and in no event shall the Partnership be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code.

16.9 No Obligation to Notify. The Partnership shall have no duty or obligation to any holder of an Option to advise such holder as to the time or manner of exercising such Option. Furthermore, the Partnership shall have no duty or obligation to warn or otherwise advise such holder of a pending transaction or expiration of an Option or a possible period in which the Option may not be exercised. The Partnership has no duty or obligation to minimize the tax consequences of an Option to the holder of such Option.

Adopted: June 9, 2021

EXHIBIT 21.1

Schedule of Subsidiaries

(as of December 31, 2021) [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.

WEBFINANCIAL HOLDING LLC, a Delaware limited liability company.

DUNMORE INTERNATIONAL CORP., a Delaware corporation

HANDY & HARMAN LTD. SUBSIDIARIES

HANDY & HARMAN GROUP, LTD., a Delaware corporation (“HHG”).

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.

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 (formerly known as Camdel Metals 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.)

JPS COMPOSITE MATERIALS CORPORATION, a Delaware corporation.

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.

SL POWER ELECTRONICS CORPORATION, a Delaware corporation.

SL XIANGHE POWER ELECTRONICS CORPORATION, a corporation organized under the laws of China.

INDUSTRIAS SL, S.A. DE C.V., a corporation organized under the laws of Mexico.

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 ENSAMBLY 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.

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(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.

Exhibit 23.1

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 10, 2022, 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 the Annual Report on Form 10-K of Steel Partners Holdings L.P. for the year ended December 31, 2021.

/s/Deloitte & Touche LLP

New York, NY
March 10, 2022

EXHIBIT 31.1

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, 2021 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 10, 2022	/s/ Warren G. Lichtenstein
	Warren G. Lichtenstein Executive Chairman of Steel Partners Holdings GP Inc.

EXHIBIT 31.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

I, Jason Wong, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2021 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 10, 2022

/s/ Jason Wong

Jason Wong
Chief Financial Officer of Steel Partners Holdings GP Inc.

EXHIBIT 32.1

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, 2021 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 10, 2022

/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.

EXHIBIT 32.2

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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jason Wong, 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 10, 2022

/s/ Jason Wong
Jason Wong
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.