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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023

or

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

For the transition period from ___________ to ___________

Commission File Number: 001-35493

STEEL PARTNERS

STEEL PARTNERS HOLDINGS L.P.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**13-3727655**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
590 Madison Avenue, 32nd Floor	
New York, New York	**10022**
(Address of Principal Executive Offices)	(Zip Code)

(212) 520-2300
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

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

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

The number of common units outstanding as of November 1, 2023 was 21,308,375 .

STEEL PARTNERS HOLDINGS L.P.
TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

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

	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 562,149	$ 234,448
Trade and other receivables - net of allowance for doubtful accounts of $2,325 and $2,414, respectively	234,080	183,861
Loans receivable, including loans held for sale of $776,060 and $602,675, respectively, net	1,443,166	1,131,745
Inventories, net	214,846	214,084
Prepaid expenses and other current assets	43,618	41,090
Total current assets	2,497,859	1,805,228
Long-term loans receivable, net	475,159	423,248
Goodwill	148,629	125,813
Other intangible assets, net	118,346	94,783
Other non-current assets	348,678	195,859
Property, plant and equipment, net	249,269	238,510
Operating lease right-of-use assets	73,916	42,711
Long-term investments	39,373	309,697
Total Assets	$ 3,951,229	$ 3,235,849
LIABILITIES AND CAPITAL		
Current liabilities:		
Accounts payable	$ 131,886	$ 109,572
Accrued liabilities	137,979	112,744
Deposits	1,722,254	1,360,477
Short-term debt	195	685
Current portion of long-term debt	67	67
Other current liabilities	95,435	65,598
Total current liabilities	2,087,816	1,649,143
Long-term deposits	377,232	208,004
Long-term debt	186,922	179,572
Other borrowings	20,309	41,682
Preferred unit liability	154,250	152,247
Accrued pension liabilities	83,694	84,948
Deferred tax liabilities	5,973	41,055
Long-term operating lease liabilities	60,185	35,512
Other non-current liabilities	39,876	42,226
Total Liabilities	3,016,257	2,434,389
Commitments and Contingencies		
Capital:		
Partners' capital common units: 21,304,915 and 21,605,093 issued and outstanding (after deducting 18,359,295 and 17,904,679 units held in treasury, at cost of $328,985 and $309,257), respectively	1,038,447	952,094
Accumulated other comprehensive loss	(152,911)	(151,874)
Total Partners' Capital	885,536	800,220
Noncontrolling interests in consolidated entities	49,436	1,240
Total Capital	934,972	801,460
Total Liabilities and Capital	$ 3,951,229	$ 3,235,849

See accompanying Notes to Consolidated Financial Statements

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

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenue:				
Diversified Industrial net sales	$ 299,098	$ 312,200	$ 918,570	$ 986,113
Energy net revenue	46,742	51,409	145,220	136,750
Financial Services revenue	106,405	62,064	304,570	149,963
Supply Chain revenue	40,009	—	70,190	—
Total revenue	492,254	425,673	1,438,550	1,272,826
Costs and expenses:				
Cost of goods sold	283,285	273,657	833,977	830,640
Selling, general and administrative expenses	124,934	93,634	376,252	280,599
Asset impairment charges	—	2,449	329	2,884
Finance interest expense	22,371	4,770	54,494	7,606
Provision for credit losses	36,969	6,593	47,979	11,758
Interest expense	4,115	5,110	15,934	14,452
Gains from sales of businesses	—	(295)	—	(85,480)
Realized and unrealized (gains) losses on securities, net	(8,665)	(3,641)	(6,151)	22,570
Other income, net	(801)	(1,627)	(5,806)	(3,308)
Total costs and expenses	462,208	380,650	1,317,008	1,081,721
Income from operations before income taxes and equity method investments	30,046	45,023	121,542	191,105
Income tax (benefit) provision	(981)	9,211	(1,707)	56,256
Loss (income) of associated companies, net of taxes	3,140	(616)	11,944	1,767
Net income	27,887	36,428	111,305	133,082
Net (income) loss attributable to noncontrolling interests in consolidated entities	(2,315)	(111)	(1,737)	(122)
Net income attributable to common unitholders	$ 25,572	$ 36,317	$ 109,568	$ 132,960
Net income per common unit - basic				
Net income attributable to common unitholders	$ 1.20	$ 1.57	$ 5.10	$ 5.85
Net income per common unit - diluted				
Net income attributable to common unitholders	$ 1.14	$ 1.45	$ 4.68	$ 5.26
Weighted-average number of common units outstanding - basic	21,298,871	23,147,644	21,495,689	22,737,902
Weighted-average number of common units outstanding - diluted	25,081,210	27,245,770	25,360,324	27,038,551

See accompanying Notes to Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Net income	$ 27,887	$ 36,428	$ 111,305	$ 133,082
Other comprehensive (loss) income, net of taxes:				
Currency translation adjustments	(1,991)	(2,178)	(1,073)	(4,831)
Changes in pension liabilities and other post-retirement benefit obligations	36	—	36	—
Other comprehensive (loss) income	(1,955)	(2,178)	(1,037)	(4,831)
Comprehensive income	25,932	34,250	110,268	128,251
Comprehensive (income) loss attributable to noncontrolling interests	(2,315)	(111)	(1,737)	(122)
Comprehensive income attributable to common unitholders	$ 23,617	$ 34,139	$ 108,531	$ 128,129

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Changes in Capital
(Unaudited)
(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	Capital	Entities	Capital
Balance as of December 31, 2022	39,509,772	(17,904,679)	$ (309,257)	$ 952,094	$ (151,874)	$ 800,220	$ 1,240	$ 801,460
Cumulative effect of change in accounting principle for current expected credit losses, net of tax	—	—	—	(3,862)	—	(3,862)	—	(3,862)
Net income (loss)	—	—	—	24,846	—	24,846	(43)	24,803
Currency translation adjustments	—	—	—	—	1,093	1,093	—	1,093
Equity compensation - restricted units	146,414	—	—	(11)	—	(11)	—	(11)
Tax withholding related to vesting of restricted units	(8,972)	—	—	(333)	—	(333)	—	(333)
Purchases of SPLP common units	—	(75,504)	(3,248)	(3,248)	—	(3,248)	—	(3,248)
Other, net	—	—	—	(61)	—	(61)	—	(61)
Balance as of March 31, 2023	39,647,214	(17,980,183)	(312,505)	969,425	(150,781)	818,644	1,197	819,841
Net income	—	—	—	59,150	—	59,150	(535)	58,615
Currency translation adjustments	—	—	—	—	(175)	(175)	—	(175)
Equity compensation - restricted units	17,174	—	—	419	—	419	—	419
Tax withholding related to vesting of restricted units	(2,462)	—	—	(100)	—	(100)	—	(100)
Purchases of SPLP common units	—	(267,994)	(11,588)	(11,588)	—	(11,588)	—	(11,588)
Noncontrolling interests assumed upon consolidation of Steel Connect (Note 3)	—	—	—	—	—	—	48,900	48,900
Other, net	—	—	—	(30)	—	(30)	—	(30)
Balance as of June 30, 2023	39,661,926	(18,248,177)	(324,093)	1,017,276	(150,956)	866,320	49,562	915,882
Net income	—	—	—	25,572	—	25,572	2,315	27,887
Currency translation adjustments	—	—	—	—	(1,991)	(1,991)	—	(1,991)
Changes in pension liabilities and post-retirement benefit obligations	—	—	—	—	36	36	—	36
Equity compensation - restricted units	2,284	—	—	599	—	599	—	599
Purchases of SPLP common units	—	(111,118)	(4,891)	(4,891)	—	(4,891)	—	(4,891)
Adjustment to interest in consolidated subsidiaries	—	—	—	(110)	—	(110)	(2,440)	(2,550)
Other, net	—	—	(1)	1	—	1	(1)	—
Balance as of September 30, 2023	39,664,210	(18,359,295)	$ (328,985)	$ 1,038,447	$ (152,911)	$ 885,536	$ 49,436	$ 934,972

	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	Capital	Entities	Capital
Balance as of December 31, 2021	37,828,941	(16,810,932)	$ (264,284)	$ 795,140	$ (131,803)	$ 663,337	$ 5,711	$ 669,048
Net income (loss)	—	—	—	4,565	—	4,565	(24)	4,541
Currency translation adjustments	—	—	—	—	(459)	(459)	—	(459)
Equity compensation - restricted units	(37,315)	—	—	119	—	119	—	119
Purchases of SPLP common units	—	(268,623)	(10,418)	(10,418)	—	(10,418)	—	(10,418)
Purchases of subsidiary shares from noncontrolling interests	—	—	—	(3,942)	—	(3,942)	(4,664)	(8,606)
Balance as of March 31, 2022	37,791,626	(17,079,555)	(274,702)	785,464	(132,262)	653,202	1,023	654,225
Net income	—	—	—	92,078	—	92,078	35	92,113
Currency translation adjustments	—	—	—	—	(2,194)	(2,194)	—	(2,194)
Equity compensation - restricted units	1,705,239	—	—	354	—	354	—	354
Purchases of SPLP common units	—	(500,064)	(20,999)	(20,999)	—	(20,999)	—	(20,999)
Other, net	—	—	—	11	—	11	—	11
Balance as of June 30, 2022	39,496,865	(17,579,619)	$ (295,701)	$ 856,908	$ (134,456)	$ 722,452	$ 1,058	$ 723,510
Net income	—	—	—	36,317	—	36,317	111	36,428
Currency translation adjustments	—	—	—	—	(2,178)	(2,178)	—	(2,178)
Equity compensation - restricted units	40,532	—	—	369	—	369	—	369
Tax withholding related to vesting of restricted units	(31.297)	—	—	(560)	—	(560)	—	(560)
Purchases of SPLP common units	—	(236,746)	(9,902)	(9,902)	—	(9,902)	—	(9,902)
Balance as of September 30, 2022	39,506,100	(17,816,365)	$ (305,603)	$ 883,132	$ (136,634)	$ 746,498	$ 1,169	$ 747,667

See accompanying Notes to Consolidated Financial Statements

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

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income	111,305	133,082
Adjustments to reconcile net income from operations to net cash (used in) provided by operating activities:		
Provision for credit losses	47,979	11,758
Loss of associated companies, net of taxes	11,944	1,767
Realized and unrealized (gains) losses on securities, net	(6,151)	22,570
Gains on sales of businesses	—	(85,480)
Gain on sale of property, plant and equipment	—	(945)
Derivative gains on economic interests in loans	(3,762)	(3,973)
Non-cash pension expense (income)	8,948	(5,405)
Deferred income taxes	(30,390)	17,682
Depreciation and amortization	41,433	40,212
Non-cash lease expense	12,710	7,456
Equity-based compensation	1,007	842
Asset impairment charges	329	2,884
Other	2,193	2,192
Net change in operating assets and liabilities:		
Trade and other receivables	(12,999)	(24,953)
Inventories	6,241	(38,556)
Prepaid expenses and other assets	(1,038)	(20,301)
Accounts payable, accrued and other liabilities	(4,689)	85,368
Net increase in loans held for sale	(173,385)	(204,724)
Net cash provided by (used in) operating activities	11,675	(58,524)
Cash flows from investing activities:		
Purchases of investments	(204,611)	(284,884)
Proceeds from sales of investments	207,893	—
Proceeds from maturities of investments	41,058	155,899
Principal repayment on Steel Connect Convertible Note	1,000	—
Loan originations, net of collections	(242,667)	(34,845)
Purchases of property, plant and equipment	(36,667)	(30,188)
Proceeds from sale of property, plant and equipment	490	1,241
Net proceeds from sales of businesses	—	142,426
Acquisition, net of cash acquired	—	(35,298)
Increase in cash upon consolidation of Steel Connect	65,896	—
Other	(1,084)	—
Net cash used in investing activities	(168,692)	(85,649)
Cash flows from financing activities:		
Net revolver borrowings (repayments)	6,910	(93,359)
Repayments of term loans	(51)	(65)
Purchases of the Company's common units	(19,727)	(41,319)
Net decrease in other borrowings	(21,277)	(273,569)
Distribution to preferred unitholders	(7,225)	(7,225)
Purchase of subsidiary shares from noncontrolling interests	(2,784)	(8,606)
Tax withholding related to vesting of restricted units	(433)	(560)
Net increase in deposits	531,006	606,626
Net cash provided by financing activities	486,419	181,923
Net change for the period	329,402	37,750
Effect of exchange rate changes on cash and cash equivalents	(1,701)	(1,596)
Cash, cash equivalents and restricted cash at beginning of period	234,448	325,363
Cash, cash equivalents and restricted cash at end of period	$ 562,149	$ 361,517

See accompanying Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

All amounts used in the Notes to Consolidated Financial Statements are in thousands, except common and preferred units, per common and preferred unit, share and per share data, and price per ounce.

1. NATURE OF THE BUSINESS AND BASIS OF PRESENTATION

Nature of the Business

Steel Partners Holdings L.P. ("we," "our," "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, defense, supply chain management and logistics, banking and youth sports. SPLP operates through the following segments: Diversified Industrial, Energy, Financial Services and Supply Chain, which are managed separately and offer different products and services. For additional details related to the Company's reportable segments, see Note 17 - "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 16 - "Related Party Transactions."

Basis of Presentation

The accompanying unaudited consolidated financial statements as of September 30, 2023 and for the three and nine month periods ended September 30, 2023 and 2022, which have been prepared by the Company in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for interim periods, include the accounts of the Company and its consolidated subsidiaries. The financial results of Steel Connect, Inc. ("Steel Connect" or "STCN") have been included in the Company's consolidated financial statements from May 1, 2023 (see Note 3 - "Acquisitions and Divestitures"). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation have been reflected herein. The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the operating results for the full year. The accompanying unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2022 ("Annual Report" or "Form 10-K"), from which the consolidated balance sheet as of December 31, 2022 has been derived.

The Company's fiscal quarter ends on the last day of the calendar quarter; however, for certain subsidiaries of the Company, the fiscal quarter periods end on the Saturday that is closest to the last day of the calendar quarter, except for the last quarterly period of the fiscal year. The Company and all its subsidiaries close their books for fiscal years on December 31 except for Steel Connect, which closes their books for fiscal years on July 31. For ease of presentation, the quarterly financial statements included herein are described as ending on the last day of the calendar quarter.

Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), but is not required for interim reporting purposes, has been condensed or omitted. Management must make estimates and assumptions that affect the consolidated financial statements and the related footnote disclosures. While management uses its best judgment, actual results may differ from those estimates. Certain reclassifications have been made to the prior period financial statements and notes to conform to the current period presentation.

Adoption of New Accounting Standards

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

2016-13 as of the date of the Exchange Transaction, or May 1, 2023, in order to conform with our accounting policies. The adoption did not have a material effect on the trade receivables and other financial assets of the Company’s Supply Chain segment.

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

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

As a result of the Company's adoption of ASU 2016-13, the following significant accounting policies have been updated from the policies described in the Annual Report on Form 10-K.

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 are reported at amortized cost. 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 amortized cost. Gains and losses are recorded in noninterest income based on the difference between sales proceeds and amortized cost.

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

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

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

Allowance for Credit Losses

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

The reserves for unfunded lending commitments is included in other current liabilities on the consolidated balance sheets. The allowance for held to maturity debt securities is estimated separately from loans and carried at net amortized cost included in other non-current assets on the consolidated balance sheets.

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

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

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

- Asset quality trends
- Risk management and loan administration practices
- Portfolio management and controls
- Effect of changes in the nature and volume of the portfolio
- Changes in lending policies and underwriting policies
- Existence and effect of any portfolio concentrations
- National economic business conditions and other macroeconomic adjustments
- Regional and local economic and business conditions
- Data availability and applicability
- Industry monitoring
- Value of underlying collateral

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

Accounting Standards Not Yet Effective

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The new standard clarifies that a contractual restriction on the sale of an equity security should not be considered in measuring the fair value of the security. The new standard also requires certain disclosures related to equity securities with contractual sale restrictions. The ASU is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The standard should be applied prospectively. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements and related disclosures.

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

2. 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 17 - "Segment Information."

The following table presents the Company's revenues disaggregated by geography for the three and nine months ended September 30, 2023 and 2022. The Company's revenues are primarily derived domestically. Foreign revenues are based on the country in which the legal subsidiary generating the revenue is domiciled. Revenue from any single foreign country was not material to the Company's consolidated financial statements.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
United States	$ 443,981	$ 406,428	$ 1,327,713	$ 1,210,343
Foreign	48,273	19,245	110,837	62,483
Total revenue	$ 492,254	$ 425,673	$ 1,438,550	$ 1,272,826

Contract Balances

Differences in the timing of revenue recognition, billings and cash collections result in billed trade receivables, unbilled receivables (contract assets) and deferred revenues (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. As of September 30, 2023 and December 31, 2022, the contract asset balance was $5,700 and $11,937, respectively.

Contract Liabilities

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

	Contract Liabilities
Balance at December 31, 2022	$ 4,380
Deferral of revenue	17,416
Recognition of unearned revenue	(15,578)
Balance at September 30, 2023	**$ 6,218**
Balance at December 31, 2021	$ 3,396
Deferral of revenue	6,027
Recognition of unearned revenue	(6,161)
Balance at September 30, 2022	**$ 3,262**

3. ACQUISITIONS AND DIVESTITURES

Transfer and Exchange Agreement

On April 30, 2023, the Company and Steel Connect, Inc. ("Steel Connect" or "STCN"), executed a series of agreements, in which the Company and certain of its affiliates (the "Steel Partners Group") transferred an aggregate of 3,597,744 shares of common stock, par value $0.10 per share, of Aerojet Rocketdyne Holdings, Inc. ("Aerojet") held by the Steel Partners Group to Steel Connect in exchange for 3,500,000 shares of newly created Series E Convertible Preferred Stock of Steel Connect (the “Series E Convertible Preferred Stock” and such transfer and related transactions, the "Exchange Transaction"). Following approval by the Steel Connect stockholders pursuant to the rules of The Nasdaq Stock Market LLC, the Series E Convertible Preferred Stock is convertible into an aggregate of 184.9 million shares of Steel Connect common stock, par value $0.01 per share (the “common stock” or “Common Stock”), and will vote together with the Steel Connect common stock and participate in any dividends paid on the Steel Connect common stock, in each case on an as-converted basis. Upon conversion of the Series E Convertible Preferred Stock, the Steel Partners Group would hold approximately 85.0% of the outstanding equity interests of Steel Connect. The Exchange Transaction closed on May 1, 2023, the date that the consideration was exchanged between the Company and Steel Connect and as of that date Steel Connect became a consolidated subsidiary for financial reporting purposes. Steel Connect is not consolidated for Federal income tax purposes because the ownership in Steel Connect is dispersed between different federal tax consolidation groups. Steel Connect's assets and liabilities have been included in the Company's consolidated balance sheet, with a related noncontrolling interest of 15.0% of STCN's common stock. Prior to May 1, 2023, the Company held a 49.6% ownership interest in Steel Connect and accounted for its investment in Steel Connect in accordance with the equity method of accounting. The Company remeasured the previously held equity method investment to its fair value based upon a valuation of Steel Connect, as of the date of the Exchange Transaction. The Exchange Transaction accomplishes the Company's objective, which is to increase ownership in Steel Connect in order to benefit from future earnings and growth and strengthens Steel Connect's balance sheet to permit it to do acquisitions.

The Exchange Transaction was accounted for in accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*, and, accordingly, Steel Connect's results of operations have been consolidated in our financial statements since the date of the Exchange Transaction. The Company recorded a preliminary allocation of the Exchange Transaction to assets acquired and liabilities assumed based on their estimated fair values as of May 1, 2023. The final Exchange Transaction allocation, which is expected to be completed in the fourth quarter of 2023, will be based on final appraisals and other analysis of fair values of acquired assets and liabilities. The Company does not expect that differences between the preliminary and final Exchange Transaction allocation will have a material impact on its results of operations or financial position. The transaction costs associated with the Exchange Transaction were approximately $2,154 and were expensed as incurred within selling, general and administrative expenses for the nine months ended September 30, 2023.

The following table summarizes the total Exchange Transaction consideration:

(in thousands)		**May 1, 2023**
Fair value of Aerojet common stock	$	202,733
Fair value of previously held interests in Steel Connect:		
Steel Connect common stock		14,910
Steel Connect Series C Preferred Stock		35,000
Steel Connect Convertible Note		13,006
Noncontrolling interest at fair value		48,900
Less cash acquired		(65,896)
Total estimated consideration, less cash acquired	$	248,653

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

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

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

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

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

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

(Unaudited) Pro Forma Financial Information

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

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

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

2022 WebBank Acquisition of Security Premium Finance

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

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

2022 Noncontrolling Interest Acquisition

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

2022 Investment in Nonconsolidated Affiliate

On April 1, 2022, the Company acquired an interest in PCS-Mosaic Co-Invest L.P. ("PCS-Mosaic"), a private investment fund for a purchase price of approximately $23,600. The fund is primarily invested in specialized software development and training services. The Company accounts for its investment as an equity method investment as the Company does not have a controlling financial interest. The Company has not elected the fair value option to account for PCS-Mosaic which will be carried at cost, plus or minus the Company's share of net earnings or losses of the investment, subject to certain other adjustments. The Company's share of net earnings or losses of the investment is included in Income (loss) of associated companies, net of tax on the Company's consolidated statements of operations. Dividends received from the investee reduce the carrying amount of the investment. Due to the timing of receiving financial information from PCS-Mosaic, the Company records its share of net earnings or losses on a three month lag basis. For additional details, see Note 7 – "Investments."

2022 Divestiture of SLPE Business

On April 25, 2022, the Company completed the sale of its subsidiary, SL Power Electronics Corporation ("SLPE"), to AEI US Subsidiary LLC, a subsidiary of Advanced Energy Industries, Inc. for a sales price of $144,500, consisting entirely of cash. SLPE designed, manufactured, and marketed power conversion solutions for original equipment manufacturers in the medical, lighting, audio-visual, controls, and industrial sectors and comprised the Company's Electrical Products business in the Diversified Industrial segment. SLPE recognized net sales of $19,408 and income before taxes of $72 for the nine months ended September 30, 2022.

4. LOANS RECEIVABLE, INCLUDING LOANS HELD FOR SALE

Major classifications of Loans receivable, including loans held for sale, held by WebBank as of September 30, 2023 and December 31, 2022 are as follows:

	Total				Current		Non-current	
	September 30, 2023	%	December 31, 2022	%	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Loans held for sale	$ 776,060		$ 602,675		$ 776,060	$ 602,675	$ —	$ —
Commercial real estate loans	$ 1,563	— %	$ 987	— %	$ —	$ —	$ 1,563	$ 987
Commercial and industrial	1,051,804	87 %	857,817	87 %	614,488	472,934	437,316	384,883
Consumer loans	153,938	13 %	123,204	13 %	117,658	85,826	36,280	37,378
Total loans	1,207,305	100 %	982,008	100 %	732,146	558,760	475,159	423,248
Less:								
Allowance for credit losses	(65,040)		(29,690)		(65,040)	(29,690)	—	—
Total loans receivable, net	$ 1,142,265		$ 952,318		667,106	529,070	475,159	423,248
Loans receivable, including loans held for sale [(a)]					$ 1,443,166	$ 1,131,745	$ 475,159	$ 423,248

(a) The amortized cost of loans receivable, including loans held for sale, is considered to be representative of fair value because the rates of interest are not significantly different from market interest rates for instruments with similar maturities. The fair value of loans receivable, including loans held for sale, was $1,949,294 and $1,548,035 as of September 30, 2023 and December 31, 2022, respectively.

Loans with an amortized cost of approximately $428,221 and $323,740 were pledged as collateral for potential borrowings as of September 30, 2023 and December 31, 2022, respectively. WebBank serviced $1,745 and $2,700 in loans for others as of September 30, 2023 and December 31, 2022, respectively.

WebBank sold loans classified as loans held for sale of $13,811,235 and $11,565,876 during the nine months ended September 30, 2023 and 2022, respectively. The sold loans were derecognized from the consolidated balance sheets. Loans classified as loans held for sale primarily consist of consumer and small business loans. Amounts added to loans held for sale during the same periods were $14,104,112 and $11,822,704, respectively.

WebBank's ACL increased $30,929, or 90.7%, during the three months ended September 30, 2023 and increased $35,350, or 119.1% during the nine months ended September 30, 2023. The increase in ACL primarily resulted from the deterioration in value of the collateral supporting one of WebBank's asset-based lending loans. The reserve for this loan was increased by $32,909 to $36,923, a reserve representing 100% of its outstanding principal balance. WebBank continues to monitor the impact of the current economic environment, including potential future negative impacts to its loan portfolio.

Changes in the ACL are summarized as follows:

	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
December 31, 2022	$ 28	$ 18,493	$ 11,169	$ 29,690
Impact of adopting current expected credit loss accounting guidance (see Note 1)	1	1,144	3,597	4,742
Charge-offs	—	(3,493)	(2,539)	(6,032)
Recoveries	5	328	154	487
Provision	7	5,156	2,643	7,806
March 31, 2023	$ 41	$ 21,628	$ 15,024	$ 36,693
Charge-offs	—	(3,826)	(2,462)	(6,288)
Recoveries	54	366	82	502
(Benefit) Provision	(47)	4,815	(1,564)	3,204
June 30, 2023	$ 48	$ 22,983	$ 11,080	$ 34,111
Charge-offs	—	(4,569)	(1,864)	(6,433)
Recoveries	—	305	88	393
Provision	1	35,191	1,777	36,969
September 30, 2023	$ 49	$ 53,910	$ 11,081	$ 65,040

	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
December 31, 2021	$ 23	$ 9,205	$ 4,697	$ 13,925
Charge-offs	—	(947)	(1,273)	(2,220)
Recoveries	7	415	407	829
(Benefit) Provision	(5)	648	639	1,282
March 31, 2022	$ 25	$ 9,321	$ 4,470	$ 13,816
Charge-offs	—	(1,005)	(884)	(1,889)
Recoveries	6	410	276	692
(Benefit) Provision	(6)	2,489	1,400	3,883
June 30, 2022	$ 25	$ 11,215	$ 5,262	$ 16,502
Charge-offs	—	(1,672)	(712)	(2,384)
Recoveries	7	396	263	666
(Benefit) Provision	(5)	3,511	3,087	6,593
September 30, 2022	$ 27	$ 13,450	$ 7,900	$ 21,377

The ACL and outstanding loan balances are summarized as follows:

September 30, 2023	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
Allowance for credit losses:				
Individually evaluated for impairment	$ 8	$ 37,820	$ —	$ 37,828
Collectively evaluated for impairment	41	16,090	11,081	27,212
Total	$ 49	$ 53,910	$ 11,081	$ 65,040
Outstanding loan balances:				
Individually evaluated for impairment	$ 8	$ 39,990	$ —	$ 39,998
Collectively evaluated for impairment	1,555	1,011,814	153,938	1,167,307
Total	$ 1,563	$ 1,051,804	$ 153,938	$ 1,207,305

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

Nonaccrual and Past Due Loans

Commercial and industrial loans past due 90 days or more and still accruing interest were $9,760 and $11,260 at September 30, 2023 and December 31, 2022, respectively. Consumer loans past due 90 days or more and still accruing interest were $4,210 and $4,680 at September 30, 2023 and December 31, 2022, respectively. The Company had nonaccrual loans of $37,721 and $788 at September 30, 2023 and December 31, 2022, respectively.

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

September 30, 2023	Current	30-89 Days Past Due	90+ Days Past Due	Total Past Due	Total Loans	Recorded Investment In Accruing Loans 90+ Days Past Due	Nonaccrual Loans That Are Current [(a)]
Commercial real estate loans	$ 1,563	$ —	$ —	$ —	$ 1,563	$ —	$ —
Commercial and industrial	1,027,364	14,680	9,760	24,440	1,051,804	9,760	37,721
Consumer loans	145,008	4,720	4,210	8,930	153,938	4,210	—
Total loans	$ 1,173,935	$ 19,400	$ 13,970	$ 33,370	$ 1,207,305	$ 13,970	$ 37,721

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

(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:

September 30, 2023	Non - Graded	Pass	Special Mention	Sub-standard	Doubtful	Total Loans
Commercial real estate loans	$ —	$ 1,555	$ —	$ 8	$ —	$ 1,563
Commercial and industrial	645,027	366,787	—	3,067	36,923	1,051,804
Consumer loans	153,938	—	—	—	—	153,938
Total loans	$ 798,965	$ 368,342	$ —	$ 3,075	$ 36,923	$ 1,207,305

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

During the three and nine months ended September 30, 2023, WebBank did not issue new loans under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") authorized under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The existing loans were funded by the PPP Liquidity Facility, have terms of between two and five years, and their repayment is guaranteed by the SBA. Payments by borrowers on the loans can begin up to 16 months after the note date, and interest will continue to accrue during the 16-month deferment at 1%. Loans can be forgiven in whole or in part (up to full principal and any accrued interest) if certain criteria are met. Loan processing fees paid to WebBank from the SBA are accounted for as loan origination fees. Net deferred fees are recognized over the life of the loan as yield adjustments on the loans. If a loan is paid off or forgiven by the SBA prior to its maturity date, the remaining unamortized deferred fees will be recognized in interest income at that time. The PPP loans are included in Commercial and industrial loans in the table above. As of September 30, 2023, the total PPP loans and associated liabilities were $23,307 and $20,309, respectively, and included in Long-term loans receivable, net, and Other borrowings, respectively, in the consolidated balance sheet as of September 30, 2023. As of December 31, 2022, the total PPP loans and associated liabilities were $48,656 and $41,682, respectively, and included in Long-term loans receivable, net, and Other borrowings, respectively, in the consolidated balance sheet as of December 31, 2022. Upon borrower forgiveness, the SBA pays WebBank for the principal and accrued interest owed on the loan. WebBank has received forgiveness payments from the SBA and received payments from borrowers of $25,348 during the nine months ended September 30, 2023.

The Company was 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, and settlements amongst others. As of September 30, 2023, the Company had granted loan modifications on $1,128 of loans. The loan modification program is ongoing and additional loans continue to be granted modifications. The Company granted approximately 4,063 short–term deferments on loan balances of $1,128, which represent 0.09% of total loan balances as of September 30, 2023. 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.

5. INVENTORIES, NET

A summary of Inventories, net is as follows:

	September 30, 2023	December 31, 2022
Finished products	$ 65,281	$ 57,487
In-process	37,590	39,300
Raw materials	74,894	79,008
Fine and fabricated precious metal in various stages of completion	37,692	39,104
	215,457	214,899
LIFO reserve	(611)	(815)
Total	$ 214,846	$ 214,084

Fine and Fabricated Precious Metal Inventory

In order to produce certain of its products, the Company purchases, maintains and utilizes precious metal inventory. The Company records certain precious metal inventory at the lower of last-in-first-out ("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 September 30, 2023 and December 31, 2022, the Company had approximately $27,942 and $29,381, respectively, of precious metals, principally silver, under consignment, which are recorded at fair value in Inventories, net with a corresponding liability for the same amount recorded in Accounts payable on the Company's consolidated balance sheets. Fees charged under the consignment agreement are recorded in Interest expense in the Company's consolidated statements of operations.

	September 30, 2023	December 31, 2022
Supplemental inventory information:		
Precious metals stated at LIFO cost	$ 3,347	$ 6,678
Precious metals stated under non-LIFO cost methods, primarily at fair value	$ 33,734	$ 31,611
Market price per ounce:		
Silver	$ 22.31	$ 23.91
Gold	$ 1,856.26	$ 1,824.52
Platinum	$ 911.15	$ 1,073.91
Palladium	$ 1,256.05	$ 1,799.36

6. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

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

	Diversified Industrial	Energy	Financial Services	Supply Chain	Corporate and Other	Total
Balance as of December 31, 2022						
Gross goodwill	$ 155,183	$ 67,143	$ 9,474	$ —	$ 81	$ 231,881
Accumulated impairments	(41,278)	(64,790)	—	—	—	(106,068)
Net goodwill	113,905	2,353	9,474	—	81	125,813
Acquisition [(a)]	—	—	—	22,785	—	22,785
Currency translation adjustments	31	—	—	—	—	31
Balance as of September 30, 2023						
Gross goodwill	155,214	67,143	9,474	22,785	81	254,697
Accumulated impairments	(41,278)	(64,790)	—	—	—	(106,068)
Net goodwill	$ 113,936	$ 2,353	$ 9,474	$ 22,785	$ 81	$ 148,629

(a) Related to the Exchange Transaction with Steel Connect. See Note 3 - "Acquisitions and Divestitures"

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

	September 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 216,506	$ 141,079	$ 75,427	$ 191,508	$ 132,246	$ 59,262
Trademarks, trade names and brand names	57,124	23,008	34,116	46,601	21,755	24,846
Developed technology, patents and patent applications	33,015	24,622	8,393	32,762	23,276	9,486
Other	16,656	16,246	410	16,657	15,468	1,189
Total	$ 323,301	$ 204,955	$ 118,346	$ 287,528	$ 192,745	$ 94,783

Trademarks with indefinite lives as of September 30, 2023 and December 31, 2022 were $22,174 and $11,680, respectively. Amortization expense related to intangible assets was $4,438 and $3,583 for the three months ended September 30, 2023 and 2022, respectively, and $12,211 and $11,576 for the nine months ended September 30, 2023 and 2022, respectively.

Based on gross carrying amounts at September 30, 2023, the Company's estimate of amortization expense for identifiable intangible assets for the years ending December 31, 2023 through 2027 is presented in the table below.

	Year Ending December 31,				
	2023	2024	2025	2026	2027
Estimated amortization expense	16,463	17,124	15,843	13,849	13,064

7. INVESTMENTS

The following table summarizes the Company's long-term investments as of September 30, 2023 and December 31, 2022.

	Ownership %		Long-Term Investments Balance	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Aerojet Rocketdyne Holdings, Inc. [(a)]	— %	4.5 %	—	$ 201,278
STCN convertible notes [(b)]			—	14,521
STCN preferred stock [(b)]			—	35,000
STCN common stock [(b)]		30.0 %	—	26,000
PCS-Mosaic [(c)]	58.3 %	59.0 %	19,186	23,323
Other long-term investments [(d)]			20,187	9,575
Total			$ 39,373	$ 309,697

a) During the three months ended September 30, 2023, Steel Connect disposed of all its interest in Aerojet common Stock which it received in the Exchange Transaction for net proceeds of $207,799. See Note 3 - "Acquisitions and Divestitures".
b) Balance included the Company's investment in STCN as of December 31, 2022. The Company's ownership of Steel Connect increased to 85.0% on May 1, 2023, as discussed in Note 3 - "Acquisitions and Divestitures" and, as of May 1, 2023, STCN is consolidated by the Company. The STCN convertible notes are outstanding as of September 30, 2023 and are eliminated in consolidation.
c) Represents the Company's investment in PCS-Mosaic as described in Note 3 - "Acquisitions and Divestitures".

d) The balance consists of multiple common stock investments of public and non-public companies and available for sale securities.

The loss (income) of associated companies, net of taxes, for the three and nine months ended September 30, 2023 and 2022, respectively, are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
STCN convertible notes	$ —	$ 151	$ 389	$ 1,106
STCN preferred stock	—	(716)	—	(96)
STCN common stock	—	(323)	8,415	485
PCS-Mosaic	3,140	272	3,140	272
Total	$ 3,140	$ (616)	$ 11,944	$ 1,767

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

The amounts of unrealized losses (gains) for the three and nine months ended September 30, 2023 and 2022 that relate to equity securities still held as of September 30, 2023 and 2022, respectively, are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net (gains) losses recognized during the period on equity securities	$ (8,665)	$ (3,641)	$ (6,151)	$ 22,570
Less: Net (gains) recognized during the period on equity securities sold during the period	(10,394)	—	(6,690)	—
Unrealized losses (gains) recognized during the period on equity securities still held at the end of the period	$ 1,729	$ (3,641)	$ 539	$ 22,570

Equity Method Investments

As of September 30, 2023, the Company's investments in associated companies includes PCS-Mosaic, which is accounted for under the equity method of accounting. PCS-Mosaic is a private investment fund primarily invested in specialized software development and training services. PCS-Mosaic is carried at cost, plus or minus the Company’s share of net earnings or losses of the investment. Associated companies are included in the Corporate and Other segment.

Beginning May 1, 2023, STCN was consolidated by the Company. Refer to Note 3 - "Acquisitions and Divestitures" for further details of the exchange transactions between the Company and STCN.

Other Investments

WebBank has held-to-maturity ("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.

	September 30, 2023			
	Amortized Cost	Gross Unrealized Gains	Estimated Fair Value	Carrying Value
Collateralized securities	$ 326,843	$ 2,187	$ 329,030	$ 326,843
Contractual maturities within:				
One year to five years				320,081
Five years to ten years				3,138
After ten years				3,624
Total				$ 326,843

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

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 corresponding non-credit portion charged to accumulated other comprehensive income.

8. DEBT

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

	September 30, 2023	December 31, 2022
Short term debt:		
Foreign	$ 195	$ 685
Short-term debt	195	685
Long-term debt:		
Credit Agreement	186,050	178,650
Other debt - domestic	939	989
Subtotal	186,989	179,639
Less: portion due within one year	67	67
Long-term debt	186,922	179,572
Total debt	$ 187,184	$ 180,324

Long-term debt as of September 30, 2023 matures in each of the next five years as follows:

	Total	2023	2024	2025	2026	2027	Thereafter
Long-term debt	$ 186,989	$ 17	$ 67	$ 67	$ 186,117	$ 721	$ —

As of September 30, 2023, the Company's senior credit agreement, as amended and restated ("Credit Agreement") covers substantially all of the Company's subsidiaries, with the exception of WebBank and Steel Connect, and 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 foreign currency sublimit (available in euros and pounds sterling) equal to the lesser of $75,000 and the total amount of the Revolving Credit Commitment. The Credit Agreement permits, under certain circumstances, to increase the aggregate principal amount of revolving credit commitments under the Credit Agreement by $300,000 plus additional amounts so long as the Leverage Ratio would not exceed 3.50:1. Borrowings bear interest, at annual rates of either Base Rate, SOFR Rate or Term RFR, at the borrowers’ option, plus an applicable margin, as set forth in the Credit Agreement. As of September 30, 2023, the Credit Agreement also provides for a commitment fee of 0.150% to be paid on unused borrowings.

The Credit Agreement contains financial covenants, including: (i) a Leverage Ratio not to exceed 4.25 to 1.00 for quarterly periods as of the end of each fiscal quarter; provided, however, that notwithstanding the foregoing, following a Material Acquisition, Borrowers shall not permit the Leverage Ratio, calculated as of the end of each of the four (4) fiscal quarters immediately following such Material Acquisition (which, for the avoidance of doubt, shall commence with the fiscal quarter in which such Material Acquisition is consummated), to exceed 4.50 to 1.00 and (ii) an Interest Coverage Ratio, calculated as of the end of each fiscal quarter, not less than 3.00 to 1.00. The Credit Agreement also contains standard representations, warranties and covenants for a transaction of this nature, including, among other things, covenants relating to: (i) financial reporting and notification; (ii) payment of obligations; (iii) compliance with law; (iv) maintenance of insurance; and (v) maintenance of properties. As of September 30, 2023, the Company was in compliance with all financial covenants under the Credit Agreement. The Company believes it will remain in compliance with the Credit Agreements covenants for the next twelve months. The Credit Agreement will expire on December 29, 2026.

The weighted average interest rate on the Credit Agreement was 6.64% at September 30, 2023. As of September 30, 2023, letters of credit totaling $10,448 had been issued under the Credit Agreement. The primary use of the Company's letters of credit are to support the performance and financial obligations for environmental matters, insurance programs and real estate leases. The Credit Agreement permits the Company to borrow for the dividends on its preferred units, pension contributions, investments, acquisitions and other general corporate expenses. Based on financial results as of September 30, 2023, the Company's total availability under the Credit Agreement, which is based upon Consolidated Adjusted EBITDA and certain covenants as described in the Credit Agreement, was approximately $403,500 as of September 30, 2023.

Steel Connect Revolving Credit Facility

Steel Connect's wholly-owned subsidiary, ModusLink Corporation ("ModusLink"), has a revolving credit agreement (the "Umpqua Revolver") with Umpqua Bank which provides for a maximum credit commitment of $12,500 and a sub-limit of $5,000 for letters of credit and expires on March 31, 2025. As of September 30, 2023, ModusLink was in compliance with the Umpqua Revolver's covenants and believes it will remain in compliance with the Umpqua Revolver’s covenants for the next twelve months. As of September 30, 2023, ModusLink had available borrowing capacity of $11,890 and there was $610 outstanding for letters of credit.

9. 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 14 - "Fair Value Measurements"). As of September 30, 2023, outstanding derivatives mature within three to five 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 September 30, 2023, the Company had the following outstanding forward contracts with settlement dates through October 2023. There were no futures contracts outstanding as of September 30, 2023.

Commodity	Amount (in whole units)	Notional Value
Silver	74,539 ounces	$ 1,707
Gold	27 ounces	$ 47
Palladium	926 ounces	$ 1,147
Platinum	60 ounces	$ 54
Copper	298,000 pounds	$ 1,090
Tin	18 metric tons	$ 453

Fair Value Hedges. Certain forward contracts are accounted for as fair value hedges under ASC 815 for the Company's precious metal inventory carried at fair value. These contracts hedge 74,481 ounces (in whole units) of silver and a majority of the Company's pounds of copper. The fair values 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 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, 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)					
	September 30, 2023			December 31, 2022		
	Balance Sheet Location	Fair Value		Balance Sheet Location	Fair Value	
Derivatives designated as ASC 815 hedges						
Commodity contracts	Prepaid expenses and other current assets	$	22	Accrued liabilities	$	(70)
Derivatives not designated as ASC 815 hedges						
Commodity contracts	Prepaid expenses and other current assets		12	Accrued liabilities	$	(177)
Economic interests in loans	Other non-current assets	$	5,098	Other non-current assets	$	5,728

The effects of fair value hedge accounting on the consolidated statements of operations for the three and nine months ended September 30, 2023 and 2022 are not material. The effects of derivatives not designated as ASC 815 hedging instruments on the consolidated statements of operations for the three and nine months ended September 30, 2023 and 2022 are as follows:

		Amount of Gain Recognized in Income			
		Three Months Ended September 30,		Nine Months Ended September 30,	
Derivatives Not Designated as Hedging Instruments:	Location of Gain (Loss) Recognized in Income	2023	2022	2023	2022
Commodity contracts	Other income, net	33	$ (859)	790	$ (411)
Economic interests in loans	Financial Services revenue	1,415	1,591	3,763	3,973
Total		$ 1,448	$ 732	$ 4,553	$ 3,562

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 September 30, 2023 and December 31, 2022, WebBank's undisbursed loan commitments totaled $411,151 and $606,537, respectively. Commitments to extend credit are agreements to lend to a borrower who meets the lending criteria through one of WebBank's lending agreements, provided there is no violation of any condition established in the contract with the counterparty to the lending arrangement.

Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. 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.

10. PENSION AND OTHER POST-RETIREMENT BENEFITS

The Company maintains several qualified and non-qualified pension plans and other post-retirement benefit plans. The following table presents the components of pension (income) expense for the Company's significant pension plans. The Company's other pension and post-retirement benefit plans are not significant individually or in the aggregate.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest cost	$ 4,538	$ 2,381	$ 13,614	$ 7,145
Expected return on plan assets	(4,467)	(6,336)	(13,401)	(19,007)
Amortization of actuarial loss	2,882	2,128	8,647	6,384
Total net pension expense (income)	$ 2,953	$ (1,827)	$ 8,860	$ (5,478)

Net pension expense (income) is included in Selling, general and administrative expenses in the consolidated statements of operations. During the nine months ended September 30, 2023, the Company contributed $13,627 to its pension plans. 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. The Company does not expect to make any additional contributions during the fourth quarter of 2023.

11. CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE LOSS

As of September 30, 2023, the Company had 21,304,915 Class A units (regular common units) outstanding.

Common Unit Repurchase Program

The Board of Directors of SPH GP, the general partner of SPLP (the "Board of SPH GP") has approved the repurchase of up to an aggregate of 8,770,240 of the Company's common units (the "Repurchase Program"), which is inclusive of 1,000,000 common units approved in May 2023. The Repurchase Program, which was announced on December 7, 2016, 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. The Company repurchased 111,118 and 454,616 common units for an aggregate purchase price of $4,891 and $19,728 for the three and nine months ended September 30, 2023, respectively. From the inception of the Repurchase Program the Company has purchased 7,800,608 common units for an aggregate price of approximately $164,086. As of September 30, 2023, there remained 969,632 common units that may yet be purchased under the Repurchase Program.

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, "LP Units"). On May 18, 2020, the Company's unitholders approved the Amended and Restated 2018 Incentive Award Plan, which increased the number of LP Units issuable under the 2018 Plan by 500,000 to a total of 1,000,000 LP Units. On June 9, 2021, the Company's unitholders approved the Second Amended and Restated 2018 Incentive Award Plan ("Second A&R 2018 Plan"), which increased the number of LP Units issuable under the 2018 Plan by 1,000,000 to a total of 2,000,000 LP Units. The Company granted 17,000 restricted units under the Second A&R 2018 Plan during the nine months ended September 30, 2023. Such LP Units were valued based upon the market value of the Company's LP Units on the date of grant, and collectively represent approximately $417 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 six months to two years from the date of grant.

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 $2,408 and $7,225 to preferred unitholders for both the three and nine months ended September 30, 2023 and 2022, respectively. The SPLP Preferred Units have a term of nine years, ending February 2026, and are redeemable at any time at the Company's option at a $25 liquidation value per unit, plus any accrued and unpaid distributions (payable in cash or SPLP common units, or a combination of both, at the Company's discretion). If redeemed in common units, the number of common units to be issued will be equal to the liquidation value per unit divided by the volume weighted-average price of the common units for 60 days prior to the redemption.

The SPLP Preferred Units have no voting rights, except that holders of the preferred units have certain voting rights in limited circumstances relating to the election of directors following the failure to pay six quarterly distributions. The SPLP Preferred Units are recorded as non-current liabilities, including accrued interest expense, on the Company's consolidated balance sheet as of September 30, 2023 and December 31, 2022 because they have an unconditional obligation to be redeemed for cash or by issuing a variable number of SPLP common units for a monetary value that is fixed and known at inception. Because the SPLP Preferred Units are classified as liabilities, distributions thereon are recorded as a component of Interest expense in the Company's consolidated statements of operations. As of September 30, 2023 and December 31, 2022, there were 6,422,128 SPLP Preferred Units outstanding.

On November 8, 2023, the Board of SPH GP declared a regular quarterly cash distribution of $0.375 per unit, payable December 15, 2023, to unitholders of record as of December 1, 2023, on its SPLP Preferred Units.

Accumulated Other Comprehensive Loss

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

	Unrealized loss on available-for-sale debt securities	Cumulative translation adjustments	Change in net pension and other benefit obligations	Total
Balance at December 31, 2022	$ (92)	$ (17,113)	$ (134,669)	$ (151,874)
Net other comprehensive income attributable to common unitholders	—	1,093	—	1,093
Balance at March 31, 2023	(92)	(16,020)	(134,669)	(150,781)
Net other comprehensive loss attributable to common unitholders	—	(175)	—	(175)
Balance at June 30, 2023	$ (92)	$ (16,195)	$ (134,669)	$ (150,956)
Net other comprehensive loss attributable to common unitholders	—	(1,991)	36	(1,955)
Balance at September 30, 2023	$ (92)	$ (18,186)	$ (134,633)	$ (152,911)

	Unrealized loss on available-for-sale securities	Cumulative translation adjustments	Change in net pension and other benefit obligations	Total
Balance at December 31, 2021	$ (92)	$ (13,961)	$ (117,750)	$ (131,803)
Net other comprehensive loss attributable to common unitholders	—	(459)	—	(459)
Balance at March 31, 2022	(92)	(14,420)	(117,750)	(132,262)
Net other comprehensive loss attributable to common unitholders	—	(2,194)	—	(2,194)
Balance at June 30, 2022	$ (92)	$ (16,614)	$ (117,750)	$ (134,456)
Net other comprehensive loss attributable to common unitholders	—	(2,178)	—	(2,178)
Balance at September 30, 2022	$ (92)	$ (18,792)	$ (117,750)	$ (136,634)

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 ("SPH SPV-I") pursuant to an Incentive Unit Agreement. 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 $41.82 and was determined when the most recent award vested on December 31,

2022. The number of outstanding Incentive Units is equal to 100% of the common units outstanding, including common units held by non-wholly-owned subsidiaries. The measurement date equity value per common unit is determined by calculating the volume weighted average price 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.

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. 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. As of the annual measurement date on December 31, 2022, 200,253 Incentive Units vested as the Company's volume weighted average price exceeded the then baseline equity value of $39.26, and upon vesting, were classified as Class C units. On March 21, 2023, the Company issued the 200,253 Class C common units to SPH SPV-I, which SPH SPV-I earned based on the Company's performance in 2022.

If September 30, 2023 was the annual measurement date, then approximately 154,078 Incentive Units would vest and be issued as Class C common units based upon the volume weighted-average price of the Company's common units for 20 trading days prior to September 30, 2023. However, pursuant to the terms to the Incentive Unit Agreement, vesting of the Incentive Units only occurs based on the value of the Company's common units at the annual measurement date on December 31, and therefore, more, fewer or no Incentive Units may vest for 2023.

12. INCOME TAXES

The Company recorded an income tax benefit of $981 for the three months ended September 30, 2023 and an income tax provision of $9,211 for the same period in 2022. The Company recorded an income tax benefit of $1,707 for the nine months ended September 30, 2023 and an income tax provision of $56,256 for the same period in 2022. The Company's tax provision represents the income tax expense or benefit of its consolidated subsidiaries that are taxable entities. Significant differences between the statutory rate and the effective tax rate include partnership losses for which no tax benefit is recognized, tax expense related to unrealized gains and losses on investment, changes in deferred tax valuation allowances, deferred tax movements resulting from the acquisition of Steel Connect and other permanent differences. The Company's consolidated subsidiaries have recorded deferred tax valuation allowances to the extent that they believe it is more likely than not that the benefits of certain deferred tax assets will not be realized in future periods.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law which generally includes implementation of a new 15% corporate alternative minimum tax, a one percent excise tax on share repurchases, and tax incentives for energy and climate initiatives. These provisions are effective beginning January 1, 2023. The corporate alternative minimum tax and excise tax provisions of the IRA do not apply to the Company as it is a partnership for tax purposes and none of its subsidiaries are covered corporations. The Company will consider the IRA's tax incentive provisions as applicable in evaluating current and future initiatives, but does not currently anticipate a significant impact from these new rules.

13. NET INCOME PER COMMON UNIT

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	$ 27,887	$ 36,428	$ 111,305	$ 133,082
Net (income) loss attributable to noncontrolling interests in consolidated entities	(2,315)	(111)	(1,737)	(122)
Net income attributable to common unitholders	25,572	36,317	109,568	132,960
Effect of dilutive securities:				
Interest expense from SPLP Preferred Units [a]	3,083	3,083	9,228	9,228
Net income attributable to common unitholders – assuming dilution	$ 28,655	$ 39,400	$ 118,796	$ 142,188
Net income per common unit – basic				
Net income attributable to common unitholders	$ 1.20	$ 1.57	$ 5.10	$ 5.85
Net income per common unit – diluted				
Net income attributable to common unitholders	$ 1.14	$ 1.45	$ 4.68	$ 5.26
Denominator for net income per common unit – basic	21,298,871	23,147,644	21,495,689	22,737,902
Effect of dilutive securities:				
Incentive Units	154,078	191,080	153,063	220,240
Unvested restricted common units	24,341	104,396	19,340	156,494
SPLP Preferred Units	3,603,920	3,802,650	3,692,232	3,923,915
Denominator for net income per common unit – diluted	25,081,210	27,245,770	25,360,324	27,038,551

(a) Assumes the SPLP Preferred Units were redeemed in common units as described in Note 11 - "Capital and Accumulated Other Comprehensive Loss."

14. FAIR VALUE MEASUREMENTS

Financial assets and liabilities measured at fair value on a recurring basis in the Company's consolidated financial statements as of September 30, 2023 and December 31, 2022 are summarized by type of inputs applicable to the fair value measurements as follows:

September 30, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Long-term investments [a]	$ 16,136	$ 546	$ 3,505	$ 20,187
Precious metal and commodity inventories recorded at fair value	35,620	—	—	35,620
Economic interests in loans [b]	—	—	5,098	5,098
Commodity contracts on precious metal and commodity inventories	—	34	—	34
Warrants [c]	—	—	3,564	3,564
Total	$ 51,756	$ 580	$ 12,167	$ 64,503
Liabilities:				
Other precious metal liabilities	$ 29,167	$ —	$ —	$ 29,167
Total	$ 29,167	$ —	$ —	$ 29,167

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Long-term investments [a]	$ 234,039	$ —	$ 52,336	$ 286,375
Precious metal and commodity inventories recorded at fair value	32,896	—	—	32,896
Economic interests in loans [b]	—	—	5,728	5,728
Warrants [c]	—	—	3,564	3,564
Total	$ 266,935	$ —	$ 61,628	$ 328,563
Liabilities:				
Commodity contracts on precious metal and commodity inventories	$ —	$ 247	$ —	$ 247
Other precious metal liabilities	30,115	—	—	30,115
Total	$ 30,115	$ 247	$ —	$ 30,362

(a) For additional details of the long-term investments, see Note 7 – "Investments." The investment in PCS-Mosaic of $19,186 and $23,323 as of September 30, 2023 and December 31, 2022, respectively, is not included in the fair value leveling tables as it is valued at cost.
(b) For additional details of the economic interests in loans, see Note 9 – "Financial Instruments".
(c) Included within Other non-current assets in the consolidated balance sheets.

There were no transfers of securities among the various measurement input levels during the three and nine months ended September 30, 2023 or 2022.

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

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

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

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

The precious metal and commodity inventories associated with the Company's fair value hedges (see Note 9 - "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 (a)	Economic Interests in Loans (b)	Warrants (b)	Total
Balance as of December 31, 2022	$ 52,336	$ 5,728	$ 3,564	$ 61,628
Purchases	589	—	—	589
Sales, cash collections, and eliminations	(49,521)	(4,393)	—	(53,914)
Realized gains	(5)	3,763	—	3,758
Unrealized gains	106	—	—	106
Unrealized losses	—	—	—	—
Balance as of September 30, 2023	$ 3,505	$ 5,098	$ 3,564	$ 12,167
Balance as of December 31, 2021	$ 50,085	$ 6,483	$ 6,929	$ 63,497
Purchases	999	—	—	999
Sales, cash collections, and eliminations	—	(4,721)	(2,150)	(6,871)
Realized gains	—	3,973	(1,215)	2,758
Unrealized losses	(1,007)	—	—	(1,007)
Balance as of September 30, 2022	$ 50,077	$ 5,735	$ 3,564	$ 59,376

(a) Unrealized gains and losses are recorded in (Income) loss of associated companies, net of taxes in the consolidated statements of operations.
(b) Realized and unrealized gains and losses are recorded in Realized and unrealized (gains) losses on securities, net or Financial services revenue in the consolidated statements of operations.

Long-Term Investments - Valuation Techniques

The Company estimated the value of its investment in the STCN Note as of December 31, 2022 using a Binomial Lattice Model. Key inputs in the valuation included the trading price and volatility of STCN's common stock, the risk-free rate of return, as well as the dividend rate, conversion price, and maturity date. The fair value of the Company’s investment in STCN preferred stock as of December 31, 2022 was its par value because the Company has the right to redeem and the issuer has the right to convert the instrument at the redemption value. The Company's investments in the STCN Note and STCN preferred stock were remeasured as of the date of the Exchange Transaction. The Company's investment in Steel Connect as of September 30, 2023 was eliminated as the Company's ownership of Steel Connect increased to 85.0% on May 1, 2023, as discussed in Note 3 - "Acquisitions and Divestitures".

Marketable Securities and Other - Valuation Techniques

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

The Company uses the 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 9 - "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 flow analyses that consider credit, performance and prepayment. Unobservable inputs used in the discounted cash flow analyses are: a constant prepayment rate of 9.36% to 35.20%, a constant default rate of 1.72% to 21.91% and a discount rate of 1.82% to 25.60%.

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.

15. COMMITMENTS AND CONTINGENCIES

Environmental and Litigation Matters

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

The legal proceedings and environmental investigations are in various stages of administrative or judicial proceedings and include demands for recovery of past governmental costs, and for future investigations and remedial actions. In some cases, the dollar amounts of the claims have not been specified and, with respect to a number of the PRP claims, have been asserted against a number of other entities for the same cost recovery or other relief as was asserted against certain of the Company's subsidiaries. The Company accrues liabilities associated with environmental and litigation matters on an undiscounted basis, when they become probable and reasonably estimable. As of September 30, 2023, on a consolidated basis, the Company recorded liabilities of $13,444 and $24,736 in Accrued liabilities and Other non-current liabilities, respectively, on the consolidated balance sheet. As of December 31, 2022, on a consolidated basis, the Company recorded liabilities of $12,692 and $24,765 in Accrued Liabilities and Other non-current liabilities, respectively, on the consolidated balance sheet, which represent the current estimate of environmental remediation liabilities as well as reserves related to the litigation matters discussed below.

Expenses relating to these costs, and any recoveries, are included in Selling, general and administrative expenses in the Company's consolidated statements of operations. Estimates of the Company's liability for remediation of a particular site and the method and ultimate cost of remediation require a number of assumptions that are inherently difficult to make, and the ultimate outcome may be materially different from current estimates.

Environmental Matters

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

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

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

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

The Company has been working with the Connecticut Department of Energy and Environmental Protection ("CTDEEP") with respect to its obligations under a 1989 consent order that applies to a former manufacturing facility located in Fairfield, Connecticut. An ecological risk assessment 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 and $17,500. The Company has a reserve of $14,300 recorded for future remediation costs, which is our best estimate within this range of potential losses. Due to the uncertainties, there can be no assurance that the final resolution of this matter will not be material to the financial position, results of operations or cash flows of the Company.

In 1986, a subsidiary of the Company entered into an administrative consent order ("ACO") with the New Jersey Department of Environmental Protection ("NJDEP") to investigate and remediate property in Montvale, New Jersey that it purchased in 1984. The ACO involves investigation and remediation activities to be performed with regard to soil and groundwater contamination. The Company has been actively investigating and remediating the soil and groundwater since that time and has completed the implementation of the improved groundwater treatment system in operation at the property. Pursuant to a settlement agreement with the former owner/operator of the site, the responsibility for site investigation and remediation costs and other related costs are contractually allocated 75% to the former owner/operator and 25% jointly to the Company, all after having the first $1,000 paid by the former owner/operator. Additionally, the Company had been reimbursed indirectly through insurance coverage for a portion of the costs for which it is responsible. There is no assurance that the former owner/operator or guarantors will continue to timely reimburse the Company for expenditures and/or will be financially capable of fulfilling their obligations under the settlement agreement and the guaranties. There is no assurance that there will be any additional insurance reimbursement. A reserve of approximately $900 has been established for the Company's expected 25% share of anticipated costs at this site, which is based upon the recent selection of a final remedy, on-going operations and maintenance, additional investigations and monitored natural attenuation testing over the next 30 years. Also, a reserve and related receivable of approximately $2,700 has been established for the former owner/operator's expected share of anticipated costs at this site. On December 18, 2019, the State of New Jersey ("State") filed a complaint against the Company and other non-affiliated corporations related to former operations at this location. The State is seeking unspecified damages, including reimbursement for all cleanup and removal costs and other damages that the State claims it has incurred, including the lost value of, and reasonable assessment costs for, any natural resource injured as a result of the alleged discharge of hazardous substances and pollutants, as well as attorneys' fees and costs. On March 16, 2020, the Company filed a partial motion to dismiss, resulting in dismissal with prejudice of the State's trespass claim and limiting the damages recoverable through the State's public nuisance claim to monetary relief associated with abatement. On June 11, 2020, the State filed an Amended Complaint, bringing the same claims as the original complaint. On July 1, 2020, the Company answered and asserted crossclaims for indemnification and contribution against another defendant, Cycle Chem, Inc. Cycle Chem also asserted crossclaims against the Company, which have been answered. The parties have largely completed written and document discovery. As a result of the confidential mediation, the parties negotiated a settlement amount of $10,500, of which the Company would be required to pay $2,625, its 25% share, and of which other non-affiliated corporations would pay the remaining $7,875, their 75% share. Additionally, the State has also verbally agreed to a settlement amount of $3,500 with Cycle Chem for which they will be 100% responsible. On October 14, 2022, the Company and all other related parties advised the Court of the global settlement. The State is required to go through a formal approval process on the settlement amounts which includes a public notice and comment period. In the meantime, the legal proceedings have been delayed while the settlement process is finalized. Once State approval is finalized, the Court will have a final hearing to approve and issue a consent judgement.

The Company's subsidiary, SL Industries, Inc. ("SLI"), may incur environmental costs in the future as a result of the past activities of its former subsidiary, SL Surface Technologies, Inc. ("SurfTech"), in Pennsauken, New Jersey ("Pennsauken Site") and in Camden, New Jersey and at its former subsidiary, SGL Printed Circuits in Wayne, New Jersey. At the Pennsauken Site, SLI entered into a consent decree with both the U.S. Department of Justice and the U.S. Environmental Protection Agency ("EPA") in 2013 and has since completed the remediation required by the consent decree and has paid the EPA a fixed sum for its past oversight costs. Separate from the consent decree, in December 2012, the NJDEP made a settlement demand of $1,800 for past and future cleanup and removal costs and natural resource damages ("NRD"). To avoid the time and expense of litigating the matter, SLI offered to pay approximately $300 to fully resolve the claim presented by the State. SLI's settlement offer was rejected. On December 6, 2018, the State filed a complaint against SLI related to the Pennsauken Site. The State is seeking treble damages and attorneys' fees, NRD for loss of use of groundwater, as well as a request that SLI pay all cleanup and removal costs that the State has incurred and will incur at the Pennsauken Site. On August 21, 2019, SLI submitted a $1,070 settlement offer, which was not accepted. The parties have substantially completed the fact and expert discovery, including the exchange of competing expert reports. The Company has a reserve of $2,582, which is the amount of SLI's last settlement offer. SLI intends to assert all legal and procedural defenses available to it. Accordingly, there can be no assurance that the resolution of this matter will not be material to the financial position, results of operations or cash flows of the Company.

SLI reported soil contamination and groundwater contamination in 2003 from the SurfTech site located in Camden, New Jersey. Substantial investigation and remediation work has been completed under the direction of the licensed site remediation professional for the site. Additional investigations related to PFAS compounds have been initiated and have delayed remediation actions. Remediation actions, including soil excavation and groundwater bioremediation, are expected to start in the first half of 2024. Post-remediation groundwater monitoring will be conducted following completion of soil excavation. A reserve of $3,000 has been established for anticipated costs at this site, but there can be no assurance that there will not be potential additional costs associated with the site, which cannot be reasonably estimated at this time. Accordingly, there can be no assurance that the resolution of this matter will not be material to the financial position, results of operations or cash flows of the Company.

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

Litigation Matters

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

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

A subsidiary of BNS Holdings Liquidating Trust ("BNS Sub") has been named as a defendant in multiple alleged asbestos-related toxic-tort claims filed over a period beginning in 1994 through September 30, 2023. In many cases these claims involved more than 100 defendants. There remained approximately 55 pending asbestos claims as of September 30, 2023. 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 both September 30, 2023 and December 31, 2022, BNS Sub has accrued $1,389 and $1,418 respectively, relating to the open and active claims against BNS Sub. This accrual includes the amount of unpaid retroactive billings submitted to the Company by the insurance carriers and also the Company's best estimate of the likely costs for BNS Sub to settle these claims outside the amounts funded by insurance. There can be no assurance that the number of future claims and the related costs of defense, settlements or judgments will be consistent with the experience to-date of existing claims and that BNS Sub will not need to significantly increase its estimated liability for the costs to settle these claims to an amount that could have a material effect on the consolidated financial statements.

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

16. RELATED PARTY TRANSACTIONS

The receivables from related parties and payables to related parties are included in Prepaid expenses and other current assets and Other current liabilities, respectively, on the Company's consolidated balance sheets. The components of receivables from related parties and payables to related parties for the years ended September 30, 2023 and December 31, 2022 are presented below:

	September 30, 2023	December 31, 2022
Receivable from related parties:		
Receivable from associated companies - STCN	$ —	$ 967
Receivable from other related parties	236	(5)
Total	$ 236	$ 962
Payables to related parties:		
Accrued management fees	$ 449	$ 299
Payables to other related parties	1,287	2,582
Total	$ 1,736	$ 2,881

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 a 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 determined as of the last day of each fiscal year (see Note 11 - "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 $3,249 and $2,709 for the three months ended September 30, 2023 and 2022, respectively, and $9,319 and $7,646 for the nine months ended September 30, 2023 and 2022, respectively. The Management Fee is included in Selling, general and administrative expenses in the Company's consolidated statements of operations. Unpaid amounts for management fees included in Other current liabilities on the Company's consolidated balance sheet were $449 and $299 as of September 30, 2023 and December 31, 2022, respectively.

SPLP will bear (or reimburse the Manager with respect to) all its reasonable costs and expenses of the managed entities, the Manager, SPH GP or their affiliates, including but not limited to: travel, 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, the substantial majority of which was for business-related air travel, were approximately $1,203 and $1,274 for the three months ended September 30, 2023 and 2022, respectively, and $3,582 and $3,265 for the nine months ended September 30, 2023 and 2022, respectively. Unpaid amounts for reimbursable expenses were approximately $1,140 and $2,427 as of September 30, 2023 and December 31, 2022, respectively, and are included in Other current liabilities 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. and Steel Partners, Ltd. and affiliates. In total, Steel Services currently charges approximately $1,787 annually to these companies. Upon closing of the Exchange Transaction on May 1, 2023, STCN became a consolidated subsidiary of the Company as described in Note 3 - "Acquisitions and Divestitures". Service fees charged to STCN after May 1, 2023 are eliminated in consolidation. All amounts billed under these service agreements are classified as a reduction of Selling, general and administrative expenses.

Mutual Securities, Inc.

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

Other

At September 30, 2023 and December 31, 2022, several related parties and consolidated subsidiaries had deposits totaling $110 and $1,112 at WebBank, respectively. Approximately $27 and $31 of these deposits, including interest which was not significant, have been eliminated in consolidation as of September 30, 2023 and December 31, 2022, respectively.

17. SEGMENT INFORMATION

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

Corporate and Other consists of several consolidated subsidiaries, including Steel Services, equity method and other investments, and cash and cash equivalents. Its income or loss includes certain unallocated general corporate expenses.

Steel Services has management services agreements with its consolidated subsidiaries and other related companies as further discussed in Note 16 - "Related Party Transactions." Steel Services charged the Diversified Industrial, Energy, Financial Services, and Supply Chain segments approximately $13,184, $2,344, $497 and $617, respectively, for the three months ended September 30, 2023 and charged the Diversified Industrial, Energy, and Financial Services segments approximately $11,087, $1,784 and $459, respectively, for the three months ended September 30, 2022. Steel Services charged the Diversified Industrial, Energy, Financial Services, and Supply Chain segments approximately $39,552, $7,033, $1490, and $1,028, respectively, for the nine months ended September 30, 2023 and charged the Diversified Industrial, Energy, and Financial Services segments approximately $33,987, $5,352, and $1,377, respectively, for the nine months ended September 30, 2022. These service fees are reflected as expenses in the segment income (loss) below, but are eliminated in consolidation.

Segment information is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue:				
Diversified Industrial	$ 299,098	$ 312,200	$ 918,570	$ 986,113
Energy	46,742	51,409	145,220	136,750
Financial Services	106,405	62,064	304,570	149,963
Supply Chain	40,009	—	70,190	—
Total revenue	$ 492,254	$ 425,673	$ 1,438,550	$ 1,272,826
Income (loss) before interest expense and income taxes:				
Diversified Industrial	$ 14,756	$ 27,500	$ 61,015	$ 183,534
Energy	5,968	6,383	15,239	14,012
Financial Services	(2,588)	17,135	48,246	44,771
Supply Chain	4,011	—	5,846	—
Corporate and Other	8,874	(269)	(4,814)	(38,527)
Income before interest expense and income taxes	31,021	50,749	125,532	203,790
Interest expense	4,115	5,110	15,934	14,452
Income tax (benefit) provision	(981)	9,211	(1,707)	56,256
Net income	$ 27,887	$ 36,428	$ 111,305	$ 133,082
Loss (income) of associated companies, net of taxes:				
Corporate and Other	$ 3,140	$ (616)	$ 11,944	$ 1,767
Total	$ 3,140	$ (616)	$ 11,944	$ 1,767
Segment depreciation and amortization:				
Diversified Industrial	10,257	9,875	30,333	31,628
Energy	2,740	2,536	7,732	7,700
Financial Services	205	131	630	392
Supply Chain	1,324	—	2,234	—
Corporate and Other	167	159	504	492
Total depreciation and amortization	$ 14,693	$ 12,701	$ 41,433	$ 40,212

18. 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 raised 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:

	Actual		Amount of Capital Required — For Capital Adequacy Purposes		Amount of Capital Required — Minimum Capital Adequacy With Capital Buffer		Amount of Capital Required — To Be Well Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of September 30, 2023								
Total Capital								
(to risk-weighted assets)	$ 344,053	14.60 %	$ 189,064	8.00 %	$ 248,146	10.50 %	$ 236,330	10.00 %
Tier 1 Capital								
(to risk-weighted assets)	$ 314,081	13.30 %	$ 141,798	6.00 %	$ 200,880	8.50 %	$ 189,064	8.00 %
Common Equity Tier 1 Capital								
(to risk-weighted assets)	$ 314,081	13.30 %	$ 106,348	4.50 %	$ 165,431	7.00 %	$ 153,614	6.50 %
Tier 1 Capital								
(to average assets)	$ 314,081	12.80 %	$ 98,055	4.00 %	n/a	n/a	$ 122,568	5.00 %
As of December 31, 2022								
Total Capital								
(to risk-weighted assets)	$ 306,618	15.00 %	$ 163,952	8.00 %	$ 215,187	10.50 %	$ 204,940	10.00 %
Tier 1 Capital								
(to risk-weighted assets)	$ 280,951	13.70 %	$ 122,964	6.00 %	$ 174,199	8.50 %	$ 163,952	8.00 %
Common Equity Tier 1 Capital								
(to risk-weighted assets)	$ 280,951	13.70 %	$ 92,223	4.50 %	$ 143,458	7.00 %	$ 133,211	6.50 %
Tier 1 Capital								
(to average assets)	$ 280,951	14.70 %	$ 76,300	4.00 %	n/a	n/a	$ 95,375	5.00 %

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

WebBank elected to apply a modified transition provision issued by federal banking regulators related to the impact of the current expected credit loss accounting standard (CECL) on regulatory capital. The rule permits certain banking organizations to exclude from regulatory capital the initial adoption impact of CECL using a three-year phase-out period in which the benefit is reduced by 25% in year one, 50% in year two and 75% in year three.

19. SUPPLEMENTAL CASH FLOW INFORMATION

A summary of supplemental cash flow information for the nine months ended September 30, 2023 and 2022 is presented in the following table:

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash paid during the period for:		
Interest	$ 59,125	$ 18,959
Taxes	$ 30,135	$ 22,026

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

As used in this Quarterly Report on Form 10-Q (this "Form 10-Q"), unless the context otherwise requires, the terms "we," "our," "SPLP" and the "Company" refer to Steel Partners Holdings L.P.

The following discussion is intended to assist you in understanding our present business and the results of operations, together with our present financial condition. This section should be read in conjunction with our Consolidated Financial Statements and the accompanying Notes contained in this Form 10-Q, along with the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the "2022 Annual Report"). All monetary amounts used in this discussion are in thousands.

Cautionary Statement Regarding Forward-Looking Statements

This Form 10-Q 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 (the "Exchange Act"), including, in particular, forward-looking statements under the headings "Item 1 - Financial Statements" and "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations." 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, among other things, (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. Factors that could cause actual results or conditions to differ from those anticipated by these and other forward-looking statements include: disruptions to the Company’s business as a result of economic downturns; the negative impact of inflation, raw material price increases and supply chain disruptions; the significant volatility of crude oil and commodity prices, including from the ongoing Russia-Ukraine war or the disruptions caused by the ongoing conflict between Israel and Hamas; the effects of rising interest rates; the Company’s subsidiaries’ sponsor defined pension plans, which could subject the Company to future cash flow requirements; the ability to comply with legal and regulatory requirements, including environmental, health and safety laws and regulations, banking regulations and other extensive requirements to which the Company and its businesses are subject; risks associated with the Company’s wholly-owned subsidiary, WebBank, as a result of its Federal Deposit Insurance Corporation ("FDIC") status, highly-regulated lending programs, and capital requirements; the ability to meet obligations under the Company's senior credit facility through future cash flows or financings; the risk of recent events affecting the financial services industry, including the closures or other failures of several large banks; the risk of management diversion, increased costs and expenses, and impact on profitability in connection with the Company's business strategy to make acquisitions, including in connection with the Company’s recent majority investment in the Supply Chain segment; the impact of losses in the Company's investment portfolio; the Company’s ability to protect its intellectual property rights and obtain or retain licenses to use others' intellectual property on which the Company relies; the Company’s exposure to risks inherent to conducting business outside of the U.S.; the impact of any changes in U.S. trade policies; the adverse impact of litigation or compliance failures on the Company's profitability; a significant disruption in, or breach in security of, the Company’s technology systems or protection of personal data; the loss of any significant customer contracts; the Company’s ability to maintain effective internal control over financial reporting; the rights of unitholders with respect to voting and maintaining actions against the Company or its affiliates; potential conflicts of interest arising from certain interlocking relationships amount us and affiliates of the Company’s Executive Chairman; the Company’s dependence on the Manager and impact of the management fee on the Company’s total partners’ capital; the impact to the development of an active market for the Company’s units due to transfer restrictions and other factors; the Company’s tax treatment and its subsidiaries’ ability to fully utilize their tax benefits; the potential negative impact on our operations of changes in tax rates, laws or regulations, including U.S. government tax reform; the loss of essential employees; and other factors described in the "Risk Factors" in Part I, Item 1A of the Form 10-K that could affect the Company's results. Any forward-looking statement made in this Form 10-Q 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.

OVERVIEW

SPLP, together with its subsidiaries, is a diversified global holding company that owns and operates businesses and has significant interests in various companies, including diversified industrial products, energy, defense, supply chain management and logistics, banking and youth sports. SPLP operates through the following segments: Diversified Industrial, Energy, Financial Services and Supply Chain. Each of our companies has its own management team with significant experience in their respective industries.

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. Its manufacturing operations encompass joining materials, tubing, building materials, performance materials, electrical products, cutting replacement products and services, and metallized films.

The Energy segment provides drilling and production services to the oil & gas industry and owns a youth sports business. The operations of the sports business are not material to the Company. The profitability of the energy business is highly sensitive to changes in the price of crude oil. Any future decline in oil prices will negatively impact this business.

The Financial Services segment consists primarily of the operations of WebBank, of which we own 100% through our subsidiary WebFinancial Holding Corporation. WebBank 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 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 retains a portion of the loans it originates for its Marketing Partners. WebBank also has private-label financing programs that are branded for a specific retailer, manufacturer, dealer channel, proprietary network or bank card program. WebBank participates in syndicated commercial and industrial as well as asset-based credit facilities and asset-based securitizations through relationships with other financial institutions. WebBank has observed and still anticipates economic disruption and loan performance deterioration associated with current risks such as the economic impacts of inflation, rising interest rates and looming recession. WebBank believes this may have a broad negative impact on the macro-economy and may cause estimated credit losses to differ from historical loss experience.

During the three and nine months ended September 30, 2023, WebBank did not issue new loans under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"), authorized under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The existing loans were funded by the PPP Liquidity Facility and have terms of between two and five years with repayment guaranteed by the SBA. Payments by borrowers up to sixteen months after the note date, and interest will continue to accrue during the sixteen-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. As of September 30, 2023, the total PPP loans and associated liabilities are $23,307 and $20,309, respectively, and included in Long-term loans receivable, net and Other borrowings, respectively, in the consolidated balance sheet as of September 30, 2023. Upon borrower forgiveness, the SBA pays WebBank for the principal and accrued interest owed on the loan.

The Supply Chain segment consists primarily of the operations of Steel Connect, Inc.'s ("Steel Connect" or "STCN") wholly-owned subsidiary, ModusLink Corporation ("ModusLink" or "Supply Chain"), which serves the supply chain management market. ModusLink provides digital and physical supply chain solutions to many of the world's leading brands across a diverse range of industries, including consumer electronics, telecommunications, computing and storage, software and content, consumer packaged goods, medical devices, retail and luxury and connected devices. These solutions are delivered through a combination of industry expertise, innovative service solutions, and integrated operations, proven business processes, an expansive global footprint and world-class technology. With a global footprint spanning North America, Europe and the Asia Pacific region, ModusLink's solutions and services are designed to improve end-to-end supply chains in order to drive growth, lower costs, and improve profitability.

Corporate and Other consists of several consolidated subsidiaries, including our subsidiary, Steel Services Ltd ("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. Steel Services provides 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. For additional information on these service agreements, see Note 16 - "Related Party Transactions" to the SPLP consolidated financial statements found elsewhere in this Form 10-Q.

Significant Developments

PCS-Mosaic Impairment

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

RESULTS OF OPERATIONS

Comparison of the Three and Nine Months Ended September 30, 2023 and 2022

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	$ 492,254	$ 425,673	$ 1,438,550	$ 1,272,826
Cost of goods sold	283,285	273,657	833,977	830,640
Selling, general and administrative expenses	124,934	93,634	376,252	280,599
Asset impairment charges	—	2,449	329	2,884
Interest expense	4,115	5,110	15,934	14,452
Realized and unrealized (gains) looses on securities, net	(8,665)	(3,641)	(6,151)	22,570
Gain from sale of business	—	(295)	—	(85,480)
All other expense, net *	58,539	9,736	96,667	16,056
Total costs and expenses	462,208	380,650	1,317,008	1,081,721
Income from operations before income taxes and equity method investments	30,046	45,023	121,542	191,105
Income tax (benefit) provision	(981)	9,211	(1,707)	56,256
Loss (income) of associated companies, net of taxes	3,140	(616)	11,944	1,767
Net income	$ 27,887	$ 36,428	$ 111,305	$ 133,082

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

Revenue

Revenue for the three months ended September 30, 2023 increased $66,581, or 15.6%, as compared to the same period last year, as a result of higher revenue from Financial Services and favorable impact from the recently added Supply Chain segment, partially offset by lower sales from the Diversified Industrial segment and lower revenue from the Energy segment.

Revenue for the nine months ended September 30, 2023 increased $165,724, or 13.0%, as compared to the same period last year, as a result of higher revenue from both Financial Services and Energy segments, as well as favorable impact of the recently added Supply Chain segment, partially offset by lower sales from the Diversified Industrial segment including the impact from the divestiture of the SLPE business in April 2022.

Cost of Goods Sold

Cost of goods sold for the three months ended September 30, 2023 increased $9,628, or 3.5%, as compared to the same period last year, resulting from the recently added Supply Chain segment, partially offset by lower sales from the Diversified Industrial segment, primarily from its Building Materials business unit and lower revenue volume from the Energy segment.

Cost of goods sold for the nine months ended September 30, 2023 increased $3,337, or 0.4%, as compared to the same period last year, resulting from the recently added Supply Chain segment and higher revenue from the Energy segment, partially offset by lower sales discussed above from the Diversified Industrial segment.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") for the three months ended September 30, 2023 increased $31,300, or 33.4%, as compared to the same period last year. The increase was primarily due to higher expenses from the Financial Services segment of $17,800 and Diversified Industrial segment of $4,800, and impact of the recently added Supply Chain segment of $7,100,. The increase for the Financial Services segment was primarily due to higher credit performance fees due to higher credit risk transfer ("CRT") balances and higher personnel expenses related to incremental headcount. The higher expenses from the Diversified Industrial segment was primarily driven by higher personnel costs.

SG&A for the nine months ended September 30, 2023 increased $95,653, or 34.1%, as compared to the same period last year. The increase was primarily driven by higher SG&A expenses from the Financial Services segment of $68,800 as discussed above and Diversified Industrial segment of approximately $18,700, primarily due to higher personnel costs for the nine months ended September 30, 2023, despite the impact of the divestiture of SLPE business of $5,000, as well as the recently added Supply Chain segment of $15,900 as mentioned above, partially offset by lower Corporate SG&A expenses of $8,400 due primarily to lower legal fees as compared to the last year period.

Asset Impairment Charges

An impairment charge of $329 was recognized during the nine months ended September 30, 2023, related to a piece of unused equipment in the Building Materials business unit from the Diversified Industrial segment. The Company recorded asset impairment charges of $2,449 and $2,884 for the three and nine months ended September 30, 2022, respectively, primarily related to the implementation costs of an ERP project associated with the Kasco business unit from the Diversified Industrial segment.

Interest Expense

Interest expenses decreased $995, or 19.5% and increased $1,482 or 10.3% for the three and nine months ended September 30, 2023, respectively, as compared to the same periods last year. The decrease for the three month period was primarily driven by lower average debt level, partially offset by higher average interest rates. The increase for the nine month period was primarily due to higher average interest rates, partially offset by lower average debt level.

Gain from Sale of Business

The Company recognized a pre-tax gain of $85,480 during the nine months ended September 30, 2022, related to the divestiture of the SLPE business from the Diversified Industrial segment.

Realized and Unrealized (Gains) Losses on Securities, Net

The Company recorded gains of $8,665 for the three months ended September 30, 2023, as compared to gains of $3,641 in the same period of 2022. The Company recorded gains of $6,151 for the nine months ended September 30, 2023, as compared to losses of $22,570 in the same period of 2022. These gains and losses were due to unrealized gains and losses related to the mark-to-market adjustments on the Company's portfolio of securities.

All Other Expense, Net

All other expense, net totaled $58,539 for the three months ended September 30, 2023, as compared to $9,736 in the same period of 2022 and $96,667 for the nine months ended September 30, 2023, as compared to $16,056 in the same period of 2022. The incremental all other expense, net for the three and nine months ended September 30, 2023 was primarily due to higher provisions for credit losses of $30,376 and $36,221 and finance interest expense of $17,601 and $46,888 related to the Financial Service segment, as compared to the same periods of 2022, respectively.

Income Tax (Benefit) Provision

The Company recorded an income tax benefit of $981 for the three months ended September 30, 2023 and an income tax provision of $9,211 for the same period in 2022. The Company recorded an income tax benefit of $1,707 for the nine months ended September 30, 2023 and an income tax provision of $56,256 for the same period in 2022. The Company's effective tax rate was (1.4)% and 29.4% for the nine months ended September 30, 2023 and 2022, respectively. The lower effective tax rate for the nine months ended September 30, 2023 is primarily due to the change in U.S. income tax expense related to unrealized gains and losses on investments and the deferred tax movements resulting from the addition of Steel Connect. As a limited partnership, the Company is generally not responsible for federal and state income taxes, and its profits and losses are passed directly to its limited partners for inclusion in their respective income tax returns. Provisions have been made for federal, state, local or foreign income taxes on the results of operations generated by our consolidated subsidiaries that are taxable entities. Significant differences between the statutory rate and the effective tax rate include partnership losses for which no tax benefit is recognized, tax expense related to unrealized gains and losses on investment, state taxes, changes in deferred tax valuation allowances, deferred tax movements resulting from the addition of Steel Connect in an exchange transaction and other permanent differences.

Loss (Income) of Associated Companies, Net of Taxes

The Company recorded losses from associated companies, net of taxes, of $3,140 and $11,944 for the three and nine months ended September 30, 2023, respectively, as compared to income from associated companies, net of taxes, of $616 and loss from associated companies, net of taxes, of $1,767 for the three and nine months ended September 30, 2022, respectively. The net of tax loss for the three month ended September 30, 2023 was a non-cash impairment charge related to an other-than-temporary impairment for PCS-Mosaic.

For the details of each of these investments and the related mark-to-market adjustments, see Note 7 - "Investments" to the Company's consolidated financial statements found elsewhere in this Form 10-Q.

Segment Analysis

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue:				
Diversified Industrial	$ 299,098	$ 312,200	$ 918,570	$ 986,113
Energy	46,742	51,409	145,220	136,750
Financial Services	106,405	62,064	304,570	149,963
Supply Chain	40,009	—	70,190	—
Total revenue	$ 492,254	$ 425,673	$ 1,438,550	$ 1,272,826
Income (loss) from operations before interest expense and income taxes:				
Diversified Industrial	$ 14,756	$ 27,500	$ 61,015	$ 183,534
Energy	5,968	6,383	15,239	14,012
Financial Services	(2,588)	17,135	48,246	44,771
Supply Chain	4,011	—	5,846	—
Corporate and other	8,874	(269)	(4,814)	(38,527)
Income from operations before interest expense and income taxes	31,021	50,749	125,532	203,790
Interest expense	4,115	5,110	15,934	14,452
Income tax (benefit) provision	(981)	9,211	(1,707)	56,256
Net income	$ 27,887	$ 36,428	$ 111,305	$ 133,082
Loss (income) of associated companies, net of taxes:				
Corporate and other	$ 3,140	$ (616)	$ 11,944	$ 1,767
Total	$ 3,140	$ (616)	$ 11,944	$ 1,767
Segment depreciation and amortization:				
Diversified Industrial	10,257	9,875	30,333	31,628
Energy	2,740	2,536	7,732	7,700
Financial Services	205	131	630	392
Supply Chain	1,324	—	2,234	—
Corporate and other	167	159	504	492
Total depreciation and amortization	14,693	12,701	41,433	40,212

Diversified Industrial

Net sales for the three months ended September 30, 2023 decreased $13,102, or 4.2%, as compared to the same period of 2022 primarily driven by lower sales for the Building Materials business unit. The decrease of $12,500 for the Building Materials business unit was primarily driven by lower sales volume from its roofing products, partially offset by higher volume from its FastenMaster products.

Net sales for the nine months ended September 30, 2023 decreased $67,543, or 6.8%, as compared to the same period of 2022. The decrease was primarily due to $67,800 lower sales volume for the Building Materials business unit primarily due to lower demand for its roofing products.

Segment operating income for the three months ended September 30, 2023 decreased $12,744, as compared to the same period of 2022. Lower operating income for the 2023 period was primarily driven by lower sales volume impact as discussed above.

Segment operating income for the nine months ended September 30, 2023 decreased $122,519, as compared to the same period of 2022. Lower operating income for the 2023 period was primarily due to a pre-tax gain of $85,480 related to the divestiture of the SLPE business in the 2022 period, lower sales performance as mentioned above, as well as higher personnel costs during the 2023 period.

Energy

Net revenue for the three months ended September 30, 2023 decreased $4,667, or 9.1%, as compared to the same period of 2022. The decrease in net revenue was primarily due to lower rig hours, partially offset by favorable pricing.

Net revenue for the nine months ended September 30, 2023 increased $8,470, or 6.2% as compared to the same periods of 2022, respectively. The increase in net revenue was primarily due to favorable pricing and higher rig hours driven by strong energy sector.

Segment operating income for the three months ended September 30, 2023 decreased $415, as compared to the same period of 2022 primarily driven by lower revenue mentioned above during the 2023 period.

Segment operating income for the nine months ended September 30, 2023 increased $1,227, as compared to the same periods of 2022, respectively, primarily driven by stronger revenue mentioned above, partially offset by higher material and labor costs during the 2023 period.

Financial Services

Revenue for the three months ended September 30, 2023 increased $44,341, or 71.4%, as compared to the same period of 2022. The increase was primarily due to an increase in interest income and fees from higher asset based lending, credit risk transfer, held for sale balances, and interest rates, as compared to the three months ended September 30, 2022.

Revenue for the nine months ended September 30, 2023 increased $154,607, or 103.1%, as compared to the same period of 2022. The increase was primarily due to an increase in interest income and fees from higher asset based lending, credit risk transfer, held for sale balances, and interest rates, as well as higher non-interest income driven by increased volume as compared to the nine months ended September 30, 2022.

Segment operating loss for the three months ended September 30, 2023 was $2,588, as compared to income of $17,135 for the same period of 2022. The decrease of operating profit was due primarily to increased provisions for credit losses, SG&A cost, and finance interest expense, partially offset by higher revenue mentioned above for the three months ended September 30, 2023 as compared to the same period last year. The higher provision for loan losses primarily resulted from the deterioration in value of the collateral supporting one of WebBank's asset-based lending loans. The reserve for this loan was increased by $32,909 to $36,923, a reserve representing 100% of its outstanding principal balance. The higher SG&A cost was driven by higher credit performance fees due to higher CRT balances as well as higher personnel expense related an increase in employees. The higher finance interest expense was due to an increase in deposits and higher interest rates.

Segment operating income for the nine months ended September 30, 2023 increased $3,475, as compared to the same periods of 2022. The increase was primarily due to higher revenue as discussed above, partially offset by higher SG&A costs, finance interest expense, and provision for loan losses for the nine months ended September 30, 2023 as compared to the same period last year. The higher SG&A cost was driven by higher credit performance fees due to higher CRT balances as well as higher personnel expense related to an increase in employees. The higher finance interest expense was due to an increase in deposits and higher interest rates. The higher provision for loan losses primarily resulted from the deterioration in value of the collateral supporting one of WebBank's asset-based lending loans. The reserve for this loan was increased by $36,883 to $36,923, a reserve representing 100% of its outstanding principal balance.

Supply Chain

The Company added the Supply Chain segment on May 1, 2023 with revenue of $40,009 and $70,190 and operating income of $4,011 and $5,846 for the three and nine months ended September 30, 2023, respectively.

During the three months ended September 30, 2023, Steel Connect disposed of all its interest in Aerojet common
Stock which it received in the Exchange Transaction for net proceeds of $207,799.

Corporate and Other

Operating income was $8,874 for the three months ended September 30, 2023, as compared to operating loss of $269 for the same period of last year. Operating loss for the nine months ended September 30, 2023 were $4,814, as compared to $38,527 for the same period last year. The fluctuations were primarily due to changes in investment results from long-term investments. Operating loss from the nine months ended September 30, 2022 were also driven by higher legal fees.

DISCUSSION OF CONSOLIDATED CASH FLOWS

The following table provides a summary of the Company's consolidated cash flows from operations for the nine months ended September 30, 2023 and 2022:

	Nine Months Ended September 30,	
	2023	2022
Net cash provided by (used in) operating activities	$ 11,675	$ (58,524)
Net cash used in investing activities	(168,692)	(85,649)
Net cash provided by financing activities	486,419	181,923
Net change for the period	$ 329,402	$ 37,750

Cash Flows from Operating Activities

During the nine months ended September 30, 2023, the Company generated $11,675 of cash, which was primarily due to operating income of $111,305 and adjustments to operating income, including provision of credit losses of $47,979 and depreciation and amortization of $41,433, partially offset by changes in operating assets and liabilities of $185,870. During the nine months ended September 30, 2022, the Company used $58,524 of cash, which was primarily due to changes in operating assets and liabilities of $203,166, partially offset by operating income of $133,082.

Cash Flows from Investing Activities

During the nine months ended September 30, 2023, the Company used $168,692 of cash, which was primarily due to loan originations, net of collections, of $242,667 and purchases of investments of $204,611, partially offset by proceeds from sales of investments of $207,893 and an increase in cash on consolidation due to the transfer and exchange agreement with Steel Connect. During the nine months ended September 30, 2022, the Company used $85,649 of cash, which was primarily due to purchases of investments of $284,884, acquisitions, net of cash acquired, of $35,298, loan originations, net of collections, of $34,845 and purchases of property, plant and equipment of $30,188, partially offset by proceeds from maturities of investments of $155,899 and the net proceeds from sales of businesses of $142,426.

Cash Flows from Financing Activities

During the nine months ended September 30, 2023, the Company generated $486,419 of cash, which was primarily due to an increase in deposits of $531,006, partially offset by repayments of PPP borrowings of $21,277 and share repurchases of $19,727. During the nine months ended September 30, 2022, the Company generated $181,923 of cash, which was primarily due to an increase in deposits of $606,626, partially offset by repayments of PPP borrowings of $273,569, net revolver repayments of $93,359 and share repurchases of $41,319.

LIQUIDITY AND CAPITAL RESOURCES

SPLP (excluding its operating subsidiaries, "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 increase long-term value for its unitholders and stakeholders through working capital improvements, capital allocation policies, and operational and growth initiatives. Management plans to use the following strategies to continue to enhance liquidity: (1) continuing to implement improvements using the *Steel Business System* throughout all the Company's operations to increase sales and operating efficiencies; (2) supporting profitable sales growth both internally and potentially through acquisitions; and (3) evaluating from time to time and as appropriate, strategic alternatives with respect to its 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 flow and stakeholder value.

The Company's senior credit facility, as amended and restated, (the "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 Credit Agreement covers substantially all of the Company's subsidiaries, with the exception of WebBank and Steel Connect. Availability under the Credit Agreement is based upon earnings and certain covenants, including a maximum ratio limit on Total Leverage and a minimum ratio limit on Interest Coverage, each as defined in the Credit Agreement. The Credit Agreement is subject to certain mandatory prepayment provisions and restrictive and financial covenants, primarily the leverage ratios described above. The Company was in compliance with all financial covenants as of September 30, 2023. The Company believes it will remain in compliance with the Credit Agreement's covenants for the next twelve months. If the Company does not meet its financial covenants, and if it is unable to secure necessary waivers or other amendments from its lenders on terms acceptable to management, its ability to access available lines of credit could be limited, its debt obligations could be accelerated and liquidity could be adversely affected. The Credit Agreement will expire on December 29, 2026, and all outstanding amounts will be due and payable.

The Holding Company and its operating subsidiaries believe that they 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 September 30, 2023, the Company's working capital was $410,043, as compared to working capital of $156,085 as of December 31, 2022. The Company's total availability under the Credit Agreement was approximately $403,500 as of September 30, 2023. During the nine-month period ended September 30, 2023, capital expenditures were $36,667, as compared to $30,188 for the same period of 2022. The Company currently expects full-year capital expenditures in the range of $52,000 to $57,000 in 2023, as compared to $47,541 in 2022. The Company and its subsidiaries have ongoing commitments, which include funding of the minimum requirements of its subsidiaries' pension plans. During the nine months ended September 30, 2023, the Company contributed $13,627 to its pension plans. The Company does not expect to make any additional contributions during the fourth quarter of 2023. 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.

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 $205,850 and $174,257 in cash and cash equivalents, time deposits placed at other institutions and federal funds sold as of September 30, 2023 and December 31, 2022, respectively. WebBank had $50,000 and $55,000 in lines of credit from its correspondent banks as of September 30, 2023 and December 31, 2022, respectively. WebBank had $362,494 and $285,584 available from the Federal Reserve discount window as of September 30, 2023 and December 31, 2022, respectively. Therefore, WebBank had a total of $618,344 and $514,841 in cash, lines of credit and access to the Federal Reserve Bank discount window as of September 30, 2023 and December 31, 2022, respectively, which represents approximately 24.7% and 26.9%, respectively, of WebBank's total assets, excluding PPP loans.

Steel Connect's wholly-owned subsidiary, ModusLink, has a revolving credit agreement (the "Umpqua Revolver") with Umpqua Bank which provides for a maximum credit commitment of $12,500 and a sub-limit of $5,000 for letters of credit and expires on March 31, 2025. As of September 30, 2023, ModusLink was in compliance with the Umpqua Revolver's covenants, and believes it will remain in compliance with the Umpqua Revolver’s covenants for the next twelve months. As of September 30, 2023, ModusLink had available borrowing capacity of $11,890 and there was $610 outstanding for letters of credit.

OTHER

Critical Accounting Estimates Update

The Company's consolidated financial statements are prepared in conformity with U.S. GAAP, which require us to make estimates and assumptions that affect the amounts reported in the financial statements. The critical accounting policies and estimates that we believe are most critical to the portrayal of our financial condition and results of operations are reported in the "Critical Accounting Policies" section of Part II. Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2022 Annual Report.

The Company assesses goodwill for impairment as of December 1 of each year, and also if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. As a result of rising interest rates and in connection with our annual forecasting procedures performed during the third quarter of 2023, management determined that the projected future cash flows of our Electrical Products reporting unit indicated that the fair value of such reporting unit may be below carrying amount. Accordingly, we performed an interim assessment of the Electrical Products reporting unit's fair value as of September 30, 2023 (the "Interim Assessment"). The Interim Assessment was based on a combination of income and market approaches to estimate the fair value of the Electrical Products reporting unit, which indicated that the fair values of the reporting unit exceeded its carrying value. Significant assumptions used in the discounted cash flow analysis 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 this assessment. 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 September 30, 2023, the goodwill related to the Electrical Products reporting unit is at risk of future impairment if the fair value of this reporting unit, and its associated assets, decrease in value due to the amount and timing of expected future cash flows, decreased customer demand for Electrical Products' services, an inability to execute management's business strategies, or general market conditions, such as economic downturns, and changes in interest rates, including discount rates. Future cash flow estimates are, by their nature, subjective, and actual results may differ materially from the Company's estimates. If the Company's ongoing cash flow projections are not met or if market factors utilized in the impairment test deteriorate, including an unfavorable change in the terminal growth rate or the weighted-average cost of capital, the Company may have to record impairment charges in future periods. As of September 30, 2023 and December 31, 2022, the Electrical Products reporting unit had goodwill of $46,485 and $46,445, respectively. As of September 30, 2023 the Electrical Products reporting unit's fair value exceeded its net book value by 12%.

The Company accounts for its equity method investment in PCS-Mosaic at cost, adjusted for the Company's share of the investee's earnings or losses, which are reflected in the consolidated statements of operations. The Company periodically reviews the investment for other than temporary declines in fair value below cost and more frequently when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Our evaluation of impairment of equity method investments when conditions exist that could indicate that the fair value of the investment is less than book value includes key inputs that involve significant management judgments and estimates, including projections of the investment's cash flows, selection of a discount rate and probability weighted scenarios assigned to discounted future cash flows. Based upon this analysis, the Company recognized an other-than-temporary impairment charge of $3,140, net of taxes, which is recorded in Loss (income) of associated companies, net of taxes in the condensed consolidated statements of operations for the three and nine months ended September 30, 2023. It is possible that future developments could impact the fair value and could result in the recognition of additional impairment charges.

During the first quarter of 2023, the Company adopted ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This new standard changed 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 added certain new required disclosures. Under the expected loss model, entities recognize estimated credit losses over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. The Company adopted ASU 2016-13 on January 1, 2023. The guidance was applied on a modified-retrospective basis, with the cumulative-effect adjustment recorded to partners' capital on the adoption date. The adoption did not have a material effect on the Company's trade receivables and other financial assets of its Diversified Industrial and Energy segments. The Company's Financial Services segment recognized an increase of $5,248 to its Allowance for Credit Losses and a decrease of $3,862, net of tax cumulative effect adjustment to the beginning balance of partners' capital from the adoption of ASU 2016-13. Determining the appropriateness of the allowance requires judgment by management about the effect of matters that are inherently uncertain. Changes in factors and forecasts used in evaluating the overall loan portfolio may result in significant changes in the allowance for credit losses and related provision expense in future periods. The allowance level is influenced by loan volumes, loan asset quality ratings, delinquency status, historical credit loss experience, loan performance characteristics, forecasted information and other conditions influencing loss expectations. Changes to the assumptions in the model in future periods could have a material impact on the Company's Consolidated Financial Statements. See Note 1 - "Nature of Business and Basis of Presentation" for a detailed discussion of the Company's methodologies for estimating expected credit losses.

There were no material changes to the critical accounting policies during the nine months ended September 30, 2023, as compared to those disclosed in the Company's 2022 Annual Report, except for the updates to the Allowance for Credit Losses policy described in Note 1 - "Nature of Business and Basis of Presentation". In preparing the financial statements, the Company is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our quantitative and qualitative disclosures about market risk, as compared to the quantitative and qualitative disclosures about market risk described in the 2022 Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company conducted an evaluation under the supervision and with the participation of our management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as such terms are defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (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. In conducting our evaluation of disclosure controls and procedures as of September 30, 2023, we have elected to exclude the internal control over financial reporting of Steel Connect (in which our ownership increased to 85.0% and which we consolidate, in each case, as of May 1, 2023, as discussed in Note 3 - "Acquisitions and Divestitures") from our evaluation, as permitted under the SEC’s published guidance. As of and for the quarter ended September 30, 2023, Steel Connect represented 10.3% of our consolidated total assets and 8.1% of our consolidated revenue.

Based on that evaluation, the Company's management, including the Principal Executive Officer and the Principal Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of September 30, 2023.

Changes in Internal Control over Financial Reporting

The Company is in the process of integrating Steel Connect’s historical internal controls over financial reporting with the rest of the Company, and during such time, may make appropriate changes to the internal control over financial reporting of Steel Connect. Other than the foregoing, there have been no changes in our internal control over financial reporting during the three months ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION
Item 1. Legal Proceedings

The Company and its subsidiaries are parties to a variety of legal actions arising out of the normal course of business and otherwise. For further information regarding our legal proceedings, see the description of legal and environmental matters set forth in Note 15 - "Commitments and Contingencies" to the SPLP consolidated financial statements included in Part I of this Form 10-Q and incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors as disclosed in Part I, Item 1A, Risk Factors in our most recent Annual Report on Form 10-K, other than as set forth below. Investors are encouraged to review such risk factors in such Form 10-K and below prior to making an investment in the Company.

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. The oil and gas industry has historically experienced periodic downturns, which have been characterized by diminished demand for our products and services and downward pressure on the prices that we are able to charge. Sustained market uncertainty can also result in lower demand and pricing for our products and services.

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

In addition, the market prices and demand for oil and natural gas are impacted by governmental regulations and the level of oil and natural gas production in the United States and non-OPEC+ countries, as well as the oil and gas industry's view of future oil and gas prices, which generally determine the level of capital spending for the exploration, development and production of crude oil and natural gas reserves. These and other changes in the oil and natural gas industry have had, and are likely to continue to have for the foreseeable future, a significant adverse impact on 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.

Recent events affecting the financial services industry could have an adverse impact on our business and financial condition.

The closures of Silicon Valley Bank, Signature Bank and Silvergate Capital Corporation, as well as acquisitions of Credit Suisse and First Republic Bank at regulators' behest, in the first half of 2023 have created bank-specific and broader financial institution liquidity risks and concerns. While we did not have any material deposits at any of these institutions, uncertainty remains over liquidity concerns in the financial services industry and potential impacts on the broader global economy, and our business, our customers and suppliers, and/or industry as a whole may be adversely impacted in ways that we cannot predict at this time.

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

Risks Related to Taxation

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

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 and its subsidiaries are subject to taxation in the U.S. and foreign jurisdictions. Changes in various tax laws can and do occur. For example, on December 22, 2017, the U.S. Tax Cuts and Jobs Act (the "TCJA") was enacted. The TCJA made substantial changes to the Internal Revenue Code, some of which could have an adverse effect on our business. Among other things, the TCJA (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. 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. Although Treasury Regulations and other guidance have been issued to provide clarification, the interpretation of certain aspects of the TCJA remains unclear. It is expected, however, that additional Treasury Regulations and other guidance will be issued to provide more clarification on certain provisions, although the timing of such guidance is, in many cases, not yet known. In addition, on August 16, 2022, the U.S. enacted the IRA, which among other provisions, imposes a 15% minimum tax on the adjusted financial statement income of certain large corporations and a 1% excise tax on corporate stock repurchases by U.S. publicly traded corporations and certain U.S. subsidiaries of non-U.S. publicly traded corporations, as well as significant enhancements of U.S. tax incentives relating to climate and energy investments. Although no material impact is currently expected, the full effect of the TCJA and the Inflation Reduction Act on operations of the Company and its subsidiaries, is uncertain, and the IRA may impact the Company’s financial results beginning in fiscal 2023. Under various provisions of the Code and relevant case law, the IRS has also become increasingly aggressive in deploying "soft doctrines" to challenge transactions as prioritizing form over economic substance and being motivated by tax considerations. The application of these doctrines is often uncertain and could produce adverse tax results with respect to transactions in which we engage.

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable

(b) Not applicable

(c) Issuer Purchases of Equity Securities

The Board of SPH GP, has approved the repurchase of up to an aggregate of 8,770,240 of the Company's common units ("Repurchase Program"), which is inclusive of 1,000,000 common units approved in May 2023. 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, as discussed in further detail in Note 11 - "Capital and Accumulated Other Comprehensive Loss." 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. In the three months ended September 30, 2023, the Company repurchased 111,118 common units for $4,891. Since inception of the Repurchase Program the Company had purchased 7,800,608 common units for an aggregate price of approximately $164,086. As of September 30, 2023, there were approximately 969,632 common units that may yet be purchased under the Repurchase Program.

The following table provides information about our repurchases of common units during the three months ended September 30, 2023. During that period, we did not act in concert with any affiliate or any other person to acquire any of our common stock and, accordingly, we do not believe that purchases by any such affiliate or other person (if any) are reportable in the following table.

Period	Total Number of Units Purchased	Average Price Paid per Unit	Total Number of Units Purchased as Part of Publicly Announced Plans or Programs	Approximate Number of Units that May Yet Be Purchased Under the Plans or Programs
July 1, 2023 through July 31, 2023	53,600	$ 44.02	53,600	1,027,150
August 1, 2023 through August 31, 2023	—	$ —	—	1,027,150
September 1, 2023 through September 30, 2023	57,518	$ 44.02	57,518	969,632
Total	111,118		111,118	

Item 6. Exhibits

Exhibit No.	Description
10.1*	Offer Letter Between Steel Services Ltd. and Ryan O'Herrin (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2023).
31.1+	Certification of Principal Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 and Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2+	Certification of Principal Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 and Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and Rule 13a-14(b) of the Securities Exchange Act of 1934 (furnished herewith).
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and Rule 13a-14(b) of the Securities Exchange Act of 1934 (furnished herewith).
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).

* Management contract or compensatory plan or arrangement.

+ Filed herewith.

SIGNATURES

Pursuant to the requirements 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: November 9, 2023

STEEL PARTNERS HOLDINGS L.P.

By: Steel Partners Holdings GP Inc.,
Its General Partner

By: /s/ Ryan O'Herrin
Ryan O'Herrin
Chief Financial Officer and Authorized Signatory
(Principal Financial Officer)

EXHIBIT 31.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

I, Warren G. Lichtenstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of Steel Partners Holdings L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date:
November 9, 2023

/s/ Warren G. Lichtenstein
Warren G. Lichtenstein
Executive Chairman
of Steel Partners Holdings GP Inc.

EXHIBIT 31.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

I, Ryan O'Herrin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of Steel Partners Holdings L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date:
November 9, 2023

/s/ Ryan O'Herrin

Ryan O'Herrin
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 Quarterly Report of Steel Partners Holdings L.P. (the “Partnership”) on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Warren G. Lichtenstein, Executive Chairman of Steel Partners Holdings GP Inc., the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: November 9, 2023	/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 Quarterly Report of Steel Partners Holdings L.P. (the “Partnership”) on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ryan O'Herrin, Chief Financial Officer of Steel Partners Holdings GP Inc., the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date:
November 9, 2023

/s/ Ryan O'Herrin
Ryan O'Herrin
Chief Financial Officer
of Steel Partners Holdings GP Inc.

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.