

Risk Factors Comparison 2025-02-27 to 2024-02-28 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

Our business, operations and financial condition are subject to various risks and uncertainties. The following discussion of risk factors should be read in conjunction with the Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD & A) section and the consolidated financial statements and related notes. If any of these risks actually occur, our business, financial condition, operating results and prospects could be materially and adversely affected. In addition to the factors affecting our specific operating segments identified in connection with the descriptions of these segments and the financial results of the operations of these operating segments elsewhere in this report, the most significant factors affecting our operations include the following: Risks Related to Our Business and Structure Our future success is dependent on the employees of our Manager and the management teams of our businesses, the loss of any of whom could materially adversely affect our financial condition, business and results of operations. Our future success depends, to a significant extent, on the continued services of the employees of our Manager, most of whom have worked together for a number of years. Our Manager does not have an employment agreement with our Chief Executive Officer and, in any event, employment agreements may not prevent our Manager’s employees from leaving or from competing with us in the future. The future success of our businesses also depends on their respective management teams because we operate our businesses on a stand- alone basis, primarily relying on existing management teams for management of their day- to- day operations. Consequently, their operational success, as well as the success of our internal growth strategy, will be dependent on the continued efforts of the management teams of the businesses. The loss of services of one or more members of our management team or the management team at one of our businesses could materially adversely affect our financial condition, business and results of operations. We face risks with respect to the evaluation and management of future acquisitions. A component of our strategy is to continue to acquire additional subsidiaries, as well as add- on acquisitions for our existing subsidiaries. Generally, because such acquisition targets are held privately, we may experience difficulty in evaluating potential target businesses as the information concerning these businesses is not publicly available. In addition, we and our subsidiary companies may have difficulty effectively managing or integrating acquisitions. We may experience greater than expected costs or difficulties relating to such acquisition, in which case, we might not achieve the anticipated returns from any particular acquisition, ~~which may have a material adverse effect on~~ our financial condition, business and results of operations. We may not be able to successfully fund future acquisitions of new businesses due to the lack of availability of debt or equity financing at the Company level on acceptable terms, which could impede the implementation of our acquisition strategy and materially adversely impact our financial condition, business and results of operations. In order to make future acquisitions, we intend to raise capital primarily through debt financing at the Company level, additional equity offerings, the sale of stock or assets of our businesses, and by offering equity in the Trust or our businesses to the sellers of target businesses or by undertaking a combination of any of the above. Since the timing and size of acquisitions cannot be readily predicted, we may need to be able to obtain funding on short notice to benefit fully from attractive acquisition opportunities. Such funding may not be available on acceptable terms. In addition, the level of our indebtedness may impact our ability to borrow at the Company level. Another source of capital for us may be the sale of additional shares, subject to market conditions and investor demand for the shares at prices that we consider to be in the interests of our shareholders. These risks may materially adversely affect our ability to pursue our acquisition strategy successfully and ~~materially adversely affect~~ our financial condition, business and results of operations. Under the Trust Agreement, the Company’s ~~board Board of directors~~ will have the power to cause the Trust to be converted to a corporation in the future at its sole discretion in ways with which ~~you~~ you ~~our shareholders~~ may disagree. The Trust Agreement authorizes the Company, acting through the ~~board Board of directors~~ and without further shareholder approval, to cause the Trust to be converted to a corporation (the “Conversion”). As a shareholder of the Trust, you may disagree with the terms of the Conversion that might be implemented by the Company’s ~~board Board of directors~~ in the future, and you may disagree with the ~~board Board~~ board Board’s determination that the terms of the Conversion are not materially adverse to you as a shareholder or that they are in the best interests of the Trust and its shareholders. Your recourse, if you disagree, will be limited because our Trust Agreement gives broad authority and discretion to the ~~Company’s board Board of directors~~ to implement the Conversion as long as the ~~board Board~~ Board determines that it will be in the best interests of the Trust and its shareholders to do so. The Company’s ~~board Board of directors~~ board Board of directors has full authority and discretion over the distributions of the Company, other than the profit allocation, and it may decide to reduce or eliminate distributions at any time, which may materially adversely affect the market price for our shares. The Company’s ~~board Board of directors~~ board Board of directors has full authority and discretion to determine whether or not a distribution by the Company should be declared and paid to the Trust and in turn, subject to U. S. federal income taxes and applicable state and local taxes, to our shareholders, as well as the amount and timing of any distribution. In addition, the management fee and profit allocation will be payment obligations of the Company and, as a result, will be paid, along with other Company obligations, prior to the payment of distributions to our shareholders. The ~~Company’s board Board of directors~~ Company’s board Board of directors may, based on their review of our financial condition and results of operations and pending acquisitions or our tax structure, determine to reduce or eliminate distributions, which may have a material adverse effect on the market price of our shares. We rely entirely on receipts from our businesses to make distributions to our shareholders. The Trust’s sole asset is its interest in the LLC, which holds controlling interests in our businesses. Therefore, we are dependent upon the ability of our businesses to generate earnings and cash flow and distribute them to us in the form of interest and principal payments on indebtedness and, from time to time, dividends on equity to enable us, first, to satisfy our financial and tax obligations and second to make distributions to our

shareholders. This ability may be subject to limitations under laws of the jurisdictions in which they are incorporated or organized. If, as a consequence of these various restrictions, we are unable to generate sufficient receipts from our businesses, we may not be able to declare, or may have to delay or cancel payment of, distributions to our shareholders. We do not own 100 % of our businesses. While we receive cash payments from our businesses which are in the form of interest payments, debt repayment and dividends, if any dividends were to be paid by our businesses, they would be shared pro rata with the minority shareholders of our businesses and the amounts of dividends made to minority shareholders would not be available to us for any purpose, including Company debt service or distributions to our shareholders. Any proceeds from the sale of a business will be allocated among us and the non-controlling shareholders of the business that is sold. The Company's ~~board~~ **Board of directors** has the power to change the terms of our shares in its sole discretion in ways with which you may disagree. As an owner of our shares, you may disagree with changes made to the terms of our shares, and you may disagree with the ~~Company's Board's board of directors'~~ **Company's Board's** ~~board of directors'~~ decision that the changes made to the terms of the shares are not materially adverse to you as a shareholder or that they do not alter the characterization of the Trust. Your recourse, if you disagree, will be limited because our Trust Agreement gives broad authority and discretion to our ~~board~~ **Board of directors**. Certain provisions of the LLC Agreement of the Company and the Trust Agreement make it difficult for third parties to acquire control of the Trust and the LLC and could deprive you of the opportunity to obtain a takeover premium for your shares. The LLC Agreement of the LLC and the Trust Agreement of the Trust contain a number of provisions that could make it more difficult for a third party to acquire, or may discourage a third party from acquiring, control of the Trust and the Company. These provisions include, among others: • restrictions on the LLC's ability to enter into certain transactions with our major shareholders, with the exception of our Manager, modeled on the limitation contained in Section 203 of the Delaware General Corporation Law, or DGCL; • allowing only the LLC's board of directors to fill newly created directorships, for those directors who are elected by our shareholders, and allowing only our Manager, as holder of a portion of the Allocation Interests, to fill vacancies with respect to the class of directors appointed by our Manager; • requiring that directors elected by our shareholders be removed, with or without cause, only by a vote of 85 % of our shareholders; • requiring advance notice for nominations of candidates for election to the Company's ~~board~~ **Board of directors** or for proposing matters that can be acted upon by our shareholders at a shareholders' meeting; • having a substantial number of additional authorized but unissued shares that may be issued without shareholder action; • providing the Company's ~~board~~ **Board of directors** with certain authority to amend the LLC Agreement and the Trust Agreement, subject to certain voting and consent rights of the holders of trust interests and Allocation Interests; and • limitations regarding calling special meetings and written consents of our shareholders. These provisions, as well as other provisions in the LLC Agreement and Trust Agreement may delay, defer or prevent a transaction or a change in control that might otherwise result in you obtaining a takeover premium for your shares. We may have conflicts of interest with the noncontrolling shareholders of our businesses. The boards of directors of our respective businesses have fiduciary duties to all their shareholders, including the Company and noncontrolling shareholders. As a result, they may make decisions that are in the best interests of their shareholders generally, but which are not necessarily in the best interest of the Company or our shareholders. In dealings with the Company, the directors of our businesses may have conflicts of interest and decisions may have to be made without the participation of directors appointed by the Company, and such decisions may be different from those that we would make. Our financing arrangements expose us to additional risks associated with leverage ~~and, inhibits~~ ~~inhibit~~ our operating flexibility and ~~reduces~~ ~~reduce~~ earnings and cash available for distributions to our shareholders. ~~At As of~~ **As of** December 31, ~~2023~~ **2024**, we had approximately \$ 1, ~~685~~ ~~785~~ million of consolidated debt outstanding. This level of consolidated debt could have important consequences, such as (i) limiting our ability to obtain additional financing to fund our potential growth; (ii) increasing the cost of future borrowings; (iii) limiting our ability to use operating cash flow in our other areas of our business because of cash requirements to service our debt; and (iv) increasing our vulnerability to adverse economic conditions. Our financing arrangements subject the Company to certain customary affirmative and restrictive covenants. If we violate any of these covenants, our lender may accelerate the maturity of any debt outstanding under our 2022 Credit Facility. Our ability to meet our debt service obligations may be affected by events beyond our control and will depend primarily upon cash produced by our businesses. Any failure to comply with the terms of our indebtedness could materially adversely affect us. Changes in interest rates could materially adversely affect ~~us~~ **our profitability, ability to service debt, and our business as a whole**. Our 2022 Credit Facility bears interest at floating rates which will generally change as interest rates change. We bear the risk that the rates we are charged by our lender will increase faster than the earnings and cash flow of our businesses, which could reduce profitability, adversely affect our ability to service our debt, cause us to breach covenants contained in our 2022 Credit Facility and reduce earnings and cash available for distribution, any of which could materially adversely affect us. We may engage in a business transaction with one or more target businesses that have relationships with our officers, our directors, or our Manager, which may create potential conflicts of interest. We may decide to acquire one or more businesses with which our officers, our directors, or our Manager have a relationship. Potential conflicts of interest may exist with respect to a particular acquisition, and, as a result, the terms of the acquisition of a target business may not be as advantageous to our shareholders as it would have been absent any conflicts of interest. ~~CGI Maygar Holdings LLC may exercise significant influence over the Company. As of~~ ~~December 31, 2023, CGI Maygar Holdings LLC owns approximately 8.0 million or approximately 11.1 % of our common shares and may have significant influence over the election of directors in the future.~~ If, in the future, we cease to control and operate our businesses, we may be deemed to be an investment company under the Investment Company Act of 1940, as amended, **which may adversely affect our business, financial conditions and otherwise**. Under the terms of the LLC Agreement, we have the latitude to make investments in businesses that we will not operate or control. If we make significant investments in businesses that we do not operate or control or cease to operate and control our businesses, we may be deemed to be an investment company under the Investment Company Act of 1940, as amended, or the Investment Company Act. If we were deemed to be an investment company, we would either have to register as an investment company under the Investment

Company Act, obtain exemptive relief from the SEC or modify our investments or organizational structure or our contract rights to fall outside the definition of an investment company. Registering as an investment company could, among other things, materially adversely affect our financial condition, business and results of operations, materially limit our ability to borrow funds or engage in other transactions involving leverage and require us to add directors who are independent of us or our Manager and otherwise will subject us to additional regulation that will be costly and time-consuming. Certain of our businesses are dependent on a limited number of customers to derive a large portion of their revenue, and the loss of one of these customers may adversely affect the financial condition, business and results of operations of these businesses. Our ~~Ergobaby, Velocity~~ **The Honey Pot Co.**, Altor and Sterno businesses derive a significant amount of revenue from a concentrated number of retailers, distributors or manufacturers. Any negative change involving these retailers, distributors or manufacturers, including industry consolidation, store closings, reduction in purchasing levels or bankruptcies, could negatively impact the sales of these businesses and may have a material adverse effect on the results of operations, financial condition and cash flows of these businesses. Our businesses do not have and may not have long-term contracts with their customers and clients and the loss of customers and clients could materially adversely affect their financial condition, business and results of operations. Our businesses are and may be, based primarily upon individual orders and sales with their customers and clients. Our businesses historically have not entered into long-term supply contracts with their customers and clients. As such, their customers and clients could cease using their services or buying their products from them at any time and for any reason. The fact that they do not enter into long-term contracts with their customers and clients means that they have no recourse in the event a customer or client no longer wants to use their services or purchase products from them. If a significant number of their customers or clients elect not to use their services or purchase their products, it could materially adversely affect their financial condition, business and results of operations. **Changes to U. S. tariff and import / export regulations may have a negative effect on economic activity, financial conditions and results of our businesses. The U. S. has recently enacted and proposed to enact significant new tariffs. Additionally further evaluation of key aspects of U. S. trade policy is occurring, along with ongoing discussion and commentary regarding potential significant changes to U. S. trade policies, treaties and tariffs. There continues to exist significant uncertainty about the future relationship between the U. S. and other countries with respect to such trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may significantly affect global trade and, in particular, trade between the impacted nations and the U. S. Any of these factors could depress economic activity and restrict our businesses' access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations.**

Risks Related to Taxation
The Trust is subject to U. S. corporate income taxes which reduces the earnings and cash available for distributions to holders of Trust common shares in respect of such investments and could adversely affect the value of Trust common shareholders' investment. Effective September 1, 2021, the Trust elected to be treated as a corporation for U. S. federal income tax purposes (the "Election"). The Trust now incurs entity level U. S. federal corporate income taxes and applicable state and local taxes that it would not otherwise incur if it were still treated as a partnership for U. S. tax purposes. In addition, before the ~~Election tax reclassification~~, income from the Trust was passed through to holders of its preferred shares, which resulted in less income being passed through from the Trust to holders of its common shares and effectively reduced each common shareholder's allocable share of the Trust's income; however, after the ~~Election tax reclassification~~, no income will pass through to any shareholders, but the Trust will not be able to claim a tax deduction for distributions in respect of the preferred shares. Therefore, the amount of cash available for distributions to holders of Trust common shares could be reduced and their investment could be adversely affected. Following the ~~Election tax reclassification~~, determinations, declarations, and payments of distributions to holders of Trust common shares will continue to be at the sole discretion of the Company's ~~board~~ **Board of directors**. Our distribution policy may be changed at any time at the discretion of the Company's ~~board~~ **Board of directors**. Future changes to tax laws are uncertain and may result in the Trust paying corporate income tax at rates higher than expected or result in the Trust failing to realize the anticipated benefits of the Election. Future changes to tax laws are uncertain, but any such changes could cause the Trust to fail to realize the anticipated benefits of the Election. If corporate income tax rates are raised, the anticipated advantages of being treated as a corporation for U. S. tax purposes would be diminished. In addition, any general changes to tax laws, such as changes to limitations on the deductibility of interest, could result in the Trust or its shareholders paying tax at rates higher than anticipated. **Risks Related to the Preferred Shares Distributions on the Series A Preferred Shares are discretionary and non-cumulative. Distributions on the Series A Preferred Shares are discretionary and non-cumulative. Holders of the Series A Preferred Shares will only receive distributions of the Series A Preferred Shares when, as and if declared by the board** ~~Board of directors~~ **Board of directors** of the Company. Consequently, if the ~~board~~ **Board of directors** of the Company does not authorize and declare a distribution for a distribution period, holders of the Series A Preferred Shares would not be entitled to receive any distribution for such distribution period, and such unpaid distribution will not be payable in such distribution period or in later distribution periods. We will have no obligation to pay distributions for a distribution period if the ~~board~~ **Board of directors** of the Company does not declare such distribution before the scheduled record date for such period, whether or not distributions are declared or paid for any subsequent distribution period with respect to the Series A Preferred Shares, or any other preferred shares we may issue or our common shares. This may result in holders of the Series A Preferred Shares not receiving the full amount of distributions that they expect to receive, or any distributions, and may make it more difficult to resell Series A Preferred Shares or to do so at a price that the holder finds attractive. The ~~board~~ **Board of directors** of the Company may, in its sole discretion, determine to suspend distributions on the Series A Preferred Shares, which may have a material adverse effect on the market price of the Series A Preferred Shares. **Our** ~~There can be no assurances that our~~ **will may not** generate sufficient cash flows to enable us to pay distributions on the Series A Preferred Shares. Our financial and operating performance is subject to prevailing economic and industry conditions and to financial, business and other factors, some of which are beyond our control. The Series A, Series B and Series C Preferred Shares are equity securities and are

subordinated to our existing and future indebtedness. The Series A, Series B and Series C Preferred Shares are our equity interests and do not constitute indebtedness. This means that the Series A, Series B and Series C Preferred Shares rank junior to all of our indebtedness and to other non-equity claims on us and our assets available to satisfy claims on us, including claims on **the event of** our liquidation. In addition, the rights allocated to the Company's allocation interests may reduce the amount available for distribution by the Trust upon its liquidation, dissolution or winding up. Further, the Series A, Series B and Series C Preferred Shares place no restrictions on our business or operations or on our ability to incur indebtedness or engage in any transactions, subject only to the limited voting rights. Risks Relating to Our Manager Our Chief Executive Officer, directors, Manager and management team may allocate some of their time to other businesses, thereby causing conflicts of interest in their determination as to how much time to devote to our affairs, which may materially adversely affect our operations. Only our Chief Financial Officer, Mr. **Ryan Faulkingham** **Stephen Keller**, devotes substantially all of his time to our affairs. Our Chief Executive Officer, directors, Manager and members of our management team may engage in other business activities. This may result in a conflict of interest in allocating their time between our operations and our management and operations of other businesses. Conflicts of interest that arise over the allocation of time may not always be resolved in our favor and may materially adversely affect our operations. See Part III, Item 13." Certain Relationships and Related Transactions, and Director Independence" for the potential conflicts of interest of which you should be aware. Our Manager and its affiliates, including members of our management team, may engage in activities that compete with us or our businesses. Neither our management team nor our Manager is expressly prohibited from investing in or managing other entities, including those that are in the same or similar line of business as our businesses. In this regard, the Management Services Agreement and the obligation to provide management services will not create a mutually exclusive relationship between our Manager and its affiliates, on the one hand, and the Company, on the other. Our Manager need not present an acquisition or disposition opportunity to us if our Manager determines on its own that such acquisition or disposition opportunity does not meet the Company's acquisition or disposition criteria. Our Manager will review any acquisition or disposition opportunity presented to the Manager to determine if it satisfies the Company's acquisition or disposition criteria, as established by the Company's **board Board of directors** from time to time. If our Manager determines, in its sole discretion, that an opportunity fits our criteria, our Manager will refer the opportunity to the Company's **board Board of directors** for its authorization and approval prior to the consummation thereof; opportunities that our Manager determines do not fit our criteria do not need to be presented to the Company's **board Board of directors** for consideration. If such an opportunity is ultimately profitable, we will have not participated in such opportunity. Upon a determination by the Company's **board Board of directors** not to promptly pursue an opportunity presented to it by our Manager in whole or in part, our Manager will be unrestricted in its ability to pursue such opportunity, or any part that we do not promptly pursue, on its own or refer such opportunity to other entities, including its affiliates. We cannot remove our Manager solely for poor performance, which could limit our ability to improve our performance and could materially adversely affect the market price of our shares. Under the terms of the Management Services Agreement, our Manager cannot be removed as a result of under-performance. Instead, the Company's **board Board of directors** can only remove our Manager in certain limited circumstances or upon a vote by the majority of the Company's **board Board of directors** and the majority of our shareholders to terminate the Management Services Agreement. This limitation could materially adversely affect the market price of our shares. Our Manager can resign on 180 days' notice and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could materially adversely affect our financial condition, business and results of operations as well as the market price of our shares. Our Manager has the right, under the **management Management services Services agreement Agreement**, to resign at any time on 180 days' written notice, whether we have found a replacement or not. If our Manager resigns, we may not be able to contract with a new manager or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 90 days, or at all, in which case our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management, acquisition activities and supervision of our businesses is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our Manager and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our businesses may result in additional costs and time delays that could materially adversely affect our financial condition, business and results of operations. We must pay our Manager the **base** management fee regardless of our performance. Our Manager is entitled to receive a management fee that is based on our adjusted consolidated net assets, as defined in the management services agreement, regardless of the performance of our businesses. The calculation of the management fee is unrelated to the Company's net income. As a result, the management fee may incentivize our Manager to increase the amount of our assets. For example, the acquisition of additional assets or the incurrence of third party debt could be prioritized rather than increasing the performance of our businesses. We cannot determine the amount of the management fee that will be paid over time with any certainty. The management fee paid to CGM for the year ended December 31, **2023-2024** was \$ **68-74.48** million. **The Going forward, the management fee will consist of a base management fee and, if specified performance measure is met under certain circumstances, an incentive management fee. Both the base management fee and the incentive management fee are** calculated by reference to the Company's adjusted net assets, which will be impacted by the acquisition or disposition of businesses, which can be significantly influenced by our Manager, as well as the performance of our businesses and other businesses we may acquire in the future. Changes in adjusted net assets and in the resulting management **fee-fees** could be significant, resulting in a material adverse effect on the Company's results of operations. In addition, if the performance of the Company declines, assuming adjusted net assets remains the same, management fees will increase as a percentage of the Company's net income. We cannot determine the amount of profit allocation that will be paid over time with any certainty. We cannot determine the amount of profit allocation that will be paid

over time with any certainty. Such determination would be dependent on the potential sale proceeds received for any of our businesses and the performance of the Company and its businesses over a multi- year period of time, among other factors that cannot be predicted with certainty at this time. Such factors may have a significant impact on the amount of any profit allocation to be paid. Likewise, such determination would be dependent on whether certain hurdles were surpassed giving rise to a payment of profit allocation. Any amounts paid in respect of the profit allocation are unrelated to the management fee earned for performance of services under the ~~management services agreement. The fees to be paid to our Manager pursuant to the Management Services Agreement ;~~ ~~The fees to be paid to our Manager pursuant to~~ the ~~offsetting~~ Management Services ~~Agreements~~ ~~Agreement~~, and ~~integration~~ ~~the offsetting management~~ services agreements and the profit allocation to be paid to certain persons who are employees and partners of our Manager, as holders of the Allocation Interests, pursuant to the LLC Agreement may significantly reduce the amount of earnings and cash available for distribution to our shareholders. Under the Management Services Agreement, the Company will be obligated to pay a management ~~fee-fees~~ to and, subject to certain conditions, reimburse the costs and out- of- pocket expenses of our Manager incurred on behalf of the Company in connection with the provision of services to the Company. Similarly, our businesses will be obligated to pay fees to and reimburse the costs and expenses of our Manager pursuant to any ~~offsetting~~ ~~Management~~ ~~management~~ ~~Services~~ ~~services~~ ~~Agreements~~ ~~agreements~~ entered into between our Manager and one of our businesses ~~, or any integration services agreements to which such businesses are a party~~. In addition, Sostratus LLC, as holder of the Allocation Interests, will be entitled to receive profit allocations. While it is difficult to quantify with any certainty the actual amount of any such payments in the future, we do expect that such amounts could be substantial. See the section entitled Part 3, Item 13. “ Certain Relationships and Related Transactions, and Director Independence ” for more information about these payment obligations of the Company. The management ~~fee-fees~~ and profit allocation will be payment obligations of the Company and, as a result, will be paid, along with other Company obligations, prior to the payment of distributions to shareholders. As a result, the payment of these amounts may significantly reduce the amount of earnings and cash available for distribution to our shareholders. Our Manager’ s influence on conducting our operations, including on our conducting of transactions, gives it the ability to increase its fees, which may reduce the amount of earnings and cash available for distribution to our shareholders. Under the terms of the Management Services Agreement, ~~the Company will pay~~ our Manager ~~is paid a base~~ management fee ~~and, if specified performance measure is met under certain circumstances, an incentive management fee. The base management fee is~~ calculated as a percentage ~~(which varies based on our size)~~ of the Company’ s adjusted net assets for certain items and is unrelated to net income or any other performance base or measure. Our Manager controls and may advise us to consummate transactions, incur third party debt or conduct our operations in a manner that, in our Manager’ s reasonable discretion, are necessary to the future growth of our businesses and are in the best interests of our shareholders. These transactions, however, may increase the amount of fees paid to our Manager. Our Manager’ s ability to increase its fees, through the influence it has over our operations, may increase the compensation paid by our Manager. Our Manager’ s ability to influence the management fee paid to it by us could reduce the amount of earnings and cash available for distribution to our shareholders. ~~Fees paid by the Company and our businesses pursuant to integration services agreements do not offset fees payable under the Management Services Agreement and will be in addition to the management fee payable by the Company under the Management Services Agreement. The Management Services Agreement provides that our businesses may enter into integration services agreements with our Manager pursuant to which our businesses will pay fees to our Manager for services provided by our Manager relating to the integration of a business’ s financial reporting, computer systems and decision making and management processes into our operations following an acquisition of such business. See Part III, Item 13. “ Certain Relationships and Related Transactions, and Director Independence ” for more information about these agreements. Unlike fees paid under the offsetting Management Services Agreements, fees that are paid pursuant to such integration services agreements will not reduce the management fee payable by the Company. Therefore, such fees will be in excess of the management fee payable by the Company. The fees to be paid to our Manager pursuant to these integration service agreements will be paid prior to any principal, interest or dividend payments to be paid to the Company by our businesses, which will reduce the amount of earnings and cash available for distributions to shareholders.~~ Our profit allocation may induce our Manager to make suboptimal decisions regarding our operations. Sostratus LLC, as holder of our Allocation Interests, will receive a profit allocation based on ongoing cash flows and capital gains in excess of a hurdle rate. Certain persons who are employees and partners of our Manager are owners of Sostratus LLC. In this respect, a calculation and payment of profit allocation may be triggered upon the sale of one of our businesses. As a result, our Manager may be incentivized to recommend the sale of one or more of our businesses to the Company’ s ~~board~~ ~~Board of directors~~ at a time that may not be optimal for our shareholders. The obligations to pay ~~the management fee-fees~~ and profit allocation may cause the Company to liquidate assets or incur debt. If we do not have sufficient liquid assets to pay the management ~~fee-fees~~ and profit allocation when such payments are due, we may be required to liquidate assets or incur debt in order to make such payments. This circumstance could materially adversely affect our liquidity and ability to make distributions to our shareholders. Risks Specific to Our Subsidiaries Risks Related to Arnold Arnold' s operations and the prior operations of predecessor companies expose it to the risk of material environmental liabilities, which could have a negative effect on its financial condition or results of operations. Arnold may be subject to potential liabilities related to the remediation of environmental hazards and to claims of personal injuries or property damages that may be caused by hazardous substance releases and exposures, mainly because of past operations and the operations of predecessor companies. Arnold continues to incur remedial response and voluntary clean- up costs for site contamination, for which we may not be fully indemnified, and are a party to lawsuits and claims associated with environmental and safety matters, including past production of products containing hazardous materials. Arnold also may become party to various legal proceedings relating to alleged impacts from pollutants released into the environment. Various federal, state, local and foreign governments regulate the discharge of materials into the environment and can impose substantial fines and criminal sanctions for violations. In addition, changes in laws, regulations and enforcement of policies, the discovery of previously

unknown contamination or information related to individual sites, the establishment of stricter state or federal toxicity standards with respect to certain contaminants, or the imposition of new clean-up requirements or remedial techniques could require Arnold to incur additional costs in the future that would have a negative effect on its financial condition or results of operations.

Risks Related to Sterno Sterno's products operate at high temperatures and use flammable fuels, each of which could subject our business to product liability claims, which could adversely affect its reputation and reduce customer demand. Sterno's products expose it to potential product liability claims typical of fuel based heating products. The fuels Sterno uses in its products are flammable and may be toxic if ingested. Accidents involving Sterno's products may have an adverse effect on its reputation and reduce demand for its products. In addition, Sterno may be held responsible for damages beyond its insurance coverage and we may not be able to procure adequate insurance coverage in the future.

Risks Related to Velocity Outdoor Velocity's products are subject to product safety and liability lawsuits, which could materially adversely affect its financial condition, business and results of operations. As a manufacturer of recreational airguns and archery products, Velocity is involved in various litigation matters that occur in the ordinary course of business. Not all users of its products will observe all proper safety practices. Failure to observe proper safety practices may result in injuries that give rise to product liability and personal injury claims and lawsuits, as well as claims for breach of contract, loss of profits and consequential damages. If any unresolved lawsuits or claims are determined adversely, they could have a material adverse effect on Velocity, its financial condition, business and results of operations. As more of Velocity's products are sold to and used by its consumers, the likelihood of product liability claims being made against it increases. In addition, the running of statutes of limitations in the United States U.S. for personal injuries to minor children may be suspended during the child's legal minority. Therefore, it is possible that accidents resulting in injuries to minors may not give rise to lawsuits until a number of years later. There is a risk that Velocity's product liability insurance may not be sufficient to cover all liabilities incurred in connection with such claims and the financial consequences of these claims and lawsuits will have a material adverse effect on its business, financial condition, liquidity and results of operations.

General Risk Factors We could be negatively impacted by cybersecurity attacks. We, and our businesses, use a variety of information technology systems in the ordinary course of business, which are potentially vulnerable to cybersecurity attacks, including cybersecurity attacks to our information technology infrastructure and attempts by others to gain access to our proprietary or sensitive information. Cybersecurity threats continue to increase in frequency and sophistication; a successful cybersecurity attack could interrupt or disrupt our information technology systems, or those of our third-party service providers, and may cause us to incur excessive costs or suffer reputational harm. Cybersecurity attacks are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise, especially given increased vulnerability of corporate information technology systems as distributed work environments have become prevalent. In addition to unauthorized access to or acquisition of personal data, confidential information, intellectual property or other sensitive information, such attacks could include the deployment of harmful malware and ransomware, and may use a variety of methods, including denial-of-service attacks, social engineering and other means, to attain such unauthorized access or acquisition or otherwise affect service reliability and threaten the confidentiality, integrity and availability of information. The procedures and controls we use to monitor these threats and mitigate our exposure may not be sufficient to prevent cybersecurity incidents. The results of these incidents could include misstated financial data, theft of trade secrets or other intellectual property, liability for disclosure of confidential customer, supplier or employee information, increased costs arising from the implementation of additional security protective measures, litigation and reputational damage, which could materially adversely affect our financial condition, business and results of operations. Any remedial costs or other liabilities related to cybersecurity incidents may not be fully insured or indemnified by other means. In addition, cybersecurity has become a top priority for global lawmakers and regulators, and some jurisdictions have enacted laws requiring companies to notify regulators and individuals of security breaches. If we fail to comply with the relevant and increasingly complex laws and regulations, we could suffer financial losses, a disruption of our business, liability to investors, regulatory intervention or reputational damage. Impairment of our goodwill, indefinite-lived intangible assets or other long-lived assets could result in significant charges that would adversely impact our future operating results. A significant portion of our long-term assets are comprised of intangible assets, including goodwill and indefinite lived intangible assets recorded as a result of past acquisitions. We assess the potential impairment of goodwill and indefinite lived intangible assets on an annual basis, as well as whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If our analysis indicates that an individual asset's carrying value exceeds its fair market value, we will record a loss equal to the excess of the individual asset's carrying value over its fair value. The impairment testing steps require significant amounts of judgment and subjectivity. Factors that could trigger impairment include the following: • significant underperformance underperformance relative to historical or projected future operating results; • significant changes in the manner of or use of the acquired assets or the strategy for our overall business; • significant negative industry or economic trends; • significant decline in our stock price for a sustained period; • changes in our organization or management reporting structure could result in additional reporting units, which may require alternative methods of estimating fair values or greater desegregation or aggregation in our analysis by reporting unit; and • a decline in our market capitalization below net book value. As of December 31, 2023-2024, we had identified indefinite lived intangible assets with a carrying value in our financial statements of \$ 57-30. 0-8 million, and goodwill of \$ 901-982. 4-3 million. Our businesses are subject to unplanned business interruptions which may adversely affect our performance. Operational interruptions and unplanned events at one or more of our production facilities, such as explosions, fires, inclement weather, natural disasters, accidents, transportation interruptions and supply could cause substantial losses in our production capacity. Furthermore, because customers may be dependent on planned deliveries from us, customers that have to reschedule their own operations due to our delivery delays may be able to pursue financial claims against us, and we may incur costs to correct such problems in addition to any liability resulting from such claims. Such interruptions may also harm our reputation among actual and potential customers, potentially resulting in a loss of business. To the extent these losses are not

covered by insurance, our financial position, results of operations and cash flows may be adversely affected by such events. Our businesses could experience fluctuations in the costs and availability of raw materials, components or whole goods which could result in significant disruptions to supply chains, production disruptions and increased costs for our businesses. Our businesses require access to various raw materials, components and whole goods to manufacture and distribute products. Changes in the availability and price of raw materials, components and whole goods, which can fluctuate significantly as a result of economic volatility, regulatory instability or change in import tariffs or trade agreements, can significantly increase the costs of production and distribution, which could have a material negative effect on the profitability of the businesses. We could be adversely affected if we experience shortages of components from our suppliers or if disruptions in the supply chain lead to parts shortages for our customers. A portion of our annual cost of sales is driven by the purchase of goods. We select our suppliers based on total value (including price, delivery and quality), taking into consideration their production capacities and financial condition, and we expect that they will be able to support our needs. There is no assurance that adverse financial conditions, including bankruptcies of our suppliers, reduced levels of production, natural disasters, staffing shortages, supply chain issues or other problems experienced by our suppliers will not result in shortages or delays in their supply of components to us. ~~For example, the COVID-19 pandemic has resulted in labor shortages and supply chain disruptions.~~ Any significant production disruption could have a material impact on our operations, operating results and financial condition. If we were to experience a significant or prolonged shortage of critical components from our suppliers, we may be unable to meet our production schedules for some of our key products and to ship such products to our customers in a timely fashion, which would adversely affect our sales, profitability and customer relations. Our businesses rely and may rely on their intellectual property and licenses to use others' intellectual property, for competitive advantage. If our businesses are unable to protect their intellectual property, are unable to obtain or retain licenses to use other's intellectual property, or if they infringe upon or are alleged to have infringed upon others' intellectual property, it could have a material adverse effect on their financial condition, business and results of operations. Each business's success depends in part on their, or licenses to use others', brand names, proprietary technology and manufacturing techniques. These businesses rely on a combination of patents, trademarks, copyrights, trade secrets, confidentiality procedures and contractual provisions to protect their intellectual property rights. The steps they have taken to protect their intellectual property rights may not prevent third parties from using their intellectual property and other proprietary information without their authorization or independently developing intellectual property and other proprietary information that is similar. In addition, the laws of foreign countries may not protect our businesses' intellectual property rights effectively or to the same extent as the laws of the United States. Stopping unauthorized use of their proprietary information and intellectual property, and defending claims that they have made unauthorized use of others' proprietary information or intellectual property, may be difficult, time-consuming and costly. The use of their intellectual property and other proprietary information by others, and the use by others of their intellectual property and proprietary information, could reduce or eliminate any competitive advantage they have developed, cause them to lose sales or otherwise harm their business. Our businesses may become involved in legal proceedings and claims in the future either to protect their intellectual property or to defend allegations that they have infringed upon others' intellectual property rights. These claims and any resulting litigation could subject them to significant liability for damages and invalidate their property rights. In addition, these lawsuits, regardless of their merits, could be time consuming and expensive to resolve and could divert management's time and attention. The costs associated with any of these actions could be substantial and could have a material adverse effect on their financial condition, business and results of operations. Our businesses are and may be subject to federal, state and foreign environmental laws and regulations that expose them to potential financial liability. Complying with applicable environmental laws requires significant resources, and if our businesses fail to comply, they could be subject to substantial liability. Some of the facilities and operations of our businesses are and may be subject to a variety of federal, state and foreign environmental laws and regulations including laws and regulations pertaining to the handling, storage and transportation of raw materials, products and wastes, which require and will continue to require significant expenditures to remain in compliance with such laws and regulations currently in place and in the future. Compliance with current and future environmental laws is a major consideration for our businesses as any material violations of these laws can lead to substantial liability, revocations of discharge permits, fines or penalties. Because some of our businesses use hazardous materials and generate hazardous wastes in their operations, they may be subject to potential financial liability for costs associated with the investigation and remediation of their own sites, or sites at which they have arranged for the disposal of hazardous wastes, if such sites become contaminated. Even if they fully comply with applicable environmental laws and are not directly at fault for the contamination, our businesses may still be liable. Our businesses may also be held liable for damages caused by environmental and other conditions that existed prior to our acquisition the assets, business or operations involved, whether or not such damages are subject to indemnification from a prior owner. Costs associated with these risks could have a material adverse effect on our financial condition, business and results of operations. Certain of our businesses are subject to increased product regulations which may cause an increase to our expenses or result in increased litigation in the event of non-compliance. Certain of our businesses are subject to increasingly stringent and complex domestic and foreign product labeling, performance, environmental and safety standards, laws and other regulations, including those pertaining to per- and polyfluoroalkyl substances ("PFAS") a group of chemicals used to make fluoropolymer coatings and products that resist heat, oil, stains, grease, and water. These requirements could result in greater expense associated with compliance efforts, and failure to comply with these regulations could result in a delay, non-delivery, recall, or destruction of inventory shipments during key seasons, a loss of advance orders from wholesale customers or in other financial penalties. Significant or continuing noncompliance with these standards and laws could disrupt our business and harm our reputation. Defects in the products provided by our companies could result in financial or other damages to their customers, which could result in reduced demand for our companies' products and / or liability claims against our companies. As manufacturers and distributors of consumer products, certain of our companies are subject to various laws, rules and regulations, which may empower governmental

agencies and authorities to exclude from the market products that are found to be unsafe or hazardous. Under certain circumstances, a governmental authority could require our companies to repurchase or recall one or more of their products. Additionally, laws regulating certain consumer products exist in some cities and states, as well as in other countries in which they sell their products, where more restrictive laws and regulations exist or may be adopted in the future. Any repurchase or recall of such products could be costly and could damage the reputation of our companies. If any of our companies were required to remove, or voluntarily remove, their products from the market, their reputation may be tarnished and they may have large quantities of finished products that they cannot sell. Additionally, our companies may be subject to regulatory actions that could harm their reputations, adversely impact the values of their brands and / or increase the cost of production. Our companies also face exposure to product liability claims in the event that one of their products is alleged to have resulted in property damage, bodily injury or other adverse effects. Defects in products could result in customer dissatisfaction or a reduction in, or cancellation of, future purchases or liability claims against our companies. If these defects occur frequently, our reputation may be impaired permanently. Defects in products could also result in financial or other damages to customers, for which our companies may be asked or required to compensate their customers, in the form of substantial monetary judgments or otherwise. There can be no assurance that rapidly changing safety standards will not render unsaleable products that complied with previously- applicable safety standards. As a result, these types of claims could have a material adverse effect on our businesses, results of operations and financial condition. Our businesses are subject to certain risks associated with their foreign operations or business they conduct in foreign jurisdictions. Some of our businesses have and may have operations or conduct business outside the United States. Certain risks are inherent in operating or conducting business in foreign jurisdictions, including exposure to local economic conditions; difficulties in enforcing agreements and collecting receivables through certain foreign legal systems; longer payment cycles for foreign customers; adverse currency exchange controls; exposure to risks associated with changes in foreign exchange rates; potential adverse changes in political environments; actual or threatened geopolitical conflict; withholding taxes and restrictions on the withdrawal of foreign investments and earnings; export and import restrictions; difficulties in enforcing intellectual property rights; and required compliance with a variety of foreign laws and regulations. These risks individually and collectively have the potential to negatively impact our financial condition, business and results of operations. The success of our branded consumer businesses depends on our ability to maintain the value and reputation of the brand. The name of our branded consumer businesses is integral to those businesses. Maintaining, promoting, and positioning our branded consumer businesses will depend, in part, on the success of marketing and merchandising efforts and the ability to provide a consistent, high quality products and services. Our branded consumer businesses rely on social media, as one of their marketing strategies, to have a positive impact on both brand value and reputation. The brand and reputation of our branded consumer businesses could be adversely affected if those subsidiaries fail to achieve their objectives, if their public image was to be tarnished by negative publicity, which could be amplified by social media, or if they fail to deliver innovative and high quality products. The reputation of our branded consumer businesses could also be impacted by adverse publicity, whether or not valid, regarding allegations that we or our subsidiaries, or persons associated with us or our subsidiaries or formerly associated with us or our subsidiaries, have violated applicable laws or regulations, including but not limited to those related to safety, employment, discrimination, harassment, whistle- blowing, privacy, corporate citizenship or improper business practices. Additionally, while our branded consumer businesses devote effort and resources to protecting their intellectual property, if these efforts are not successful the value of those brands may be harmed. Any harm to the brand or reputation of our subsidiaries could have a material adverse effect on our financial condition.