

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the Fiscal Year Ended September 30, 2021
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 No.	Name of Registrant, State of Incorporation, Address of Principal Offices, and Telephone No.	IRS Employer Identification No.
1-4219	Spectrum Brands Holdings, Inc. (a Delaware corporation) 3001 Deming Way, Middleton, WI 53562 (608) 275-3340 www.spectrumbrands.com	74-1339132
333-192634-03	SB/RH Holdings, LLC (a Delaware limited liability company) 3001 Deming Way, Middleton, WI 53562 (608) 275-3340	27-2812840

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

Registrant	Title of each class	Name of each exchange on which registered
Spectrum Brands Holdings, Inc. SB/RH Holdings, LLC	Common Stock, Par Value \$0.01 None	New York Stock Exchange None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Spectrum Brands Holdings, Inc.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
SB/RH Holdings, LLC	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Spectrum Brands Holdings, Inc.	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
SB/RH Holdings, LLC	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrants (1) have 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.

Spectrum Brands Holdings, Inc.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
SB/RH Holdings, LLC	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark whether the registrants have 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).

Spectrum Brands Holdings, Inc.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
SB/RH Holdings, LLC	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Spectrum Brands Holdings, Inc.	<input type="checkbox"/>
SB/RH Holdings, LLC	<input type="checkbox"/>

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:

Registrant	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company	Emerging Growth Company
Spectrum Brands Holdings, Inc.	X				
SB/RH Holdings, LLC			X		

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.

Spectrum Brands Holdings, Inc.	<input type="checkbox"/>
SB/RH Holdings, LLC	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Spectrum Brands Holdings, Inc.	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
SB/RH Holdings, LLC	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

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

Spectrum Brands Holdings, Inc.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
SB/RH Holdings, LLC	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

The aggregate market value of the voting stock held by non-affiliates of Spectrum Brands Holdings, Inc. was approximately \$3,592 million based upon the closing price on the last business day of the registrant's most recently completed second fiscal quarter (April 4, 2021). For the sole purposes of making this calculation, term "non-affiliate" has been interpreted to exclude directors and executive officers and other affiliates of the registrant. Exclusion of shares held by any person should not be construed as a conclusion by the registrant, or an admission by any such person, or that such person is an "affiliate" of the Company, as defined by applicable securities law.

As of November 19, 2021, there were outstanding 41,190,355 shares of Spectrum Brands Holdings, Inc.'s Common Stock, par value \$0.01 per share.

SB/RH Holdings, LLC meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and has therefore omitted the information otherwise called for by Items 10 to 13 of Form 10-K as allowed under General Instruction I(2)(c).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Spectrum Brands Holdings, Inc.'s subsequent amendment to the Form 10-K to be filed within 120 days of September 30, 2021 are incorporated by reference in this Annual Report on Form 10-K in response to Part III, Items 10, 11, 12 and 13.

**SPECTRUM BRANDS HOLDINGS, INC.
SB/RH HOLDINGS, LLC
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Forward-Looking Statements

We have made or implied certain forward-looking statements in this document. All statements, other than statements of historical facts included or incorporated by reference in this document, including the statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations*, without limitation, statements or expectations regarding our Global Productivity Improvement Program, our business strategy, future operations, financial condition, estimated revenues, projected costs, projected synergies, prospects, plans and objectives of management, information concerning expected actions of third parties are forward-looking statements. When used in this report, the words future, anticipate, pro forma, seek, intend, plan, envision, estimate, believe, belief, expect, project, forecast, outlook, goal, target, would, will, can, should, may and similar expressions are also intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Since these forward-looking statements are based upon our current expectations of future events and projections and are subject to a number of risks and uncertainties, many of which are beyond our control and some of which may change rapidly, actual results or outcomes may differ materially from those expressed or implied herein, and you should not place undue reliance on these statements. Important factors that could cause our actual results to differ materially from those expressed or implied herein include, without limitation:

- the impact of the COVID-19 pandemic and economic, social and political conditions or civil unrest in the U.S. and other countries on our customers, employees (including our ability to retain and attract key personnel), manufacturing facilities, suppliers, capital markets, and our financial condition, and results of operations, all of which tend to aggravate the other risks and uncertainties we face;
- the impact of our indebtedness on our business, financial condition, and results of operations;
- the impact of restrictions in our debt instruments on our ability to operate our business, finance our capital needs or pursue or expand business strategies;
- any failure to comply with financial covenants and other provisions and restrictions of our debt instruments;
- the effects of general economic conditions, including the impact of, and changes to tariffs and trade policies, inflation, recession or fears of a recession, depression or fears of a depression, labor costs and stock market volatility or monetary or fiscal policies in the countries where we do business;
- the impact of fluctuations in transportation and shipment costs, commodity prices, costs or availability of raw materials or terms and conditions available from suppliers, including suppliers' willingness to advance credit;
- interest rate and exchange rate fluctuations;
- the loss of, significant reduction in, or dependence upon, sales to any significant retail customer(s);
- competitive promotional activity or spending by competitors, or price reductions by competitors;
- the introduction of new product features or technological developments by competitors and/or the development of new competitors or competitive brands;
- the impact of actions taken by significant stockholders;
- changes in consumer spending preferences and demand for our products, particularly in light of the COVID-19 pandemic and economic stress;
- our ability to develop and successfully introduce new products, protect our intellectual property and avoid infringing the intellectual property of third parties;
- our ability to successfully identify, implement, achieve and sustain productivity improvements (including our Global Productivity Improvement Program), cost efficiencies (including at our manufacturing and distribution operations), and cost savings;
- the seasonal nature of sales of certain of our products;
- the effects of climate change and unusual weather activity as well as our ability to respond to future natural disasters and pandemics and to meet our environmental, social and governance goals;
- the cost and effect of unanticipated legal, tax or regulatory proceedings or new laws or regulations (including environmental, public health and consumer protection regulations);
- our discretion to conduct, suspend or discontinue our share repurchase program (including our discretion to conduct purchases, if any, in a variety of manners including open-market purchases or privately negotiated transactions);
- public perception regarding the safety of products that we manufacture and sell, including the potential for environmental liabilities, product liability claims, litigation and other claims related to products manufactured by us and third parties;
- the impact of existing, pending or threatened litigation, government regulation or other requirements or operating standards applicable to our business;
- the impact of cybersecurity breaches or our actual or perceived failure to protect company and personal data, including our failure to comply with new and increasingly complex global data privacy regulations;
- changes in accounting policies applicable to our business;
- our ability to utilize net operating loss carry-forwards to offset tax liabilities from future taxable income;
- the impact of expenses resulting from the implementation of new business strategies, divestitures or current and proposed restructuring activities;
- the ability to consummate the announced Hardware and Home Improvement ("HHI") divestiture on the expected terms and within the anticipated time period, or at all, which is dependent on the parties' ability to satisfy certain closing conditions and our ability to realize the benefits of the transaction, including reducing the leverage of the Company, invest in the organic growth of the Company, fund any future acquisitions, returning capital to shareholders, and/or maintain its quarterly dividends;
- the risk that regulatory approvals that are required to complete the proposed HHI divestiture may not be realized, may take longer than expected or may impose adverse conditions;
- our ability to realize the expected benefits of such transaction and to successfully separate the HHI business;
- our ability to successfully implement further acquisitions or dispositions and impact of any such transactions on our financial performance;
- the unanticipated loss of key members of senior management and the transition of new members of our management teams to their new roles;
- the impact of economic, social and political conditions or civil unrest in the U.S. and other countries;
- the effects of political or economic conditions, terrorist attacks, acts of war, natural disasters, public health concerns or other unrest in international markets;
- the ability to achieve our goals regarding environmental, social, and governance practices; and
- our increased reliance on third-party partners, suppliers, and distributors to achieve our business objectives.

Some of the above-mentioned factors are described in further detail in the sections entitled *Risk Factors* in our annual and quarterly reports (including this report), as applicable. You should assume the information appearing in this report is accurate only as of the end of the period covered by this report, or as otherwise specified, as our business, financial condition, results of operations and prospects may have changed since that date. Except as required by applicable law, including the securities laws of the United States ("U.S.") and the rules and regulations of the United States Securities and Exchange Commission ("SEC"), we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

PART I

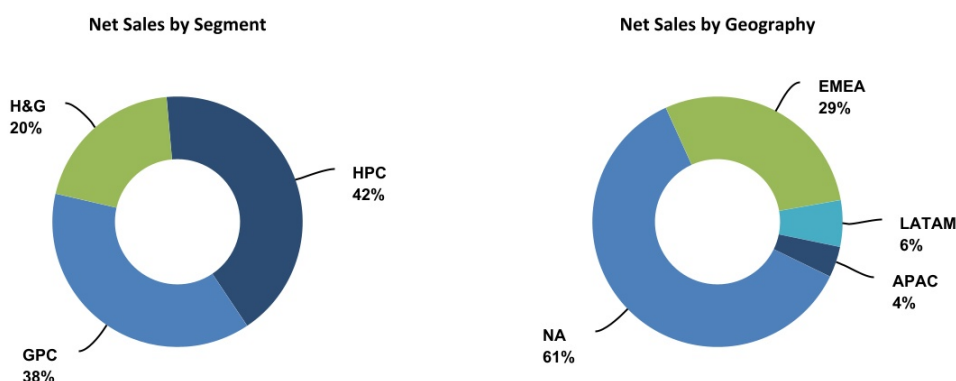
ITEM 1. BUSINESS

This combined Form 10-K is being filed by Spectrum Brands Holdings, Inc. (“SBH”) and SB/RH Holdings, LLC (“SB/RH”) (collectively, the “Company”). SB/RH is a wholly-owned subsidiary of SBH and represents substantially all of its assets, liabilities, revenues, expenses and operations. SB/RH is the parent guarantor for certain debt of Spectrum Brands, Inc., a wholly-owned subsidiary of SBH (“SBI”), and represents all of SBI assets, liabilities, revenues, expenses, and operations. Thus, all information contained in this report relates to, and is filed by, SBH. Information that is specifically identified in this report as relating solely to SBH, such as its financial statements and its common stock, does not relate to and is not filed by SB/RH. SB/RH makes no representation as to that information. The terms “the Company,” “we,” and “our” as used in this report, refer to both SBH and its consolidated subsidiaries and SB/RH and its consolidated subsidiaries, unless otherwise indicated.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are available free of charge through our website at www.spectrumbrands.com as soon as reasonably practicable after such reports are filed with, or furnished to the SEC. The SEC also maintains a website that contains our reports, proxy statements and other information at www.sec.gov. In addition, copies of our (i) Corporate Governance Guidelines, (ii) charters for the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, (iii) Code of Business Conduct and Ethics and (iv) Code of Ethics for the Principal Executive Officer and Senior Financial Officers are available on our website at www.spectrumbrands.com under “Investor Relations—Corporate Governance.” Copies will also be provided to any stockholder upon written request to Spectrum Brands, Inc. at 3001 Deming Way, Middleton, Wisconsin 53562 or via electronic mail at investorrelations@spectrumbrands.com, or by telephone at (608) 275-4917.

General Overview

We are a diversified global branded consumer products and home essentials company. We manage the business in three vertically integrated, product focused segments: (i) Home and Personal Care (“HPC”), (ii) Global Pet Care (“GPC”), and (iii) Home and Garden (“H&G”). The Company manufactures, markets and distributes its products globally in the North America (“NA”), Europe, Middle East & Africa (“EMEA”), Latin America (“LATAM”) and Asia-Pacific (“APAC”) regions through a variety of trade channels, including retailers, wholesalers and distributors. We enjoy strong name recognition in our regions under our various brands and patented technologies across multiple product categories. Global and geographic strategic initiatives and financial objectives are determined at the corporate level. Each segment is responsible for implementing defined strategic initiatives and achieving certain financial objectives and has a president responsible for sales and marketing initiatives and the financial results for all product lines within that segment. The segments are supported through center-led corporate shared service operations consisting of finance and accounting, information technology, legal and human resources, supply chain and commercial operations. The following is an overview of the consolidated business showing net sales by segment and geographic region sold (based upon destination) as a percentage of consolidated net sales for the year ended September 30, 2021.

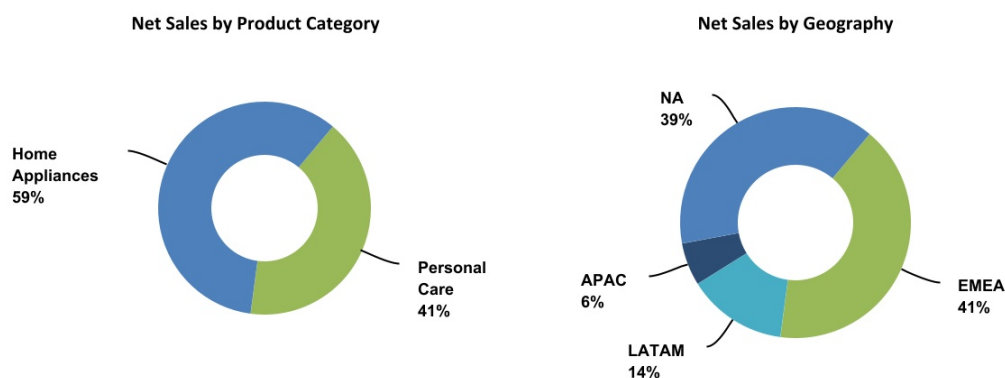


Our operating performance is influenced by a number of factors including: general economic conditions; foreign exchange fluctuations; trends in consumer markets; consumer confidence and preferences; our overall product line mix, including pricing and gross margin, which vary by product line and geographic market; pricing of certain raw materials and commodities; energy and fuel prices; and our general competitive position, especially as impacted by our competitors’ advertising and promotional activities and pricing strategies. See *Management’s Discussion and Analysis of Financial Condition and Results of Operations*, included in Item 7 to this Annual Report, for further discussion of the consolidated operating results and segment operating results.

On September 8, 2021, SBI entered into a definitive Asset and Stock Purchase Agreement with ASSA ABLOY AB to sell the Company’s Hardware and Home Improvement (“HHI”) segment. As a result, the Company’s assets and liabilities associated with the HHI segment have been classified as held for sale, and the respective operations of the HHI segment classified as discontinued operations and reported separately for all periods presented as the planned disposition represents a strategic shift that will have a major effect on the Company’s operations and financial results.

Home and Personal Care (HPC)

The following is an overview of net sales by product category and geographic region sold by destination for the year ended September 30, 2021.



Product Category	Products	Brands
Home Appliances	Small kitchen appliances including toaster ovens, coffeemakers, slow cookers, blenders, hand mixers, grills, food processors, juicers, toasters, irons, kettles, and breadmakers	Black & Decker®, Russell Hobbs®, George Foreman®, Toastermaster®, Juiceman®, Farberware®, and Breadman®
Personal Care	Hair dryers, flat irons and straighteners, rotary and foil electric shavers, personal groomers, mustache and beard trimmers, body groomers, nose and ear trimmers, women's shavers, haircut kits and intense pulsed light hair removal systems	Remington®, LumaBella®

We have a trademark license agreement (the "License Agreement") with Stanley Black & Decker ("BDC") pursuant to which we license the Black & Decker® brand in North America, Latin America (excluding Brazil) and the Caribbean for four core categories of household appliances: beverage products, food preparation products, garment care products and cooking products through December 31, 2021. Under the terms of the License Agreement, we agree to pay BDC royalties based on a percentage of sales, with minimum annual royalty payments of \$15.0 million. The License Agreement also requires us to comply with maximum annual return rates for products. Total revenue under the License Agreement was \$400.2 million for the year ended September 30, 2021.

As of the date of this report, we are in discussions with BDC to replace the current License Agreement with a new multi-year trademark license agreement, but there can be no assurances that we will be able to do so. In the event that we cannot reach a new agreement, we believe the current License Agreement, provides us until June 30, 2023 to transition out of the BDC brand and prohibits BDC from competing in the four categories for five years after the end of the transition period. BDC has asserted that it believes the transition period and non-competition provisions in the License Agreement are no longer applicable. For additional information please see our Risk Factors set forth in this Annual Report, including the risk factor entitled "We may not be able to adequately establish and protect our intellectual property rights, and the infringement or loss of our intellectual property rights could harm our business."

We own the right to use the Remington® trademark for electric shavers, shaver accessories, grooming products and personal care products; and Remington Arms Company, Inc. ("Remington Arms") owns the rights to use the trademark for firearms, sporting goods and products for industrial use, including industrial hand tools. The terms of a 1986 agreement between Remington Products, LLC and Remington Arms provides for the shared rights to use the trademark on products which are not considered "principal products of interest" for either company. We retain the trademark for nearly all products which we believe can benefit from the use of the brand name in our distribution channels.

HPC products are sold primarily to large retailers, online retailers, wholesalers, distributors, warehouse clubs, food and drug chains and specialty trade or retail outlets such as consumer electronics stores, department stores, discounters and other specialty stores. International distribution varies by region and is often executed on a country-by-country basis. Our sales generally are made through the use of individual purchase orders. A significant percentage of our sales are attributable to a limited group of retailer customers, including Walmart and Amazon, which represent approximately 35% of segment sales for the year ended September 30, 2021.

Primary competitors for home appliances include Newell Brands (Sunbeam, Mr. Coffee, Crockpot, Oster), De'Longhi America (DeLonghi, Kenwood, Braun), SharkNinja (Shark, Ninja), Hamilton Beach Holding Co. (Hamilton Beach, Proctor Silex), Sensio, Inc. (Bella); SEB S.A.(T-fal, Krups, Rowenta), Whirlpool Corporation (Kitchen Aid), Conair Corporation (Cuisinart, Waring), Koninklijke Philips N.V. (Philips), Glen Dimplex (Morphy Richards) and private label brands for major retailers. Primary competitors in personal care include Koninklijke Philips Electronics N.V. (Norelco), The Procter & Gamble Company (Braun), Conair Corporation, Wahl Clipper Corporation, and Helen of Troy Limited.

Sales from electric personal care product categories tend to increase during the December holiday season (the Company's fiscal first quarter), while small appliances sales typically increase from July through December primarily due to the increased demand by customers in the late summer for "back-to-school" sales (the Company's fiscal fourth quarter) and in December for the holiday season. Our sales by quarter as a percentage of annual net sales during the years ended September 30, 2021, 2020, and 2019 are as follows:

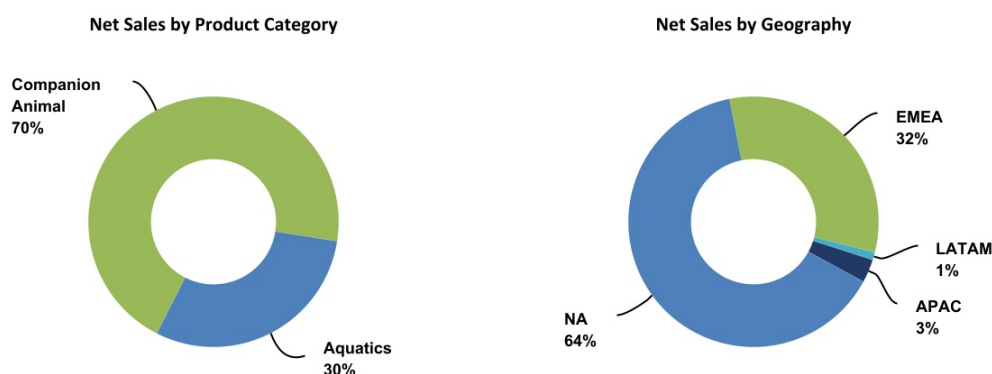
	2021	2020	2019
First Quarter	30 %	29 %	30 %
Second Quarter	24 %	21 %	20 %
Third Quarter	22 %	23 %	23 %
Fourth Quarter	24 %	27 %	27 %

Substantially all of our home appliances and personal care products are manufactured by third-party suppliers that are primarily located in the APAC region, the prices of which may be susceptible to changes in transportation costs, government regulations and tariffs, and changes in currency exchange rates. We maintain ownership of most of the tooling and molds used by our suppliers.

We continuously monitor and evaluate our supplier network for quality, cost, and manufacturing capacity. Our research and development strategy is focused on new product development and performance enhancements of our existing products. We plan to continue to use our brand names, customer relationships and research and development efforts to introduce innovative products that offer enhanced value to consumers through new designs and improved functionality.

Global Pet Care (GPC)

The following is an overview of GPC net sales by product category and geographic region sold by destination for the year ended September 30, 2021.



Product Category	Products	Brands
Companion Animal	Rawhide chews, dog and cat clean-up, training, health and grooming products, small animal food and care products, rawhide-free dog treats, and wet and dry pet food for dogs and cats	8IN1® (8-in-1), Dingo®, Nature's Miracle®, Wild Harvest™, Littermaid®, Jungle®, Excel®, FURminator®, IAMS® (Europe only), Eukanuba® (Europe only), Healthy-Hide®, DreamBone®, SmartBones®, ProSense®, Perfect Coat®, eCOTRITION®, Birdola®, Good Boy®, Meowee!®, Wildbird®, and Wafcol®.
Aquatics	Consumer and commercial aquarium kits, stand-alone tanks; aquatics equipment such as filtration systems, heaters and pumps; and aquatics consumables such as fish food, water management and care	Tetra®, Marineland®, Whisper®, Instant Ocean®, GloFish®, OmegaOne® and OmegaSea®.

We sell primarily to large retailers, pet superstores, online retailers, food and drug chains, warehouse clubs and other specialty retail outlets. International distribution varies by region and is often executed on a country-by-country basis. Our sales generally are made through the use of individual purchase orders. In addition to product sales, we also perform installation and maintenance services on commercial aquariums. Live fish under our GloFish® brand are produced, marketed, and sold by independent third-party breeders through a supply and licensing agreement with the Company. On October 26, 2020, the Company completed the acquisition of Armitage Pet Care Ltd. ("Armitage"), a premium pet treats and toys business in Nottingham, United Kingdom including a portfolio of brands that include Armitage's dog treats brand, Good Boy®, cat treats brand, Meowee!®, and Wildbird® bird feed products, among others, that are predominantly sold within the United Kingdom. A significant percentage of our sales are attributable to a limited group of retailer customers, including Walmart and Amazon, which represent approximately 32% of segment sales for the fiscal year ended September 30, 2021.

Primary competitors are Mars Corporation, the Hartz Mountain Corporation, and Central Garden & Pet Company all of which sell a comprehensive line of pet supplies that compete across our product categories. The pet supplies product category is highly fragmented with no competitor holding a substantial market share and consists of small companies with limited product lines, including private label products and suppliers.

Sales remain fairly consistent throughout the year with little variation. Our sales by quarter as a percentage of annual net sales during the years ended September 30, 2021, 2020, and 2019 are as follows:

	2021	2020	2019
First Quarter	24 %	21 %	24 %
Second Quarter	26 %	25 %	25 %
Third Quarter	23 %	25 %	25 %
Fourth Quarter	27 %	29 %	26 %

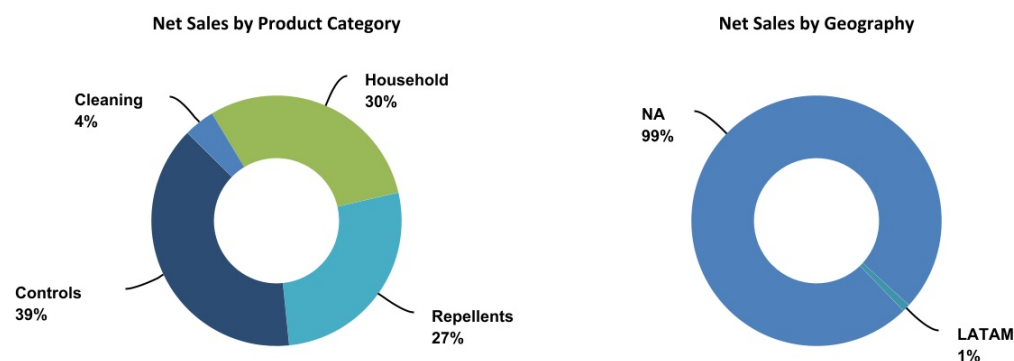
Rawhide products and certain companion animal products are produced at third-party suppliers in the APAC region and Mexico. Aquatics products are produced in our manufacturing plants located in the U.S. and Germany and are also produced at third-party suppliers in the APAC region. On March 29, 2020, the Company sold its dog and cat food ("DCF") production facility and distribution center in Coevorden, Netherlands (the "Coevorden Operations") pursuant to an agreement with United Petfood Producers NV ("UPP") that continues to produce DCF products for the Company sold and distributed in EMEA under the IAMS® and Eukanuba® brands.

We maintain ownership of most of the tooling and molds used by third-party suppliers. We continually evaluate capacity at our manufacturing facilities and related utilization. In general, we believe our existing facilities are adequate for our present and foreseeable operating needs. Product purchased from third-party suppliers, especially those from the APAC regions, are susceptible to fluctuations in transportation costs, government regulations and tariffs, and changes in currency exchange rates. We continuously monitor and evaluate our supplier network for quality, cost, and manufacturing capacity.

Our research and development strategy is focused on new product development and performance enhancements of our existing products. We plan to continue to use our brand names, customer relationships and research and development efforts to introduce innovative products that offer enhanced value to consumers through new designs and improved functionality.

Home and Garden (H&G)

The following is an overview of H&G net sales by product category and geographic region sold by destination for the year ended September 30, 2021.



Product Category	Products	Brands
Household	Household pest control solutions such as spider and scorpion killers; ant and roach killers; flying insect killers; insect foggers; wasp and hornet killers; and bedbug, flea and tick control products	Hot Shot®, Black Flag®, Real-Kill®, Ultra Kill®, The Ant Trap® (TAT), and Rid-A-Bug®.
Controls	Outdoor insect and weed control solutions, and animal repellents such as aerosols, granules, and ready-to-use sprays or hose-end ready-to-sprays	Spectracide®, Garden Safe®, Liquid Fence®, and EcoLogic®.
Repellents	Personal use pesticides and insect repellent products, including aerosols, lotions, pump sprays and wipes, yard sprays and citronella candles	Cutter® and Repel®.
Cleaning	Household surface cleaning, maintenance, and restoration products, including bottled liquids, mops, wipes, and markers.	Rejuvenate®

We sell primarily to large retailers, home improvement centers, mass merchants, dollar stores, hardware stores, lawn and garden distributors, food and drug retailers, and e-commerce. We sell primarily in the U.S. with some distribution in LATAM and the Caribbean. On May 28, 2021, the Company acquired 100% of the membership interest in For Life Products, LLC ("FLP"); a leading manufacturer of household cleaning, maintenance, and restoration sold under the Rejuvenate® brand, expanding the product categories provided by the H&G segment. Our sales generally are made through the use of individual purchase orders. A significant percentage of our sales are attributable to a limited group of retailer customers, including Lowe's, Home Depot, and Walmart, which represent approximately 65% segment sales for the year ended September 30, 2021.

Primary competitors include The Scotts Miracle-Gro Company (Ortho, Roundup, Tomcat), S.C. Johnson & Son, Inc. (Raid, OFF!), Central Garden & Pet (AMDRO, Sevin), SBM Company (BioAdvanced), and Henkel AG & Co. KGaA (Combat).

Sales typically peak during the first six months of the calendar year (the Company's second and third fiscal quarters) and are lowest in the last three months of the calendar year (the Company's first quarter) due to customer purchasing patterns, and timing of promotional activities. Our sales by quarter as a percentage of annual net sales during the years ended September 30, 2021, 2020, and 2019 are as follows:

	2021	2020	2019
First Quarter	14 %	8 %	10 %
Second Quarter	29 %	25 %	27 %
Third Quarter	35 %	38 %	40 %
Fourth Quarter	22 %	29 %	23 %

H&G currently produces the majority of its products in one facility in St. Louis, Missouri, with production primarily consisting of liquids and aerosols, and the remaining portion of products being produced by various third-party manufacturers, consisting of granulates, candles, baits & traps, and wipes. Products produced for the Rejuvenate business are primarily provided by third-party manufacturers. The main raw materials purchased are plastic bottles, steel aerosol cans, corrugate, active ingredients, and bulk chemicals. The prices of these raw materials are susceptible to fluctuations due to supply and demand trends, energy costs, transportation costs, inflation, government regulations, and tariffs. We continuously monitor and evaluate our supplier network for quality, cost, and manufacturing capacity.

Our research and development strategy is focused on new product development and performance enhancements of our existing products. We plan to continue to use our brand names, customer relationships, and research and development efforts to introduce innovative products that offer enhanced value to consumers through new designs and improved functionality.

Discontinued Operations

Hardware and Home Improvement ("HHI")

On September 8, 2021, the Company entered into a definitive Asset and Stock Purchase Agreement (the "Purchase Agreement") with ASSA ABLOY AB ("ASSA") to sell its HHI segment for cash proceeds of \$4.3 billion, subject to customary purchase price adjustments. The Company's assets and liabilities associated with HHI have been classified as held for sale, and the respective operations have been classified as discontinued operations and reported separately for all periods presented. HHI consists of residential locksets and door hardware, including knobs, levers, deadbolts, handle sets, and electronic and connected locks under the Kwikset®, Weiser®, Baldwin®, Tell Manufacturing®, and EZSET® brands; kitchen and bath faucets and accessories under the Pfister® brand; and builders' hardware consisting of hinges, metal shapes, security hardware, rack and sliding door hardware, and gate hardware under the National Hardware® and FANAL® brands. Refer to *Note 3 - Divestitures* to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further discussion pertaining the HHI divestiture.

Global Batteries and Lighting ("GBL")

On January 2, 2019, the Company completed the sale of its GBL business pursuant to the GBL acquisition agreement with Energizer Holdings, Inc. ("Energizer") for cash proceeds of \$1,956.2 million, resulting in a pre-tax gain on sale of \$989.8 million, during the year ended September 30, 2019, including the estimated settlement of customary purchase price adjustments for working capital and assumed indebtedness, recognition of tax and legal indemnifications under the acquisition agreement and a contingent purchase price adjustment for the settlement of the divestiture of the Varta® consumer batteries business by Energizer. The Company's assets and liabilities associated with GBL have been classified as held for sale and the respective operations have been classified as discontinued operations; and reported separately for all periods presented. GBL consists of consumer batteries products including alkaline batteries, zinc carbon batteries, nickel metal hydride (NiMH) rechargeable batteries, hearing aid batteries, battery chargers, battery-powered portable lighting products including flashlights and lanterns, and other specialty battery products primarily under the Rayovac® and Varta® brand, and other proprietary brand names pursuant to licensing arrangements with third parties. Refer to *Note 3 - Divestitures* to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further discussion pertaining to the GBL divestiture.

Global Auto Care ("GAC")

On January 28, 2019, the Company completed the sale of its GAC business pursuant to the GAC acquisition agreement with Energizer for \$938.7 million in cash proceeds and \$242.1 million in stock consideration of common stock of Energizer, resulting in a loss on sale of business of \$111.0 million, during the year ended September 30, 2019, including the estimated settlement of customary purchase price adjustments for working capital and assumed indebtedness, and recognition of tax and legal indemnifications in accordance with the GAC acquisition agreement. The Company's assets and liabilities associated with GAC have been classified as held for sale and the respective operations have been classified as discontinued operations; and reported separately for all periods presented. GAC consists of appearance products, including protectants, wipes, tire and wheel care products, glass cleaners, leather care products, air fresheners and washes designed to clean, shine, refresh and protect interior and exterior automobile surfaces under the Armor All® brand; performance products including STP® branded fuel and oil additives, functional fluids and automotive appearance products; A/C recharge products that consist of do-it-yourself automotive air conditioner recharge products under the A/C Pro® brand, along with other refrigerant and oil recharge kits, sealants and accessories. Refer to *Note 3 - Divestitures* to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further discussion pertaining to the GAC divestiture.

Human Resources

Employee Profile

At Spectrum Brands, we are led by our values of trust, accountability, and collaboration to serve others through this common mission: We Make Living Better at Home. We strive to live our core values of trust, accountability and collaboration every day by serving our customers, consumers, and communities. Our workplace culture is centered around practices that support our communities and promote sustainable practices and a diverse, equitable, and inclusive workforce.

Employee Wellness

We encourage our employees to "Speak Up," "Be Accountable," "Take Action," and "Grow Talent," promote innovation, trust, accountability and collaboration. The result is a work environment that encourages the well being of our employees holistically - mind and body.

Employee Health and Safety

We are committed to the Environmental Health and Safety (EHS) safety of our employees. We continuously strive to maintain our strong safety performance as we continue to grow our business around the globe. The keys to our EHS success are a workforce that is engaged, a management team who supports and invests in employee safety, and the leadership of our skilled EHS team. In the last several years, the team has added dedicated EHS professionals to individual sites to train employees and ensure compliance with applicable safety standards and regulations. The team hosts regular meetings to share information and discuss best practices across plants.

Talent Development

Spectrum Brands is committed to developing our future leaders at every level. Our talent processes start with understanding what current and future talent is needed to deliver business goals, followed by a talent review process to assist managers with evaluating talent.

Learning and development is a critical part of creating Spectrum Brands' culture of high performance, innovation, and inclusion. We believe on-the-job experience is an outstanding way to learn, and performance and development plans ensure that managers and employees have conversations about career aspirations, mobility, developmental goals and interests.

Employee Communication and Feedback

In an ongoing effort to understand our employees needs, and deliver on our values of trust, accountability and collaboration, we listen. We regularly host company-wide and business unit town halls to offer employees an opportunity to ask questions about Company activities and policies that impact them. We solicit and receive questions and feedback from our employees through this process.

COVID-19 Response

In response to COVID-19, our Company took swift and effective action to protect the health and safety of our global employees. The Company implemented a number of robust COVID-19 safety practices, including, by way of example:

- Temperature screenings and masks were required at all sites prior to admittance;
- Weekly audits using a list of safety requirements, including social distancing, personal protective equipment, sanitation, hygiene education, etc.;
- Guidelines and procedures for the deep cleaning of HVAC systems to prevent the spread of germs;
- Contact tracing practices with mandatory quarantine for individuals with confirmed close contact cases;
- Requirement that all non-essential employees to work from home; and
- Suspension of travel restrictions for all unnecessary travel.

Our Company also began producing and selling Cutter® Hand Sanitizer during the initial peak of the pandemic, which were eventually sent to employee homes for personal use and donated to health facilities.

Diversity, Equity and Inclusion

Spectrum Brands is committed to fostering a diverse, equitable, and inclusive workplace for employees of every race, color, gender identity, sexual orientation, age, physical or mental ability and background. At Spectrum Brands, we strive to make our employees feel valued and respected and given the opportunity to thrive as their authentic selves. To further that objective we have implemented a diversity, equity, and inclusion program.

ITEM 1A. RISK FACTORS

Any of the following factors could materially and adversely affect our business, financial condition and results of operations. The risks described below are not the only risks that we may face. Additional risks and uncertainties not currently known to us or that we currently view as immaterial may also materially and adversely affect our business, financial condition or results of operations.

We are subject to a variety of risks, including those described below. In particular, these risks include, but are not limited to:

- Risks related to our business operations: We participate in very competitive markets and we may not be able to compete successfully, causing us to lose market share and sales.
- Risks related to our indebtedness and financing abilities: Our substantial indebtedness may limit our financial and operating flexibility, and we may incur additional debt, which could increase the risks associated with our substantial indebtedness.
- Risks related to our international operations: We are subject to significant international business risks that could hurt our business and cause our results of operations to fluctuate.
- Risks related to Data Privacy and Intellectual Property: We may not be able to adequately establish and protect our intellectual property rights, and the infringement or loss of our intellectual property rights could harm our business.
- Risks related to litigation and regulatory compliance: We are subject to a number of claims and litigation and may be subject to future claims and litigation, any of which may adversely affect our business.
- Risks related to investment in our common stock: The market price of the Company's common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control.

Risks Related to our Business Operations

The COVID-19 pandemic is a serious threat to the health and economic well-being affecting our customers, employees, sources of supply and our financial condition and results of operations.

In March 2020, the World Health Organization announced that COVID-19 had become a pandemic and a National Emergency relating to COVID-19 was announced in the U.S. There is a possibility of continued widespread infection in the U.S. and abroad, with the potential for substantial commercial impact. National, state, and local authorities recommended social distancing and imposed, or were considering imposing, quarantine and isolation measures, on large portions of the population, including mandatory business closures. These measures are expected to have serious adverse impacts on domestic and foreign economies of uncertain severity and duration. The effectiveness of economic stabilization efforts, including potential government payments to affected citizens and industries, is uncertain.

The sweeping nature of COVID-19 makes it extremely difficult to predict the long-term ramifications on our financial condition and results of operations. However, the likely overall economic impact of COVID-19 is viewed as highly negative to the general economy. These impacts may include, but are not limited to:

- significant reductions in, or volatility of, demand for our products, which may be caused by the inability or unwillingness of consumers to purchase our products due to illness, quarantine, travel restrictions, store closures, general financial hardship, decreased consumer confidence or changes in consumer spending and shopping habits;
- inability to meet customers' needs or achieve cost targets due to disruptions in our manufacturing and supply arrangements caused by the loss or disruption of essential manufacturing or availability or cost of key product components, transportation, workforce, or other manufacturing and distribution capability;
- failure of third parties on which we rely, including our suppliers, contract manufacturers, distributors, contractors, commercial banks, and other business partners, to meet their obligations to us, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties and may adversely impact our operations;
- significant change in the political conditions in markets in which we manufacture, sell or distribute our products, including governmental or regulatory actions such as quarantines, closures or other restrictions, that limit or close our operating and manufacturing facilities, restrict our employees' ability to travel or perform necessary business functions, or otherwise prevent our third-party partners, suppliers, or customers from sufficiently staffing operations, including operations necessary for the production, distribution, sale and support of our products, which could adversely impact our results or impairment of the Company's net assets;
- disruptions and stress in capital markets that could impact the cost and availability of capital for us and for our customers, suppliers and other business partners;
- quarantines, stay-at-home orders and other limitations can disrupt our product development, branding, research and administrative functions, regardless of whether we are actually forced to close our own facilities and similar disruptions that may also effect other organizations and persons that we collaborate with or whose services we are dependent on; or
- the need for our employees and business partners to work remotely in these circumstances also creates greater potential for risks related to cybersecurity, confidentiality and data privacy.

As of the date of this report, we have been classified as an essential business in the jurisdictions that have mandated closure of non-essential businesses, and therefore have generally been allowed to remain open. However, we can give no assurance that this will not change in the future. Despite our efforts to manage and remedy the impact of COVID-19 on our financial condition and results of operations, the ultimate impact also depends on factors beyond our knowledge or control, including the duration and severity of the COVID-19 pandemic and actions taken by governmental authorities to contain its spread and mitigate its public health effects. Additionally, as the COVID-19 pandemic conditions wane, we cannot predict how quickly the marketplaces in which we operate will return to normal. Any of the foregoing factors, or other cascading effects of the COVID-19 pandemic that are not currently foreseeable, could materially increase our costs, negatively impact our sales and damage our results of operations and liquidity position. The duration of any such impacts cannot be predicted. See further discussion in *Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Reliance on third-party relationships and outsourcing arrangements could adversely affect our business.

We rely on third parties, including suppliers, distributors, alliances with other companies, and third-party service providers, for selected aspects of product development, manufacture, commercialization, support for information technology systems, product distribution, and certain financial transactional processes. Additionally, we have outsourced certain functions to third-party service providers to leverage leading specialized capabilities and achieve cost efficiencies. Outsourcing these functions involves the risk that third-party service providers may not perform to our standards or legal requirements, may not produce reliable results, may not perform in a timely manner, may not maintain the confidentiality of our proprietary information, or may fail to perform at all. Additionally, any disruption, such as a government shutdown, war, natural disaster or global pandemic (including the current COVID-19 pandemic), could affect the ability of our third-party service providers to meet their contractual obligations to us. Failure of these third parties to meet their contractual, regulatory, confidentiality or other obligations to us could result in material financial loss, higher costs, regulatory actions, and reputational harm.

Uncertain global economic conditions may adversely impact demand for our products or cause our customers and other business partners to suffer financial hardship, which could adversely impact our business.

Our business could be negatively impacted by reduced demand for our products related to one or more significant local, regional or global economic disruptions, the risk of which are aggravated by the COVID-19 pandemic, such as: a slow-down in the general economy; reduced market growth rates; increased inflation rates, tighter credit markets for our suppliers, vendors or customers; a significant shift in government policies; the deterioration of economic relations between countries or regions, including potential negative consumer sentiment toward non-local products or sources; or the inability to conduct day-to-day transactions through our financial intermediaries to pay funds to, or collect funds from, our customers, vendors and suppliers. Additionally, economic conditions may cause our suppliers, distributors, contractors or other third-party partners to suffer financial difficulties that they cannot overcome, resulting in their inability to provide us with the materials and services we need, in which case our business and results of operations could be adversely affected. Customers may also suffer financial hardships due to economic conditions such that their accounts become uncollectible or are subject to longer collection cycles. In addition, if we are unable to generate sufficient income and cash flow, it could affect the Company's ability to achieve expected share repurchase and dividend payments.

Disruption in our global supply chain may negatively impact our business results.

Our ability to meet our customers' needs and achieve cost targets depends on our ability to maintain key manufacturing and supply arrangements, including execution of supply chain optimizations and certain sole supplier or sole manufacturing plant arrangements. The loss or disruption of such manufacturing and supply arrangements, including for issues such as labor disputes, labor shortages, loss or impairment of key manufacturing sites, discontinuity in our internal information and data systems, inability to procure sufficient raw or input materials, significant changes in trade policy, natural disasters, increasing severity or frequency of extreme weather events due to climate change or otherwise, acts of war or terrorism, the COVID-19 pandemic or other disease outbreaks or other external factors over which we have no control, including inflation, have interrupted product supply and, if not effectively managed and remedied, could have an adverse impact on our business, financial condition or results of operations.

We participate in very competitive markets and we may not be able to compete successfully, causing us to lose market share and sales.

We compete for consumer acceptance and limited shelf space based upon brand name recognition, perceived product quality, price, performance, product features and enhancements, product packaging and design innovation, as well as creative marketing, promotion and distribution strategies, and new product introductions. Additional discussion over the segments, product categories, and markets in which we compete are included under Item 1 above. Our ability to compete in these consumer product markets may be adversely affected by a number of factors, including, but not limited to, the following:

- We compete against many well-established companies that may have substantially greater financial and other resources, including personnel and research and development, and greater overall market share than us.
- In some key product lines, our competitors may have lower production costs and higher profit margins than us, which may enable them to compete more aggressively in offering retail discounts, rebates and other promotional incentives.
- Technological advancements, product improvements or effective advertising campaigns by competitors may weaken consumer demand for our products.
- Consumer purchasing behavior may shift to distribution channels, including to online retailers, where we and our customers do not have a strong presence.
- Consumer preferences may change to lower margin products or products other than those we market.
- We may not be successful in the introduction, marketing and manufacture of any new products or product innovations or be able to develop and introduce, in a timely manner, innovations to our existing products that satisfy customer needs or achieve market acceptance.

In addition, in a number of our product lines, we compete with our retail customers, who use their own private label brands, and with distributors and foreign manufacturers of unbranded products. Significant new competitors or increased competition from existing competitors, including specifically private label brands, may adversely affect our business, financial condition and results of our operations.

Some competitors may be willing to reduce prices and accept lower profit margins to compete with us. As a result of this competition, we could lose market share and sales, or be forced to reduce our prices to meet competition. If our product offerings are unable to compete successfully, our sales, results of operations and financial condition could be materially and adversely affected. In addition, we may be unable to implement changes to our products or otherwise adapt to changing consumer trends. If we are unable to respond to changing consumer trends, our operating results and financial condition could be adversely affected.

Changes in consumer shopping trends and changes in distribution channels could significantly harm our business

We sell our products through a variety of trade channels with a significant portion dependent upon retail partnerships, through both traditional brick-and-mortar retail channels and e-commerce channels. We are seeing the emergence of strong e-commerce channels generating more online competition and declining in-store traffic in brick-and-mortar retailers. Consumer shopping preferences have shifted and may continue to shift in the future to distribution channels other than traditional retail that may have more limited experience, presence and developed, such as e-commerce channels. If we are not successful in developing and utilizing e-commerce channels that future consumers may prefer, we may experience lower than expected revenues.

We are also seeing more traditional brick-and-mortar retailers closing physical stores, and filing for bankruptcy, which could negatively impact our distribution strategies and/or sales if such retailers decide to significantly reduce their inventory levels for our products or to designate more floor space to our competitors. Further consolidation, store closures and bankruptcies could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

Consolidation of retailers and our dependence on a small number of key customers for a significant percentage of our sales may negatively affect our business, financial condition and results of operations.

As a result of consolidation of retailers that has occurred during the past several years, particularly in the United States and the EU, and consumer trends toward national mass merchandisers, a significant percentage of our sales are attributable to a limited group of customers. As these mass merchandisers and retailers grow larger and become more sophisticated, they may demand lower pricing, special packaging or impose other requirements on product suppliers. These business demands may relate to inventory practices, logistics or other aspects of the customer-supplier relationship. Because of the importance of these key customers, demands for price reductions or promotions, reductions in their purchases, changes in their financial condition or loss of their accounts could have a material adverse effect on our business, financial condition and results of operations. Our success is dependent on our ability to manage our retailer relationships, including offering mutually acceptable trade terms.

Although we have long-established relationships with many of our customers, we generally do not have long-term agreements with them and purchases are normally made through the use of individual purchase orders. Any significant reduction in purchases, failure to obtain anticipated orders or delays or cancellations of orders by any of these major customers, or significant pressure to reduce prices from any of these major customers, could have a material adverse effect on our business, financial condition and results of operations. Additionally, a significant deterioration in the financial condition of the retail industry in general, the bankruptcy of any of our customers or any of our customers ceasing operations could have a material adverse effect on our sales and profitability.

As a result of retailers maintaining tighter inventory control, we face risks related to meeting demand and storing inventory.

As a result of the desire of retailers to more closely manage inventory levels, there is a growing trend among them to purchase products on a “just-in-time” basis. Due to a number of factors, including (i) manufacturing lead-times, (ii) seasonal purchasing patterns, and (iii) the potential for material price increases, we may be required to shorten our lead-time for production and more closely anticipate our retailers’ and customers’ demands, which could in the future require us to carry additional inventories and increase our working capital and related financing requirements. This may increase the cost of warehousing inventory or result in excess inventory becoming difficult to manage, unusable or obsolete. In addition, if our retailers significantly change their inventory management strategies, we may encounter difficulties in filling customer orders or in liquidating excess inventories or may find that customers are cancelling orders or returning products, which may have a material adverse effect on our business.

Furthermore, we primarily sell branded products and a move by one or more of our large customers to sell significant quantities of private label products, which we do not produce on their behalf and which directly compete with our products, could have a material adverse effect on our business, financial condition and results of operations.

Sales of certain of our products are seasonal and may cause our operating results and working capital requirements to fluctuate.

On a consolidated basis our financial results are approximately equally weighted across our quarters, however, sales of certain product categories tend to be seasonal. Further discussion over the seasonality of our sales is included under Item 1 above. As a result of this seasonality, our inventory and working capital needs fluctuate significantly throughout the year. In addition, orders from retailers are often made late in the period preceding the applicable peak season, making forecasting of production schedules and inventory purchases difficult. If we are unable to accurately forecast and prepare for customer orders or our working capital needs, or there is a general downturn in business or economic conditions during these periods, our business, financial condition and results of operations could be materially and adversely affected.

Adverse weather conditions during our peak selling seasons for our home and garden products could have a material adverse effect on our home and garden business.

Weather conditions have a significant impact on the timing and volume of sales of certain of our lawn and garden and household insecticide and repellent products. For example, periods of dry, hot weather can decrease insecticide sales, while periods of cold and wet weather can slow sales of herbicides. Adverse weather conditions during the first six months of the calendar year (the Company’s second and third fiscal quarters), when demand for home and garden control products typically peaks, could have a material adverse effect on our home and garden business and our financial results during such period.

Our products utilize certain key raw materials; any significant increase in the price of, or change in supply and demand for, these raw materials could have a material and adverse effect on our business, financial condition and profits.

The principal raw materials used to produce our products, including petroleum-based plastic materials and corrugated materials (for packaging), are sourced either on a global or regional basis by us or our suppliers, and the prices of those raw materials are susceptible to price fluctuations due to supply and demand trends, energy costs, transportation costs, government regulations, duties and tariffs, changes in currency exchange rates, price controls, general economic conditions, inflation, and other unforeseen circumstances. Although we may seek to increase the prices of certain of our goods to our customers, we may not be able to pass all of these cost increases on to our customers. As a result, our margins may be adversely impacted by such cost increases. We cannot provide any assurance that our sources of supply will not be interrupted due to changes in worldwide supply of or demand for raw materials or other events that interrupt material flow, which may have an adverse effect on our profitability and results of operations.

If we are not effective in managing our exposure to above average costs for an extended period of time, and we are unable to pass our raw materials costs on to our customers, our future profitability may be materially and adversely affected. Furthermore, with respect to transportation costs, certain modes of delivery are subject to fuel surcharges which are determined based upon the current cost of diesel fuel in relation to pre-established agreed upon costs. We may be unable to pass these fuel surcharges on to our customers, which may have an adverse effect on our profitability and results of operations.

In addition, we have exclusivity arrangements and minimum purchase requirements with certain of our suppliers for the home and garden business, which increase our dependence upon and exposure to those suppliers. Some of those agreements include caps on the price we pay for our supplies and in certain instances these caps have allowed us to purchase materials at below market prices. When we attempt to renew those contracts, the other parties to the contracts may not be willing to include or may limit the effect of those caps and could even attempt to impose above market prices in an effort to make up for any below market prices paid by us prior to the renewal of the agreement. Any failure to timely obtain suitable supplies at competitive prices could materially adversely affect our business, financial condition and results of operations.

Our dependence on a few suppliers for certain of our products makes us vulnerable to a disruption in the supply of our products.

Although we have long-standing relationships with many of our suppliers, we generally do not have long-term contracts with them. An adverse change in any of the following could have a material adverse effect on our business, financial condition and results of operations:

- our ability to identify and develop relationships with qualified suppliers;
- the terms and conditions upon which we purchase products from our suppliers, including applicable exchange rates, transport and other costs, our suppliers' willingness to extend credit to us to finance our inventory purchases and other factors beyond our control;
- the financial condition of our suppliers;
- political and economic instability in the countries in which our suppliers are located, as a result of war, terrorist attacks, pandemics, natural disasters or otherwise;
- our ability to import outsourced products;
- our suppliers' noncompliance with applicable laws, trade restrictions and tariffs; or
- our suppliers' ability to manufacture and deliver outsourced products according to our standards of quality on a timely and efficient basis.

If our relationship with one of our key suppliers is adversely affected, we may not be able to quickly or effectively replace such supplier and may not be able to retrieve tooling, molds or other specialized production equipment or processes used by such supplier in the manufacture of our products. The loss of one or more of our suppliers, a material reduction in their supply of products or provision of services to us or extended disruptions or interruptions in their operations could have a material adverse effect on our business, financial condition and results of operations.

Our home and garden products are mainly manufactured from our St. Louis, MO, facility and our aquatics products and certain companion animal products are manufactured in Blacksburg, VA, Bridgeton, MO, Noblesville IN and Melle, Germany. We are dependent upon the continued safe operation of these facilities.

Our facilities are subject to various hazards associated with the manufacturing, handling, storage, and transportation of chemical materials and products, including human error, leaks and ruptures, explosions, floods, fires, inclement weather and natural disasters, power loss or other infrastructure failures, mechanical failure, unscheduled downtime, regulatory requirements, the loss of certifications, technical difficulties, labor disputes, inability to obtain material, equipment or transportation, environmental hazards such as remediation, chemical spills, discharges or releases of toxic or hazardous substances or gases, and other risks. Many of these hazards could cause personal injury and loss of life, severe damage to, or destruction of, property and equipment and environmental contamination. In addition, the occurrence of material operation problems at our facilities due to any of these hazards could cause a disruption in the production of products. We may also encounter difficulties or interruption as a result of the application of enhanced manufacturing technologies or changes to production lines to improve throughput or to upgrade or repair its production lines. The Company's insurance policies have coverage in case of significant damage to its manufacturing facilities but may not fully compensate for the cost of replacement for any such damage and any loss from business interruption. As a result, we may not be adequately insured to cover losses resulting from significant damage to its manufacturing facility. Any damage to its facility or interruption in manufacturing could result in production delays and delays in meeting contractual obligations which could have a material adverse effect on relationships with customers and on its results of operations, financial condition or cash flows in any given period.

We face risks related to our sales of products obtained from third-party suppliers.

We sell a significant number of products that are manufactured by third-party suppliers over which we have no direct control. While we have implemented processes and procedures to try to ensure that the suppliers we use are complying with all applicable regulations, there can be no assurances that such suppliers in all instances will comply with such processes and procedures or otherwise with applicable regulations. Noncompliance could result in our marketing and distribution of contaminated, defective or dangerous products which could subject us to liabilities and could result in the imposition by governmental authorities of procedures or penalties that could restrict or eliminate our ability to purchase products. Any or all of these effects could adversely affect our business, financial condition, and results of operations.

Additionally, the impact of economic conditions of our suppliers cannot be predicted and our suppliers may be unable to access financing or become insolvent and thus become unable to supply us with products. Development in tax policy, such as the imposition of tariffs on imported goods, could further have a material adverse effect on our results of operations and liquidity.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act includes provisions regarding certain minerals and metals, known as conflict minerals, mined from the Democratic Republic of Congo and adjoining countries. These provisions require companies to undertake due diligence procedures and report on the use of conflict minerals in its products, including products manufactured by third parties. Compliance with these provisions causes us to incur costs to certify that our supply chain is conflict free and we may face difficulties if our suppliers are unwilling or unable to verify the source of their materials. Our ability to source these minerals and metals may also be adversely impacted. In addition, our customers may require that we provide them with a certification and our inability to do so may disqualify us as a supplier.

If we are unable to negotiate satisfactory terms to continue existing or enter into additional collective bargaining agreements, we may experience an increased risk of labor disruptions and our results of operations and financial condition may suffer.

While we currently expect to negotiate continuations to the terms of these agreements, there can be no assurances that we will be able to obtain terms that are satisfactory to us or otherwise to reach agreement at all with the applicable parties. In addition, in the course of our business, we may also become subject to additional collective bargaining agreements. These agreements may be on terms that are less favorable than those under our current collective bargaining agreements. Increased exposure to collective bargaining agreements, whether on terms more or less favorable than our existing collective bargaining agreements, could adversely affect the operation of our business, including through increased labor expenses. While we intend to comply with all collective bargaining agreements to which we are subject, there can be no assurances that we will be able to do so and any noncompliance could subject us to disruptions in our operations and materially and adversely affect our results of operations and financial condition. For additional information see the discussion over the Company's labor force subject to collective bargaining agreements under the caption *Employees* in Item 1 above.

Significant changes in actual investment return on pension assets, discount rates, and other factors could affect our results of operations, equity and pension contributions in future periods.

Our results of operations may be positively or negatively affected by the amount of income or expense we record for our defined benefit pension plans. Accounting Principles Generally Accepted in the United States (“GAAP”) requires that we calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial markets and other economic conditions, which may change based on changes in key economic indicators. The most significant assumptions we use to estimate pension income or expense are the discount rate and the expected long-term rate of return on plan assets. In addition, we are required to make an annual measurement of plan assets and liabilities, which may result in a significant change to equity. Although pension expense and pension funding contributions are not directly related, key economic factors that affect pension expense would also likely affect the amount of cash we would contribute to pension plans as required under the Employee Retirement Income Security Act of 1974, as amended.

Our business may be materially affected by changes to fiscal and tax policies that could adversely affect our results of operations and cash flows.

We operate globally and changes in tax laws could adversely affect our results. On December 22, 2017, the Tax Cuts and Jobs Act (the “Tax Reform Act”) was signed into law. The legislation, which became effective on January 1, 2018, significantly changed U.S. tax law by, among other things, lowering corporate income tax rates, implementing a dividends received deduction for dividends from foreign subsidiaries, imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries, a minimum tax on foreign earnings, limitations on deduction of business interest expense and limits on deducting compensation to certain executive officers. Additional tax regulations and interpretations of the Tax Reform Act have been, and continue to be, issued, some with retroactive application dates and some which materially impacted the Company. The Company understands that other U.S. taxpayers have or plan to challenge the constitutionality of a set of regulations that had a material impact on the Company. If the regulations were ruled unconstitutional, the Company could be favorably impacted. New or revised interpretations of the Tax Reform Act and state conformity with its provisions could have a material impact on the valuation allowance recorded on U.S. state net operating losses. Certain of these changes could have a negative or adverse impact on the operating results and cash flows of the Company. See *Note 16 – Income Taxes* in the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report for further discussion on the impact from the Tax Reform Act.

We may not be able to fully utilize our U.S. tax attributes.

The Company has accumulated a substantial amount of U.S. federal and state net operating loss (“NOLs”) carryforwards, and federal and state tax credits that will expire if unused. We have concluded that it is more likely than not that the majority of the federal and state deferred tax assets will create tax benefits in the future. As a consequence of earlier business combinations and issuances of common stock, the Company and its subsidiaries have had various changes of ownership that continue to subject a significant amount of the Company’s U.S. NOLs and other tax attributes to certain limitations; and therefore a valuation allowance is still recognized on certain federal and state tax asset carryforwards that are expected to expire due to the ownership change limitations or because we do not believe we will earn enough taxable income to utilize. Changes to state conformity to the provisions of the Tax Reform Act could have a material impact on the valuation allowance recorded on U.S. state net operating losses. If we are unable to fully utilize our NOLs to offset taxable income generated in the future, our future cash taxes could be materially and negatively impacted. For further discussion on the Company’s federal and state NOLs, credits, and applicable valuation allowance as of September 30, 2021, see *Note 16 – Income Taxes* in the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report.

Our strategic initiatives including acquisitions and divestitures may not be successful and may divert our management’s attention away from operations and could create general customer uncertainty.

Our growth strategy is based in part on growth through strategic initiatives including both acquisitions and divestitures, which poses a number of risks. We may not be successful in identifying appropriate acquisition candidates, achieving targeted values as part of a disposition, consummating an acquisition or divestiture on satisfactory terms, integrating any newly acquired or expanded business with our current operations, or separating a divested business or commingled operation effectively. We may issue additional equity, incur long-term or short-term indebtedness, spend cash or use a combination of these for all or part of the consideration paid in future acquisitions or expansion of our operations. Consideration received in a divestiture could be used to pay down indebtedness, repurchase shares, invest in future acquisitions or expansions, including capital investments, operating development and efficiency. The execution of our strategic initiatives could entail repositioning or similar actions that in turn require us to record impairments, restructuring and other charges. Any such charges would reduce our earnings. We cannot guarantee that any future business acquisitions or divestitures will be pursued or that any acquisitions or divestitures that are pursued will be consummated.

Additionally, successful integration and separation of operations, products and personnel may place a significant burden on our management and other internal resources. The diversion of management’s attention, and any difficulties encountered in the transition process, could harm our business, financial condition, and operating results. Moreover, our customers may, in response to the announcement or consummation of a transaction, delay or defer purchasing decisions. If our customers delay or defer purchasing decisions, our revenues could materially decline or any anticipated increases in revenue could be lower than expected.

Significant costs have been incurred and are expected to be incurred in connection with the consummation of recent and future strategic initiatives including the integration or separation of acquired or divested businesses within the Company.

We expect to incur one-time costs in connection with integrating our operations, products and personnel and those of the businesses we acquire or divest, in addition to costs related directly to completing such transaction. We would expect similar costs to be incurred with any future acquisition or divestiture. These costs may include expenditures for:

- employee redeployment, relocation or severance;
- integration or separation of operations and information systems;
- combination or segregation of research and development teams and processes; and
- reorganization or closures of facilities.

In addition, we expect to incur a number of non-recurring costs associated our operations with those strategic transactions. Additional unanticipated costs may yet be incurred as we integrate or separate our businesses. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies may offset incremental transaction and transaction-related costs over time, this net benefit may not be achieved in the near term. Additionally, while we expect to benefit from leveraging distribution channels and brand names among the combined Company, we cannot assure you that we will achieve such benefits.

We may not realize the anticipated benefits of, and synergies from, our business acquisitions and may become responsible for certain liabilities and integration costs as a result.

Business acquisitions involve the integration of new businesses that have previously operated independently from us. The integration of our operations with those of acquired businesses is frequently expected to result in financial and operational benefits, including increased top line growth, margins, revenues and cost savings and be accretive to earnings per share, earnings before interest, taxes, depreciation and amortization and free cash flow before synergies. There can be no assurance, however, regarding when or the extent to which we will be able to realize increased top line growth, margins, revenues, cost savings or accretions to earnings per share, earnings before interest, taxes, depreciation and amortization or free cash flow or other benefits. Integration may also be difficult, unpredictable, and subject to delay because of possible company culture conflicts and different opinions on technical decisions and product roadmaps. We will often be required to integrate or, in some cases, replace, numerous systems, including those involving management information, purchasing, accounting and finance, sales, billing, employee benefits, payroll and regulatory compliance, many of which may be dissimilar. In some instances, we and certain acquired businesses have served the same customers, and some customers may decide that it is desirable to have additional or different suppliers. Difficulties associated with the integration of acquired businesses could have a material adverse effect on our business.

We may also acquire partial or full ownership in businesses or may acquire rights to market and distribute particular products or lines of products. The acquisition of a business or the rights to market specific products or use specific product names may involve a financial commitment by us, either in the form of cash or equity consideration. In the case of a new license, such commitments are usually in the form of prepaid royalties and future minimum royalty payments. There is no guarantee that we will acquire businesses or product distribution rights that will contribute positively to our earnings. Anticipated synergies may not materialize, cost savings may be less than expected, sales of products may not meet expectations and acquired businesses may carry unexpected liabilities.

In addition, in connection with business acquisitions, we have assumed, and may assume in connection with future acquisitions, certain potential liabilities. To the extent such liabilities are not identified by us or to the extent the indemnifications obtained from third parties are insufficient to cover such liabilities, these liabilities could have a material adverse effect on our business.

We may not be able to retain key personnel or recruit additional qualified personnel, which could materially affect our business and require us to incur substantial additional costs to recruit replacement personnel.

We are highly dependent on the continuing efforts of our senior management team and other key personnel. Our business, financial condition and results of operations could be materially adversely affected if we lose any of these persons and are unable to attract and retain qualified replacements. Additionally, the agreements that we sign as a result of business acquisitions could affect our current and prospective employees due to uncertainty about their future roles. This uncertainty may adversely affect our ability to attract and retain key management, sales, marketing and technical personnel. Any failure to attract and retain key personnel could have a material adverse effect on our business. If any of our key personnel or those of our acquired businesses were to join a competitor or form a competing company, existing and potential customers or suppliers could choose to form business relationships with that competitor instead of us. There can be no assurance that confidentiality, non-solicitation, non-competition or similar agreements signed by former directors, officers, employees or stockholders of us, our acquired businesses or our transactional counterparties will be effective in preventing a loss of business. In addition, we currently do not maintain “key person” insurance covering any member of our management team.

The proposed sale of our HHI division to ASSA ABLOY AB is subject to regulatory approval.

The consummation of the acquisition of the HHI division by ASSA is subject to certain customary conditions, including, among other things, (i) the absence of a material adverse effect on HHI, (ii) the receipt of certain antitrust and other approvals in certain specified foreign jurisdictions, (iii) the accuracy of the representations and warranties of the parties (generally subject to a customary material adverse effect standard (as described in the Purchase Agreement) or other customary materiality qualifications), (iv) the absence of governmental restrictions on the consummation of the acquisition in certain jurisdictions, and (v) material compliance by the parties with their respective covenants and agreements under the Purchase Agreement. The Company may not receive the required approval and other clearances for the transaction, or they may not be received in a timely manner. If such approvals are received, they may impose terms, conditions or restrictions that may cause a failure of the closing conditions set forth in the Purchase Agreement or that could have a detrimental impact on the Company following completion of the transaction. A substantial delay in obtaining the required authorizations, approvals or consents or the imposition of unfavorable terms, conditions or restrictions could prevent the completion of the sale, and government authorities could seek to block or challenge the transaction as they deem necessary or desirable in the public interest.

Increased focus by governmental and non-governmental organizations, customers, consumers and investors on sustainability issues, including those related to climate change, may have an adverse effect on our business, financial condition and results of operations and damage our reputation.

As climate change, land use, water use, deforestation, plastic waste, recyclability or recoverability of packaging, including single-use and other plastic packaging, and other sustainability concerns become more prevalent, governmental and non-governmental organizations, customers, consumers and investors are increasingly focusing on these issues. In particular, changing consumer preferences may result in increased customer and consumer concerns and demands regarding plastics and packaging materials, including single-use and non-recyclable plastic packaging, and their environmental impact on sustainability, a growing demand for natural or organic products and ingredients, or increased consumer concerns or perceptions (whether accurate or inaccurate) regarding the effects of ingredients or substances present in certain consumer products. This increased focus on environmental issues and sustainability may result in new or increased regulations and customer, consumer and investor demands that could cause us to incur additional costs or to make changes to our operations to comply with any such regulations and address demands. If we are unable to respond or perceived to be inadequately responding to sustainability concerns, customers and consumers may choose to purchase products from another company or a competitor. Concern over climate change may result in new or increased legal and regulatory requirements to reduce or mitigate the effects of climate change on the environment. Increased costs of energy or compliance with emissions standards due to increased legal or regulatory requirements may cause disruptions in or increased costs associated with manufacturing our products. Any failure to achieve our goals with respect to reducing our impact on the environment or a perception (whether or not valid) of our failure to act responsibly with respect to the environment or to effectively respond to new, or changes in, legal or regulatory requirements concerning climate change or other sustainability concerns could adversely affect our business and reputation.

Our business could be negatively impacted by corporate citizenship and sustainability matters and/or our reporting of such matters.

There is an increasing focus from certain investors, customers, consumers, employees, and other stakeholders concerning corporate citizenship and sustainability matters. From time to time, we communicate certain initiatives, including goals, regarding environmental matters, responsible sourcing and social investments. We could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could fail in fully and accurately reporting our progress on such initiatives and goals. In addition, we could be criticized for the scope of such initiatives or goals or perceived as not acting responsibly in connection with these matters. Our business could be negatively impacted by such matters. Any such matters, or related corporate citizenship and sustainability matters, could have a material adverse effect on our business.

Risks Related to our Indebtedness and Financing Activities

Our substantial indebtedness may limit our financial and operating flexibility, and we may incur additional debt, which could increase the risks associated with our substantial indebtedness.

We have, and we expect to continue to have, a significant amount of indebtedness. See *Note 12 - Debt* in the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report for additional detail. Our substantial indebtedness has had, and could continue to have, material adverse consequences for our business, and may:

- require us to dedicate a large portion of our cash flow to pay principal and interest on our indebtedness, which will reduce the availability of our cash flow to fund working capital, capital expenditures, research and development expenditures and other business activities;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict our ability to make strategic acquisitions, dispositions or to exploit business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds (even when necessary to maintain adequate liquidity) or dispose of assets.

Under our senior credit agreement governing our secured facilities and the indentures governing our senior notes (together, our “debt agreements”), we may incur additional indebtedness. If new debt is added to our existing debt levels, the related risks that we now face would increase.

Furthermore, a portion of our debt bears interest at variable rates. Increases in market interest rates may raise the interest rate on our variable rate debt and create higher debt service requirements, which would adversely affect our cash flow and could adversely impact our results of operations. While we may enter into agreements limiting our exposure to higher debt service requirements, any such agreements may not offer complete protection from this risk. Upon completion of a divestiture, we may be required to pay down debt using proceeds from the sale.

Restrictive covenants in our debt agreements may restrict our ability to pursue our business strategies.

Our debt agreements each restrict, among other things, asset dispositions, mergers and acquisitions, dividends, stock repurchases and redemptions, other restricted payments, indebtedness and preferred stock, loans and investments, liens and affiliate transactions. Our debt agreements also contain customary events of default and covenants imposing operating and financial restrictions on our business. These covenants could, among other things, restrict our ability to incur additional indebtedness, liens or engage in sale and leaseback transactions, pay dividends or make distribution in respect of capital stock, make certain restricted payments, sell assets, engage in transactions with affiliates, except on an arms-length basis, or consolidate or merge with or sell substantially all of our assets. Further, these covenants could, among other things, limit our ability to fund future working capital and capital expenditures, engage in future acquisitions or development activities, or otherwise realize the value of our assets and opportunities fully. In addition, our debt agreements may require us to dedicate a portion of cash flow from operations to payments on debt and also contain borrowing restrictions based on, among other things, our fixed charge coverage ratio. Furthermore, the credit agreement governing our senior secured facilities contains a financial covenant relating to maximum leverage. Such requirements and covenants could limit the flexibility of our restricted entities in planning for, or reacting to, changes in the industries in which they operate. Our ability to comply with these covenants is subject to certain events outside our control. If we are unable to comply with these covenants, the lenders under our senior secured facilities could terminate their commitments and the lenders under our senior secured facilities or the holders of our senior notes could accelerate repayment of our outstanding borrowings and, in either case, we may be unable to obtain adequate refinancing of outstanding borrowings on favorable terms or at all. If we are unable to repay outstanding borrowings when due, the lenders under the senior secured facilities will also have the right to proceed against the collateral granted to them to secure the indebtedness owed to them. If our obligations under the senior secured facilities are accelerated, we cannot assure you that our assets would be sufficient to repay in full such indebtedness.

Future financing activities may adversely affect our leverage and financial condition.

Subject to the limitations set forth in our debt agreements, we may incur additional indebtedness and issue dividend-bearing redeemable equity interests. We may incur substantial additional financial obligations to enable us to execute our business objectives. These obligations could result in:

- default and foreclosure on our assets if our operating revenues after an investment or acquisition are insufficient to repay our financial obligations;
- acceleration of our obligations to repay the financial obligations even if we make all required payments when due if we breach certain covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;
- our immediate payments of all amounts owed, if any, if such financial obligations are payable on demand;
- our inability to obtain additional financing if such financial obligations contain covenants restricting our ability to obtain such financing while the financial obligations remain outstanding;
- our inability to pay dividends on our capital stock;
- using a substantial portion of our cash flow to pay principal and interest or dividends on our financial obligations, which will reduce the funds available for dividends on our Common Stock if declared, expenses, capital expenditures, acquisitions and other general corporate purposes;
- limitations on our flexibility in planning for and reacting to changes in our business and in the industries in which we operate;
- an event of default that triggers a cross default with respect to other financial obligations, including our indebtedness;
- increased vulnerability to adverse changes in general economic, industry, financial, competitive, legislative, regulatory and other conditions and adverse changes in government regulation; and
- limitations on our ability to borrow additional amounts for expenses, capital expenditures, acquisitions, debt service requirements, execution of our strategy and other purposes and other disadvantages compared to our competitors.

Risks Related to our International Operations

We are subject to significant international business risks that could hurt our business and cause our results of operations to fluctuate.

A significant portion of our net sales are to customers outside of the U.S. See *Note 22 – Segment Information* in the Notes to the Consolidated Financial Statements included elsewhere in the Annual Report, for sales by geographic region. Our pursuit of international growth opportunities may require significant investments for an extended period before returns on these investments, if any, are realized. Our international operations are subject to risks including, among others:

- currency fluctuations, including, without limitation, fluctuations in the foreign exchange rate of the Euro, British Pound, Canadian Dollar, Australian Dollar, Japanese Yen, Chinese Renminbi, and the Mexican Peso;
- changes in the economic conditions or consumer preferences or demand for our products in these markets;

- the risk that because our brand names may not be locally recognized, we must spend significant amounts of time and money to build brand recognition without certainty that we will be successful;
- labor unrest;
- political and economic instability, as a result of war, terrorist attacks, pandemics, natural disasters or otherwise;
- lack of developed infrastructure;
- longer payment cycles and greater difficulty in collecting accounts;
- restrictions on transfers of funds;
- import and export duties and quotas, as well as general transportation costs;
- changes in domestic and international customs and tariffs;
- compliance with laws and regulations concerning ethical business practices, such as U.S. Foreign Corrupt Practices Act;
- compliance with U.S. economic sanctions and laws and regulations (including those administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and export controls;
- changes in foreign labor laws and regulations affecting our ability to hire and retain employees;
- inadequate protection of intellectual property in foreign countries;
- unexpected changes in regulatory environments;
- difficulty in complying with foreign law; and
- adverse tax consequences.

The foregoing factors may have a material adverse effect on our ability to increase or maintain our supply of products, financial condition or results of operations.

As a result of our international operations, we face a number of risks related to exchange rates and foreign currencies.

Our international sales and certain of our expenses are transacted in foreign currencies. During the fiscal year ended September 30, 2021, approximately 42% of our net sales and operating expenses were denominated in foreign currencies. We expect that the amount of our revenues and expenses transacted in foreign currencies will increase as our Latin American, European and Asian operations grow and as a result of acquisitions in these markets and, as a result, our exposure to risks associated with foreign currencies could increase accordingly. Significant changes in the value of the U.S. dollar in relation to foreign currencies will affect our cost of goods sold and our operating margins and could result in exchange losses or otherwise have a material effect on our business, financial condition and results of operations. Changes in currency exchange rates may also affect our sales to, purchases from, and loans to, our subsidiaries, as well as sales to, purchases from, and bank lines of credit with, our customers, suppliers and creditors that are denominated in foreign currencies.

We source many products from China and other Asian countries. To the extent the Chinese Renminbi ("RMB") or other currencies depreciate or appreciate with respect to the U.S. dollar, we may experience fluctuations in our results of operations. The RMB is not pegged to the U.S. dollar at a constant exchange rate and instead fluctuates versus a basket of currencies. Although the People's Bank of China has historically intervened in the foreign exchange market to prevent significant short-term fluctuations in the exchange rate, the RMB may appreciate or depreciate within a flexible peg range against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future Chinese authorities may lift restrictions on fluctuations in the RMB exchange rate and lessen intervention in the foreign exchange market.

While we may enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited, and we may not be able to successfully hedge our exposure to currency fluctuations. Further, we may not be successful in implementing customer pricing or other actions in an effort to mitigate the impact of currency fluctuations and, thus, our results of operations may be adversely impacted.

Our international operations expose us to risks related to compliance with the laws and regulations of foreign countries.

Electronic and electrical products that depend on electric current to operate ("EEE") that we sell in Europe are subject to regulation in European Union ("EU") markets under two key EU directives. Among our brands, this includes a limited range of products, such as aquarium pumps, heaters, and lighting. We are subject to two EU Directives that may have a material impact on our business: Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment ("RUHSEEE") and Waste of Electrical and Electronic Equipment ("WEEE"). RUHSEEE requires us to eliminate specified hazardous materials from products we sell in EU member states. WEEE requires us to collect and treat, dispose of or recycle certain products we manufacture or import into the EU at our own expense. The costs associated with maintaining compliance or failing to comply with the EU Directives may harm our business. For example:

- Although contracts with our suppliers address related compliance issues, we may be unable to procure appropriate RUHSEEE-compliant material in sufficient quantity and quality and/or be able to incorporate it into our product procurement processes without compromising quality and/or harming our cost structure.
- We may face excess and/or obsolete inventory risk related to non-compliant inventory that we may hold for which there is reduced demand, and we may need to write down the carrying value of such inventories.

We believe that compliance with RUHSEEE does not have a material effect on our capital expenditures, financial condition, earnings or competitive position. To comply with WEEE requirements, we have partnered with other companies to create a comprehensive collection, treatment, disposal and recycling program as specified within the member countries we conduct business. As EU member states pass enabling legislation we currently expect our compliance system to be sufficient to meet such requirements. Our current estimated costs associated with compliance with WEEE are not significant based on our current market share. However, we continue to evaluate the impact of the WEEE legislation and implementing regulations as EU member states implement guidance and as our market share changes and, as a result, actual costs to our company could differ from our current estimates and may be material to our business, financial condition or results of operations.

Many of the developing countries in which we operate do not have significant governmental regulation relating to environmental safety, occupational safety, employment practices or other business matters routinely regulated in the U.S. and EU or may not rigorously enforce such regulation. As these countries and their economies develop, it is possible that new regulations or increased enforcement of existing regulations may increase the expense of doing business in these countries. In addition, social legislation in many countries in which we operate may result in significantly higher expenses associated with labor costs, terminating employees or distributors and closing manufacturing facilities. Increases in our costs as a result of increased regulation, legislation or enforcement could materially and adversely affect our business, results of operations and financial condition.

We face risks related to the impact on foreign trade agreements and relations.

Recent changes in the United States federal government have caused uncertainty about the future of trade partnerships and treaties, such as the North American Free Trade Agreement (“NAFTA”) and the World Trade Organization. The United States has withdrawn from the Trans Pacific Partnership Agreement (“TPPA”), which may affect the Company’s ability to leverage lower cost facilities in territories outside of the U.S. Additionally, on November 30, 2018 the U.S., Mexico, and Canada signed a replacement trade deal for NAFTA known as the U.S.-Mexico-Canada Agreement (“USMCA”), which was subsequently ratified by each government. The USMCA maintains duty-free access for most products and leaves most key provisions of the NAFTA agreement largely intact. Any additional assertive trade policies could result in further conflicts with U.S. trading partners, which could affect the Company’s supply chains, sourcing, and markets. Foreign countries may impose additional burdens on U.S. companies through the use of local regulations, tariffs or other requirements which could increase our operating costs in those foreign jurisdictions. It remains unclear what additional actions, if any, the current administration will take. If the United States were to materially modify or replace any international trade agreements to which it is a party, or if tariffs were raised on the foreign-sourced goods that we sell, such goods may no longer be available at a commercially attractive price, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We face risks relating to tariffs imposed by the United States and other governments.

The United States government has implemented tariffs on certain products imported into the United States, which has resulted in reciprocal tariffs from the European Union on goods imported from the United States. In addition, for a number of countries, including European countries and China, the United States government has placed a series of tariffs on imported goods. In response a number of countries, including several in Europe as well as China, have imposed tariffs on a wide range of American products. Additional tariffs could be imposed by the United States or on the United States’ response to actions taken by the United States government. These governmental actions could have, and any similar future action may have, a material adverse effect on our business, financial condition and result of operations. For instance, a large percentage of our products that we sell in the United States are manufactured or sourced in China. While it is too early to predict the full extent of the impact of these actions on our business, the imposition of tariffs on products imported by us from China have in some cases required us to increase prices to our customers or and/or resulted in lowering our gross margin on products sold.

We face risks relating to the United Kingdom’s exit from the European Union.

Following the 2016 referendum in the United Kingdom (“UK”) on whether the UK should remain in, or leave, the European Union (“EU”), the UK left the EU on January 1, 2020, but remained in the EU single market and customers union during a transition period that ended on December 31, 2020. As a result, there is significant uncertainty on a range of issues from the value of the pound, the impact on financial markets, to the impact on trade in goods and services between the UK and the EU. There is also significant uncertainty as to whether, and to what extent, laws, regulations, data privacy rules, and product and other standards in the UK will remain aligned with the EU or will diverge. There could be increased costs from re-imposition of tariffs on trade between the UK and EU, shipping delays due to the need for customs inspections and procedures, temporary shortages of certain goods or materials and other adverse impacts on supply chains. There could also be changes in tax rules that could affect us. Macro-economic trends could also be adversely affected. Increased costs for goods and services, as well as other effects of dislocations caused by the UK withdrawal, could adversely affect consumer confidence and business sentiment. Any of the foregoing could affect us, but due to the level of uncertainty, we are unable to predict the potential impact on our business, results of operations, financial condition, liquidity or cash flows, which could be material.

We are subject to risks associated with importing goods and materials from foreign countries.

A portion of goods and materials may be sourced by vendors and by us outside of the United States. Although we have implemented policies and procedures designed to facilitate compliance with laws and regulations relating to doing business in foreign markets and importing merchandise from abroad, there can be no assurance that suppliers and other third parties with whom we do business will not violate such laws and regulations or our policies, which could subject us to liability and could adversely affect our results of operations.

We are subject to the various risks of importing merchandise from abroad and purchasing product made in foreign countries, such as:

- potential disruptions in manufacturing, logistics and supply;
- changes in duties, tariffs, quotas and voluntary export restrictions on imported goods;
- strikes and other events affecting delivery;
- product compliance with laws and regulations of the destination country;
- product liability claims from customers or penalties from government agencies relating to products that are recalled, defective or otherwise noncompliance or alleged to be harmful;
- concerns about human rights, working conditions and other labor rights and conditions and environmental impact in foreign countries where goods are produced and materials or components are sourced, and changing labor, environmental and other laws in these countries;
- local business practice and political issues that may result in adverse publicity or threatened or actual adverse consumer actions, including boycotts;
- compliance with laws and regulations concerning ethical business practices, such as the U.S. Foreign Corrupt Practices Act;
- compliance with U.S. economic sanctions laws and regulations (including those administered by OFAC); and
- economic, political or other problems in countries from or through which goods are imported.

Political or financial instability, trade restrictions, tariffs, currency exchange rates, labor conditions, congestion and labor issues at major ports, transport capacity and costs, systems issues, problems in third-party distribution and warehousing and other interruptions of the supply chain, compliance with U.S. and foreign laws and regulations and other factors relating to international trade and imported merchandise beyond our control could affect the availability and the price of our inventory. These risks and other factors relating to foreign trade could subject us to liability or hinder our ability to access suitable merchandise on acceptable terms, which could adversely impact our results of operations. In addition, developments in tax policy, such as the disallowance of tax deductions for imported merchandise, or the imposition of tariffs on imported goods, could have a material adverse effect on our results of operations and liquidity

Risks Related to Data Privacy and Intellectual Property

We may not be able to adequately establish and protect our intellectual property rights, and the infringement or loss of our intellectual property rights could harm our business.

To establish and protect our intellectual property rights, we rely upon a combination of national, foreign and multinational patent, trademark and trade secret laws, together with licenses, confidentiality agreements and other contractual arrangements. The measures that we take to protect our intellectual property rights may prove inadequate to prevent third parties from infringing or misappropriating our intellectual property. We may need to resort to litigation to enforce or defend our intellectual property rights. If a competitor or collaborator files a patent application claiming technology also claimed by us, or a trademark application claiming a trademark, service mark or trade dress also used by us, in order to protect our rights, we may have to participate in expensive and time consuming opposition or interference proceedings before the U.S. Patent and Trademark Office or a similar foreign agency. Similarly, our intellectual property rights may be challenged by third parties or invalidated through administrative process or litigation. The costs associated with protecting intellectual property rights, including litigation costs, may be material. Furthermore, even if our intellectual property rights are not directly challenged, disputes among third parties could lead to the weakening or invalidation of our intellectual property rights, or our competitors may independently develop technologies that are substantially equivalent or superior to our technology. Obtaining, protecting and defending intellectual property rights can be time consuming and expensive, and may require us to incur substantial costs, including the diversion of the time and resources of management and technical personnel.

Moreover, the laws of certain foreign countries in which we operate or may operate in the future do not protect, and the governments of certain foreign countries do not enforce, intellectual property rights to the same extent as do the laws and government of the U.S., which may negate our competitive or technological advantages in such markets. Also, some of the technology underlying our products is the subject of nonexclusive licenses from third parties. As a result, this technology could be made available to our competitors at any time. If we are unable to establish and then adequately protect our intellectual property rights, our business, financial condition and results of operations could be materially and adversely affected.

We license various trademarks, trade names and patents from third parties for certain of our products. These licenses generally place marketing obligations on us and require us to pay fees and royalties based on net sales or profits. Typically, these licenses may be terminated if we fail to satisfy certain minimum sales obligations or if we breach the terms of the license. The termination of these licensing arrangements, failure to renew or enter into a new agreement on acceptable terms could adversely affect our business, financial condition and results of operations. When our right to use these trademarks, brand names and logos expires, we may not be able to maintain or enjoy comparable name recognition or status under our new brand. If we are unable to successfully manage the transition of our business to new brands, our reputation among our customers could be adversely affected, and our revenue and profitability could decline. Refer to *Item 1 - Business* included elsewhere in this Annual Report for further detail regarding the discussions with BDC to enter into a new agreement to replace the current Licensing Agreement. There can be no assurance that we will be able to reach agreement on the terms of a new licensing agreement with BDC.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology, products and services could be harmed significantly.

We rely on trade secrets, know-how and other proprietary information in operating our business. If this information is not adequately protected, then it may be disclosed or used in an unauthorized manner. To the extent that consultants, key employees or other third parties apply technological information independently developed by them or by others to our proposed products, disputes may arise as to the proprietary rights to such information, which may not be resolved in our favor. The risk that other parties may breach confidentiality agreements or that our trade secrets become known or independently discovered by competitors, could harm us by enabling our competitors, who may have greater experience and financial resources, to copy or use our trade secrets and other proprietary information in the advancement of their products, methods or technologies. The disclosure of our trade secrets would impair our competitive position, thereby weakening demand for our products or services and harming our ability to maintain or increase our customer base.

Claims by third parties that we are infringing their intellectual property and other litigation could adversely affect our business.

From time to time in the past we have been subject to claims that we are infringing the intellectual property of others. We currently are the subject of such claims and it is possible that third parties will assert infringement claims against us in the future. An adverse finding against us in these or similar trademark or other intellectual property litigations may have a material adverse effect on our business, financial condition and results of operations. Any such claims, with or without merit, could be time consuming and expensive, and may require us to incur substantial costs, including the diversion of the resources of management and technical personnel, cause product delays or require us to enter into licensing or other agreements in order to secure continued access to necessary or desirable intellectual property. If we are deemed to be infringing a third-party's intellectual property and are unable to continue using that intellectual property as we had been, our business and results of operations could be harmed if we are unable to successfully develop non-infringing alternative intellectual property on a timely basis or license non-infringing alternatives or substitutes, if any exist, on commercially reasonable terms. In addition, an unfavorable ruling in intellectual property litigation could subject us to significant liability, as well as require us to cease developing, manufacturing or selling the affected products or using the affected processes or trademarks. Any significant restriction on our proprietary or licensed intellectual property that impedes our ability to develop and commercialize our products could have a material adverse effect on our business, financial condition and results of operations.

A cybersecurity breach or failure of one or more key information technology systems could have a material adverse impact on our business or reputation.

We rely extensively on information technology (IT) systems, networks and services, including internet sites, data hosting and processing facilities and tools and other hardware, software and technical applications and platforms, some of which are managed, hosted, provided and/or used by third-parties or their vendors, to assist in conducting our business.

Our IT systems have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other cyber-attacks. We continue to assess potential threats and make investments seeking to address and prevent these threats, including monitoring of networks and systems and upgrading skills, employee training and security policies for the Company and its third-party providers. However, because the techniques used in these attacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. To date, we have seen no material impact on our business or operations from these attacks; however, we cannot guarantee that our security efforts will prevent breaches or breakdowns to our or our third-party providers' databases or systems. If the IT systems, networks or service providers we rely upon fail to function properly, or if we or one of our third-party providers suffer a loss, significant unavailability of or disclosure of our business or stakeholder information, and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

Disruption or failures of our information technology systems could have a material adverse effect on our business.

Our IT systems are susceptible to security breaches, operational data loss, general disruptions in functionality, and may not be compatible with new technology. We depend on our IT systems for the effectiveness of our operations and to interface with our customers, as well as to maintain financial records and accuracy. Disruption or failures of our IT systems could impair our ability to effectively and timely provide our services and products and maintain our financial records, which could damage our reputation and have a material adverse effect on our business.

Our actual or perceived failure to adequately protect personal data could adversely affect our business, financial condition and results of operations.

A variety of state, national, foreign, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. These privacy and data protection-related laws and regulations are evolving, with new or modified laws and regulations proposed and implemented frequently and existing laws and regulations subject to new or different interpretations. Compliance with these laws and regulations can be costly and can delay or impede the development of new products.

Our actual or alleged failure to comply with applicable laws and regulations, or to protect personal data, could result in enforcement actions and significant penalties against us, which could result in negative publicity, increase our operating costs, subject us to claims or other remedies and have a material adverse effect on our business, financial condition, and results of operations.

We are subject to data security and privacy risks that could negatively affect our results, operations or reputation.

In addition to our own sensitive and proprietary business information, we handle transactional and personal information about our customers, suppliers and vendors. Hackers and data thieves are increasingly sophisticated and operate social engineering, such as phishing, and large-scale, complex automated attacks that can evade detection for long periods of time. Any breach of our or our service providers' network, or other vendor systems, may result in the loss of confidential business and financial data, misappropriation of our consumers', users' or employees' personal information or a disruption of our business. Any of these outcomes could have a material adverse effect on our business, including unwanted media attention, impairment of our consumer and customer relationships, damage to our reputation; resulting in lost sales and consumers, fines, lawsuits, or significant legal and remediation expenses. We also may need to expend significant resources to protect against, respond to and/or redress problems caused by any breach.

In addition, we must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the U.S., Europe and elsewhere. For example, the European Union adopted the General Data Protection Regulation (the "GDPR"), which became effective on May 25, 2018, and California passed the California Consumer Privacy Act (the "CCPA"), which became effective on January 1, 2020. These laws impose additional obligations on companies such as ours regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under GDPR and CCPA and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against the Company by governmental entities or others, damage to our reputation and credibility and could have a negative impact on revenues and profits.

Risks Related to Litigation and Regulatory Compliance

Class action and derivative action lawsuits and other investigations, regardless of their merits, could have an adverse effect on our business, financial condition and results of operations.

We and certain of our officers and directors have been named in the past, and, may be named in the future, as defendants of class action and derivative action lawsuits. In the past, we have also received requests for information from government authorities. Regardless of their subject matter or merits, class action lawsuits and other government investigations may result in significant cost to us, which may not be covered by insurance, may divert the attention of management or may otherwise have an adverse effect on our business, financial condition and results of operations.

We are subject to a number of claims and litigation and may be subject to future claims and litigation, any of which may adversely affect our business.

From time to time in the past we have been subject to a variety of claims and litigation and we may in the future be subject to additional claims and litigation (including class action lawsuits). For instance, following periods of volatility in the market price of our stock, we have become subject to the class action shareholder litigation. We are also subject to various other litigation and claims on a variety of matters. Based on the information currently available, we believe that our ultimate liability for the matters or proceedings presently pending against the Company will not have a material adverse effect on the Company's business or financial condition. But, regardless of their merits, lawsuits (including class action lawsuits) may result in significant cost to the Company that may not be covered by insurance and may divert attention of management or may otherwise have an adverse effect on our business, financial condition, and results of operation. See *Note 21 - Commitments and Contingencies* in the Notes to the Consolidated Financial Statements included elsewhere for further discussion over material claims and litigation.

The Company may be subject to product liability claims and product recalls, which could negatively impact its profitability.

In the ordinary course of our business, the Company may be named as a defendant in lawsuits involving product liability claims. In any such proceedings, plaintiffs may seek to recover large and sometimes unspecified amounts of damages, and the matters may remain unresolved for several years. Any such matters could have a material adverse effect on our business, results of operations and cash flows if we are unable to successfully defend against or settle these matters or if our insurance coverage is insufficient to satisfy any judgments against us or settlement related to these matters. The Company sells perishable treats for animal consumption, which involves risks such as product contamination or spoilage, product tampering, and other adulteration of food products. The Company may be subject to liability if the consumption of any of its products causes injury, illness, or death. In addition, the Company will voluntarily recall products in the event of contamination or damage. A significant product liability judgment or a widespread product recall may negatively impact the Company's sales and profitability for a period of time depending on product availability, competitive reaction, and consumer attitudes. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that Company products caused illness or injury could adversely affect the Company's reputation with existing and potential customers and its corporate and brand image. Although we have product liability insurance coverage and an excess umbrella policy, our insurance policies may not provide coverage for certain, or any, claims against us or may not be sufficient to cover all possible liabilities. We may not be able to maintain such insurance on acceptable terms, if at all, in the future. See *Note 21 - Commitments and Contingencies* in the Notes to the Consolidated Financial Statements included elsewhere for further discussion on product liability.

Agreements, transactions and litigation involving or resulting from the activities of our predecessor and its former subsidiaries may subject us to future claims or litigation that could materially adversely impact our capital resources.

The Company was formerly known as HRG, which is the successor to Zapata Corporation, which was a holding company engaged, through its subsidiaries, in a number of business activities and over the course of HRG's existence, acquired and disposed of a number of businesses. The activities of such entities may subject us to future claims or litigation regardless of the merit of such claims or litigation and the defenses available to us. The time and expense that we may be required to dedicate to such matters may be material to us and our subsidiaries and may adversely impact our capital resources. In certain instances, we may have continuing obligations pursuant to certain of these transactions, including obligations to indemnify other parties to agreements, and may be subject to risks resulting from these transactions.

We may incur material capital and other costs due to environmental liabilities.

We are subject to a broad range of federal, state, local, foreign and multi-national laws and regulations relating to the environment. These include laws and regulations that govern:

- discharges to the air, water and land;
- the handling and disposal of solid and hazardous substances and wastes; and
- remediation of contamination associated with release of hazardous substances at our facilities and at off-site disposal locations.

Risk of environmental liability is inherent in our business. As a result, material environmental costs may arise in the future. In particular, we may incur capital and other costs to comply with increasingly stringent environmental laws and enforcement policies, such as the EU Directives: Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment and Waste of Electrical and Electronic Equipment discussed above. Our international operations may expose us to risks related to compliance with the laws and regulations of foreign countries. See the risk factor *Our international operations may expose us to risks related to compliance with the laws and regulations of foreign countries* included elsewhere in this Annual Report.

Moreover, there are adopted and proposed international accords and treaties, as well as federal, state and local laws and regulations, that would attempt to control or limit the causes of climate change, including the effect of greenhouse gas emissions on the environment. In the event that the U.S. government or foreign governments enact new climate change laws or regulations or make changes to existing laws or regulations, compliance with applicable laws or regulations may result in increased manufacturing costs for our products, such as by requiring investment in new pollution control equipment or changing the ways in which certain of our products are made. We may incur some of these costs directly and others may be passed on to us from our third-party suppliers. Although we believe that we are substantially in compliance with applicable environmental laws and regulations at our facilities, we may not always be in compliance with such laws and regulations or any new laws and regulations in the future, which could have a material adverse effect on our business, financial condition and results of operations.

From time to time, we have been required to address the effect of historic activities on the environmental condition of our properties or former properties. We have not conducted invasive testing at all of our facilities to identify all potential environmental liability risks. Given the age of our facilities and the nature of our operations, material liabilities may arise in the future in connection with our current or former facilities. If previously unknown contamination of property underlying or in the vicinity of our manufacturing facilities is discovered, we could be required to incur material unforeseen expenses. If this occurs, it may have a material adverse effect on our business, financial condition and results of operations. We are currently engaged in investigative or remedial projects at a few of our facilities and any liabilities arising from such investigative or remedial projects at such facilities may have a material effect on our business, financial condition and results of operations.

In addition, in connection with certain business acquisitions, we have assumed, and in connection with future acquisitions may assume, certain potential environmental liabilities. To the extent we have not identified such environmental liabilities or to the extent the indemnifications obtained from our counterparties are insufficient to cover such environmental liabilities, these environmental liabilities could have a material adverse effect on our business.

We are also subject to proceedings related to our disposal of industrial and hazardous material at off-site disposal locations or similar disposals made by other parties for which we are responsible as a result of our relationship with such other parties. These proceedings are under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") or similar state or foreign jurisdiction laws that hold persons who "arranged for" the disposal or treatment of such substances strictly liable for costs incurred in responding to the release or threatened release of hazardous substances from such sites, regardless of fault or the lawfulness of the original disposal. Liability under CERCLA is typically joint and several, meaning that a liable party may be responsible for all of the costs incurred in investigating and remediating contamination at a site. We occasionally are identified by federal or state governmental agencies as being a potentially responsible party for response actions contemplated at an off-site facility. At the existing sites where we have been notified of our status as a potentially responsible party, it is either premature to determine if our potential liability, if any, will be material or we do not believe that our liability, if any, will be material. We may be named as a potentially responsible party under CERCLA or similar state or foreign jurisdiction laws in the future for other sites not currently known to us, and the costs and liabilities associated with these sites may have a material adverse effect on our business, financial condition and results of operations.

It is difficult to quantify with certainty the potential financial impact of actions regarding expenditures for environmental matters, particularly remediation, and future capital expenditures for environmental control equipment. See *Note 21 - Commitments and Contingencies* in the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report for further discussion on estimated liabilities arising from such environmental matters. Nevertheless, based upon the information currently available, we believe that our ultimate liability arising from such environmental matters should not be material to our business or financial condition.

Compliance with various public health, consumer protection and other regulations applicable to our products and facilities could increase our cost of doing business and expose us to additional requirements with which we may be unable to comply.

Certain of our products sold through, and facilities operated under, each of our business segments are regulated by the Environmental Protection Agency ("EPA"), the Food and Drug Administration ("FDA"), the United States Department of Agriculture or other federal or state consumer protection and product safety agencies and are subject to the regulations such agencies enforce, as well as by similar state, foreign and multinational agencies and regulations. For example, in the U.S., all products containing pesticides must be registered with the EPA and, in many cases, similar state and foreign agencies before they can be manufactured or sold. Our inability to obtain, or the cancellation of, any registration could have an adverse effect on our business, financial condition and results of operations. The severity of the effect would depend on which products were involved, whether another product could be substituted and whether our competitors were similarly affected. We attempt to anticipate regulatory developments and maintain registrations of, and access to, substitute chemicals and other ingredients, but we may not always be able to avoid or minimize these risks.

As a distributor of consumer products in the U.S., certain of our products are also subject to the Consumer Product Safety Act, which empowers the U.S. Consumer Product Safety Commission (the "Consumer Commission") to exclude from the market products that are found to be unsafe or hazardous. Under certain circumstances, the Consumer Commission could require us to repair, replace or refund the purchase price of one or more of our products, or we may voluntarily do so. Any additional repurchases or recalls of our products could be costly to us and could damage the reputation or the value of our brands. If we are required to remove, or we voluntarily remove our products from the market, our reputation or brands could be tarnished, and we may have large quantities of finished products that could not be sold. Furthermore, failure to timely notify the Consumer Commission of a potential safety hazard can result in significant fines being assessed against us. Additionally, laws regulating certain consumer products exist in some states, as well as in other countries in which we sell our products, and more restrictive laws and regulations may be adopted in the future.

Certain of our products and packaging materials are subject to regulations administered by the FDA. Among other things, the FDA enforces statutory prohibitions against misbranded and adulterated products, establishes ingredients and manufacturing procedures for certain products, establishes standards of identity for certain products, determines the safety of products and establishes labeling standards and requirements. In addition, various states regulate these products by enforcing federal and state standards of identity for selected products, grading products, inspecting production facilities and imposing their own labeling requirements.

The Food Quality Protection Act ("FQPA") established a standard for food-use pesticides, which is that a reasonable certainty of no harm will result from the cumulative effect of pesticide exposures. Under the FQPA, the EPA is evaluating the cumulative effects from dietary and non-dietary exposures to pesticides. The pesticides in certain of our products that are sold through our H&G business continue to be evaluated by the EPA as part of this program. It is possible that the EPA or a third-party active ingredient registrant may decide that a pesticide we use in our products will be limited or made unavailable to us. We cannot predict the outcome or the severity of the effect of the EPA's continuing evaluations of active ingredients used in our products.

In addition, the use of certain pesticide products that are sold through our H&G business may, among other things, be regulated by various local, state, federal and foreign environmental and public health agencies. These regulations may require that only certified or professional users apply the product, that users post notices on properties where products have been or will be applied or that certain ingredients may not be used. Compliance with such public health regulations could increase our cost of doing business and expose us to additional requirements with which we may be unable to comply.

The United States Toxic Substances Control Act ("TSCA") was amended in 2016, and the EPA is currently evaluating additional chemicals for regulation under that amended law. Certain of our products may be manufactured using chemicals or other ingredients that may be subject to regulation under current TSCA regulations, and other chemicals or ingredients may be regulated under the law in the future. We do not expect that compliance with current or future TSCA regulations will cause us to incur expenditures that are material to our business, financial condition or results of operations; however, it is possible that our future liability could be material.

The fish sold under the GloFish brand can be classified as an intragenic or transgenic species due to the addition of their bioluminescent genes, which means the FDA has the authority to regulate as the luminescence is caused by intentionally altered genomic DNA. Additional regulatory agencies, including the EPA, as well as agencies in U.S. and foreign states have authority to regulate these types of species. It is possible that the EPA, FDA, another U.S. federal agency, a U.S. state, or a foreign agency could in the future seek to exercise authority over the distribution and/or sale of GloFish brand fish. We will continue to monitor the development of any regulations that might apply to our bioluminescent fish.

Certain of our products may be regulated under programs within the United States, Canada, or in other countries that may require that those products and the associated product packaging be recycled or managed for disposal through a designated recycling program. Some programs are funded through assessment of a fee on the manufacturer and suppliers, including the Company. We do not expect that such programs will cause us to incur expenditures that are material to our business, financial condition or results of operations; however, it is possible that our future liability could be material.

Any failure to comply with these laws or regulations, or the terms of applicable environmental permits, could result in us incurring substantial costs, including fines, penalties and other civil and criminal sanctions or the prohibition of sales of our pest control products. Environmental law requirements and the enforcement thereof, change frequently, have tended to become more stringent over time and could require us to incur significant expenses.

Most federal, state and local authorities require certification by Underwriters Laboratory, Inc. ("UL"), an independent, not-for-profit corporation engaged in the testing of products for compliance with certain public safety standards, or other safety regulation certification prior to marketing electrical appliances. Foreign jurisdictions also have regulatory authorities overseeing the safety of consumer products. Our products may not meet the specifications required by these authorities. A determination that any of our products are not in compliance with these rules and regulations could result in the imposition of fines or an award of damages to private litigants.

Public perceptions that some of the products we produce and market are not safe could adversely affect us.

On occasion, customers have alleged that some products failed to perform up to expectations or have caused damage or injury to individuals or property. Public perception that any of our products are not safe, whether justified or not, could impair our reputation, damage our brand names and have a material adverse effect on our business, financial condition and results of operations. In addition, we rely on certain third-party trademarks, brand names and logos of which we do not have exclusive use of. Public perception that any such third-party trademarks, brand names and logos used by us are not safe, whether justified or not, could have a material adverse effect on our business, financial condition and results of operations.

If our goodwill, indefinite-lived intangible assets or other long-term assets become impaired, we will be required to record additional impairment charges, which may be significant.

A significant portion of our long-term assets consist of goodwill, other indefinite-lived intangible assets and finite-lived intangible assets recorded as a result of past acquisitions as well as through fresh start reporting. We do not amortize goodwill and indefinite-lived intangible assets, but rather review them for impairment on a periodic basis or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. We consider whether circumstances or conditions exist which suggest that the carrying value of our goodwill and other long-lived intangible assets might be impaired. If such circumstances or conditions exist, further steps are required in order to determine whether the carrying value of each of the individual assets exceeds its fair value. If analysis indicates that an individual asset's carrying value does exceed its fair value, the next step is to record a loss equal to the excess of the individual asset's carrying value over its fair value.

The analysis required by GAAP entail significant amounts of judgment and subjectivity. Events and changes in circumstances that may indicate that there may be an impairment and which may indicate that interim impairment testing is necessary include, but are not limited to: strategic decisions to exit a business or dispose of an asset made in response to changes in economic, political and competitive conditions; the impact of the economic environment on the customer base and on broad market conditions that drive valuation considerations by market participants; our internal expectations with regard to future revenue growth and the assumptions we make when performing impairment reviews; a significant decrease in the market price of our assets; a significant adverse change in the extent or manner in which our assets are used; a significant adverse change in legal factors or the business climate that could affect our assets; an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset; and significant changes in the cash flows associated with an asset. As a result of such circumstances, we may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill, indefinite-lived intangible assets or other long-term assets is determined. Any such impairment charges could have a material adverse effect on our business, financial condition and operating results. See *Note 11 – Goodwill and Intangible Assets* in the Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further detail.

The successful execution of our operational efficiency and multi-year restructuring initiatives are important to the long-term growth of our business.

We continue to engage in targeted restructuring initiatives to align our business operations in response to current and anticipated future market conditions and investment strategy. We will evaluate opportunities for additional initiatives to restructure or reorganize the business across our operating segments and functions with a focus on areas of strategic growth and optimizing operational efficiency. Significant risks associated with these actions may impair our ability to achieve the anticipated cost reduction or may disrupt our business including delays in shipping, implementation of workforce, redundant costs, and failure to meet operational targets. In addition, our ability to achieve the anticipated cost savings and other benefits from these actions within the expected timeframe is subject to many estimates and assumptions. These estimates and assumptions are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. If these estimates and assumptions are incorrect, experience delays, or if other unforeseen events occur, our business and results of operation could be adversely affected. Refer to *Note 5 - Restructuring and Related Charges* in the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report for additional detail over restructuring related activity.

Risks Related to Investment in our Common Stock

Our Restated Bylaws provide that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our restated bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our restated bylaws, any action to interpret, apply, enforce, or determine the validity of our amended and restated certificate of incorporation or bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.

Certain provisions of our charter, bylaws, and of the Delaware General Corporation Law (the "DGCL") have anti-takeover effects and could delay, discourage, defer or prevent a tender offer or takeover attempt that a stockholder might consider to be in the stockholder's best interests.

Certain provisions of our charter and bylaws and the DGCL may have the effect of delaying or preventing changes in control if our board of directors determines that such changes in control are not in the best interests of the Company and its stockholders. Such provisions include, among other things, those that:

- authorize the board of directors to issue preferred shares and to determine the terms, including the number of shares, voting powers, redemption provisions, dividend rates, liquidation preferences and conversion rights, of those shares, without stockholder approval;
- permit the removal of directors by the stockholders only for cause and then only by the affirmative vote of a majority of the outstanding shares of our common stock;
- opt in to Section 203 of the DGCL, which generally prohibits a Delaware corporation from engaging in a "business combination" with any interested stockholder (generally speaking a stockholder who holds 15% or more of our voting stock) for three years from the date such stockholder becomes an interested stockholder unless certain conditions are met; and
- subject to certain exceptions, prohibit any person from acquiring shares of our common stock if such person is, or would become as a result of the acquisition, a "Substantial Holder" (as defined in our charter).

These provisions may frustrate or prevent attempts by stockholders to cause a change in control of the Company or to replace members of its board of directors.

Even though the Company's common stock is currently traded on the NYSE, it has less liquidity than many other stocks quoted on a national securities exchange.

The trading volume in the Company's common stock on the NYSE has been relatively low when compared with larger companies listed on the NYSE or other stock exchanges. Because of this, it may be more difficult for stockholders to sell a substantial number of shares for the same price at which stockholders could sell a smaller number of shares. We cannot predict the effect, if any, that future sales of the Company's common stock in the market, or the availability of shares of its common stock for sale in the market, will have on the market price of the Company's common stock. We can give no assurance that sales of substantial amounts of the Company's common stock in the market, or the potential for large amounts of sales in the market, would not cause the price of the Company's common stock to decline or impair the Company's future ability to raise capital through sales of its common stock. Furthermore, because of the limited market and generally low volume of trading in the Company's common stock that could occur, the share price of its common stock could be more likely to be affected by broad market fluctuations, general market conditions, fluctuations in our operating results, changes in the market's perception of our business, and announcements made by the Company, its competitors or parties with whom the Company has business relationships. The lack of liquidity in the Company's common stock may also make it difficult for us to issue additional securities for financing or other purposes, or to otherwise arrange for any financing we may need in the future. In addition, we may experience other adverse effects, including, without limitation, the loss of confidence in us by current and prospective suppliers, customers, employees and others with whom we have or may seek to initiate business relationships.

The market price of the Company's common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control.

Factors that may influence the price of the common stock include, without limitation, the following:

- loss of any of our key customers or suppliers, including our licensing agreement with B&D;
- additions or departures of key personnel;
- sales of common stock;
- our ability to execute our business plan;
- announcements and consummations of business acquisitions;
- operating results that fall below expectations;
- additional issuances of common stock;
- low volume of sales due to concentrated ownership of common stock;
- intellectual property disputes;
- industry developments;
- economic and other external factors; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of the Company's common stock. You should also be aware that price volatility might be worse if the trading volume of shares of the common stock is low.

Additional issuances of the Company's common stock may result in dilution to its existing stockholders.

Under our 2011 equity incentive plan adopted by the shareholders in 2011, called the Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Award Plan (the "2011 Equity Plan"), a total of 7.1 million shares of common stock of the Company, net of cancellations, have been authorized to be issued through the original authorization of 4.6 million shares during the 2011 shareholders meeting, an additional authorization of 1.0 million during the 2014 shareholders meeting, and a subsequent authorization of 1.5 million during the 2016 shareholders meeting. As of September 30, 2021, we have issued 6.8 million restricted stock units (or the equivalent number of shares of common stock upon the lapsing of the applicable restrictions) under the 2011 Equity Plan and have a remaining authorization to issue up to a total of 0.3 million shares of our common stock, or options or restricted stock units exercisable for shares of common stock. On July 28, 2020, the Company's shareholders approved the Spectrum Brands Holdings, Inc. 2020 Omnibus Equity Plan (the "2020 Equity Plan") pursuant to which 1.2 million shares of common stock were authorized to be issued. As of September 30, 2021, we have not issued restricted stock units (or the equivalent number of shares of common stock upon the lapsing of the applicable restrictions) under the 2020 Equity Plan and have a remaining authorization to issue up to a total of 1.2 million shares of our common stock or options or restricted stock units exercisable for shares of common stock (following the conversion at the time of the Spectrum Merger of the remaining authorized but unissued shares at the Merger conversion ratio).

In addition, the Company's board of directors has the authority to issue additional shares of capital stock to provide additional financing or for other purposes in the future. The issuance of any such shares or exercise of any such options may result in a reduction of the book value or market price of the outstanding shares of common stock. If we do issue any such additional shares or any such options are exercised, such issuance or exercise also will cause a reduction in the proportionate ownership and voting power of all other stockholders. As a result of such dilution, the proportionate ownership interest and voting power of a holder of shares of common stock could be decreased.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following lists our principal owned or leased administrative, manufacturing, packaging, and distribution facilities at September 30, 2021:

Corporate & Administrative

Location	Function / Use	Owned / Leased
U.S. Locations		
Middleton, Wisconsin	Corporate and HPC Headquarters	Leased
Earth City, Missouri	GPC and H&G Headquarters	Leased

Shared Operations & Sales Offices

Location	Function / Use	Owned / Leased
U.S. Locations		
Alpharetta, Georgia	Platform sales	Leased
Bentonville, Arkansas	Platform sales	Leased
Minneapolis, Minnesota	Platform sales	Leased
Mooresville, North Carolina	Platform sales	Leased
Moorpark, California	Platform Sales	Leased
Palmas Catano, Puerto Rico	Distribution	Leased
Miramar, Florida	LATAM Shared Operations	Leased
Non-U.S. Locations		
Mentone, Australia	APAC Shared Operations & Distribution	Leased
Shenzhen, China	Distribution & Shared Operations	Leased
Singapore, Singapore	Platform Sales	Leased
Penrose, New Zealand	Platform Sales	Leased
Yokohama, Japan	Platform Sales	Leased
Sulzbach, Germany	EMEA Shared Operations	Leased
Wombourne, UK	Distribution	Leased
Paris, France	Platform Sales	Owned
Milan, Italy	Platform Sales	Leased
Warsaw, Poland	Platform Sales	Leased
West Byfleet, UK	Platform Sales	Leased
Moscow, Russia	Platform Sales	Leased
Barcelona, Spain	Platform Sales	Leased
Bucharest, Romania	Platform Sales	Leased
Ballymount, Ireland	Platform Sales	Leased
Lisbon, Portugal	Platform Sales	Leased
Utrecht, Netherlands	Platform Sales	Leased
Mechelen, Belgium	Platform Sales	Leased
Stockholm, Sweden	Platform Sales	Leased
Mexico City, Mexico	Platform Sales	Leased
Bogota, Colombia	Platform Sales	Leased
Buenos Aires, Argentina	Platform Sales	Leased
El Dorado, Panama	Platform Sales	Leased
Huechuraba, Chile	Platform Sales	Leased
Santiago de Surco, Peru	Platform Sales	Leased
San Jose, Costa Rica	Platform Sales	Leased
Guatemala, Guatemala	Platform Sales	Leased
San Salvador, El Salvador	Platform Sales	Leased
Tegucigalpa, Honduras	Platform Sales	Leased
Santa Domingo, Dominican Republic	Platform Sales	Leased
Vantaa, Finland	Platform Sales	Leased
Ceska Lipa, Czech Republic	Platform Sales	Leased

Home & Personal Care (HPC)

Location	Function / Use	Owned / Leased
U.S. Locations		
DeForest, Wisconsin	Distribution	Leased
Redlands, California	Distribution	Leased
Non-U.S. Locations		
Nuremberg, Germany	Distribution	Leased
Manchester, UK	UK Shared Operations	Owned

Global Pet Care (GPC)

Location	Function / Use	Owned / Leased
U.S. Locations		
Blacksburg, Virginia	Manufacturing	Owned/Leased
Bridgeton, Missouri	Manufacturing	Leased
Noblesville, Indiana	Manufacturing	Owned
Painesville, Ohio	Manufacturing	Leased
Edwardsville, Illinois	Distribution	Leased
Riverview, Florida	Research & Development	Owned
Non-U.S. Locations		
Melle, Germany	Manufacturing	Leased
Borgholzhausen, Germany	Distribution	Leased
Nottingham, UK	Distribution	Owned

Home & Garden (H&G)

Location	Function / Use	Owned / Leased
U.S. Locations		
St. Louis, Missouri	Manufacturing	Leased
Edwardsville, Illinois	Distribution	Leased

We also contract with third parties to operate distribution centers, sales and other administrative offices throughout the world in support of our business. We believe that our existing facilities are suitable and adequate for our present purposes and that the productive capacity in such facilities is substantially being utilized or we have plans to utilize it.

ITEM 3. LEGAL PROCEEDINGS

We have disclosed all matters of legal proceedings believed to have an adverse effect on our results of operations, financial condition, liquidity or cash flows in the notes to our consolidated financial statements. See *Note 21 - Commitments and Contingencies* in the Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for additional detail.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

PART II

ITEM 5. MARKET FOR THE REGISTRANTS' COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

SBH's common stock trades on the New York Stock Exchange (the "NYSE") under the symbol "SPB". Effective July 13, 2018, SBH completed the planned Spectrum Merger. Prior to the Spectrum Merger, SBH was a holding company, doing business as HRG, conducting its operations principally through its majority owned subsidiaries, and trading on the NYSE under the symbol "HRG". See *Note 4 – Acquisitions* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for more information on the Spectrum Merger.

As of November 19, 2021, there were approximately 1,237 holders of record based upon data provided by the transfer agent for the SBH's common stock. This number does not include the stockholders for whom shares are held in a "nominee" or "street" name.

SB/RH is a wholly-owned subsidiary of SBH and accordingly, there is no established public trading market for its equity securities. As of November 19, 2021, there is only one record holder of its equity securities. During the years ended September 30, 2021 and 2020, SB/RH paid dividends of \$192.3 million and \$241.0 million, respectively, to its parent company, SBH. Certain restrictive covenants within the Company's debt facilities impose limitations on payment of dividends by SB/RH's subsidiaries to SB/RH and to SBH.

Equity Plans

Equity based incentive and performance compensation awards provided to employees, directors, officers and consultants were issued pursuant to the following awards plans:

- Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Awards Plan as approved and amended by the Spectrum Legacy stockholders, (the "Spectrum Equity Plan").
- Spectrum Brands Holdings, Inc. 2020 Omnibus Equity Plan, as approved by the Spectrum stockholders (the "2020 Equity Plan").

The following is a summary of the authorized and available shares per the respective plans:

(number of shares, in millions)	Authorized	Available
Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Awards Plan	7.1	0.3
Spectrum Brands Holdings, Inc. 2020 Omnibus Equity Plan	1.2	1.2

Refer to *Note 19 – Share Based Compensation* in Notes to our Consolidated Financial Statement included elsewhere in this Annual Report, for additional information.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On May 4, 2021, the Board of Directors approved a new share repurchase program authorizing the purchase of up to \$1 billion of our common stock. The new share repurchase program commenced immediately and replaced the previous share repurchase program. The authorization is effective for 36 months. The share repurchase program permits shares to be repurchased in the open market or through privately negotiated transactions, including by direct purchases or purchases pursuant to derivative instruments or other transactions (including pursuant to accelerated share repurchase agreements, the writing and settlement of put options and the purchase and exercise of call options). The number of shares to be repurchased and the timing of any repurchases will depend on factors such as the share price, economic and market conditions, and corporate and regulatory requirements. The share repurchase program may be suspended, amended or discontinued at any time. The following summarizes the activity of common stock repurchases under the program in the fourth quarter of the year ended September 30, 2021:

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Plan	Approximate Dollar Value of Shares that may Yet Be Purchased
As of July 4, 2021	115,167	\$ 88.22	115,167	\$ 989,839,967
July 5, 2021 to August 1, 2021	—	—	—	989,839,967
August 2, 2021 to August 29, 2021	—	—	—	989,839,967
August 30, 2021 to September 30, 2021	747,500	93.88	747,500	919,661,398
As of September 30, 2021	862,667	\$ 93.13	862,667	\$ 919,661,398

During the fourth quarter ended September 30, 2021, SBH entered into a \$150 million rule 10b5-1 repurchase to facilitate daily market share repurchases through September 16, 2022, until the cap is reached or until the plan is terminated, of which \$16.0 million was executed in the fourth quarter and included in the common stock repurchase program summarized above.

During the year ended September 30, 2021, the Company also repurchased \$45.5 million of common stock in private purchases with employees and significant shareholders at the fair value, consisting of 0.7 million of common stock repurchases at an average share price of \$66.63 per share, which are not included in the common stock repurchase program summarized above.

The repurchase of additional shares in the future will depend upon many factors, including the Company's financial condition, liquidity and legal requirements, and may use funds received from its divestitures to support the common stock repurchase program.

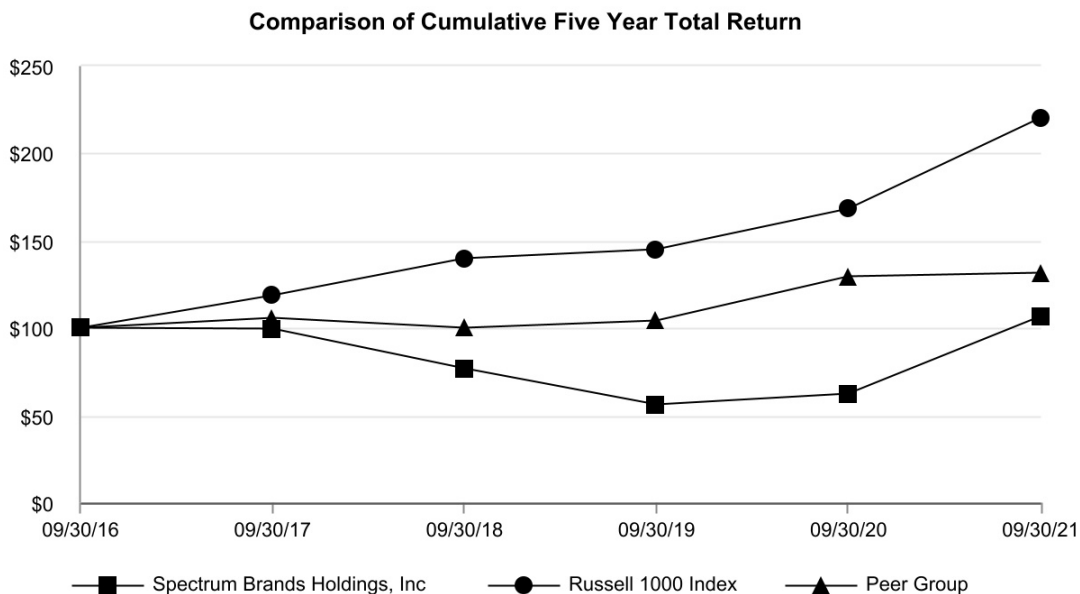
Recent Sales of Unregistered Securities

None.

Stock Performance Graph

The following graph compares the cumulative total stockholder return on our Common Stock to the cumulative total return of the Russell 1000 Financial Index and Spectrum Peer Group selected in good faith, which is composed of the following companies (*alphabetical order*): Allegion PLC, Central Garden and Pet Company, Church & Dwight Co., Inc., Edgewell Personal Care Company, Energizer Holdings, Inc., Fortune Brands Home & Security, Inc., Hamilton Beach Brands Holding Company (from 10/2/2017), Helen of Troy Limited, Newell Brands, Inc., Nu Skin Enterprises, Inc., Stanley Black & Decker, Inc., The Clorox Company, and The Scotts Miracle-Gro Company.

The comparison below assumes that \$100 was invested in the common stock of SBH from September 30, 2016 until September 30, 2021. The comparison is based upon the closing price of the common stock, as applicable, and assumes the reinvestment of all dividends, if any. The returns of each of the companies in our peer group are weighted according to the respective company's stock market capitalization at the beginning of each period for which a return is indicated. The stockholder return shown on the graph below is not necessarily indicative of future performance and will not make or endorse any predictions as to future stockholder returns.



ITEM 6. RESERVED.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion of the financial results, liquidity and other key items related to our performance and should be read in conjunction with our Consolidated Financial Statements and related notes included elsewhere in this Annual Report. The following is a combined report of SBH and SB/RH, and the following discussion includes SBH and certain matters related to SB/RH as signified below. Unless the context indicates otherwise, the terms the "Company," "we," "our" or "us" are used to refer to SBH and its subsidiaries and SB/RH and its subsidiaries, collectively.

Business Overview

The following section provides a general description of our business as well as recent developments for the years ended September 30, 2021, 2020, and 2019, which we believe are important to understanding our results of operations, financial condition, and understanding anticipated future trends. Refer to *Item 1 - Business* and *Note 1 - Description of Business* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report for an overview of our business.

COVID-19

The COVID-19 pandemic and the resulting regulations and other disruptions to both demand and supply may have a substantial impact on the commercial operations of the Company or impairment of the Company's net assets. Such impacts may include, but are not limited to, volatility of demand for our products, disruptions and cost implications in manufacturing and supply arrangements, inability of third parties to meet obligations under existing arrangements, and significant changes to the political and economic environments in which we manufacture, sell, and distribute our products.

During the years ended September 30, 2020 and 2021, and as of the date of this report, we have been and continue to be classified as an essential business in the jurisdictions that have mandated closures of non-essential businesses, and therefore have been allowed to remain open and continue to operate to the extent possible under existing regulations with any limitation in production output being short-term in nature. Despite the supply implications in the prior year, the Company has experienced continued customer demand. While demand for our products generally has not been negatively impacted, our teams continue to monitor demand disruption and there can be no assurance as to the level of demand that will prevail following the year ended September 30, 2021. A large portion of our customers continue to operate and sell our products, with some customers having experienced reduced operations due to closures or reduced store hours. There have also been changes in consumer needs and spending during the COVID-19 pandemic, which have resulted in a limited number of change orders and reduced spending. Currently, we have not identified, and will continue to monitor for, any substantive risk attributable to customer credit and have not experienced a significant impact from store closures or retail bankruptcies. We believe the severity and duration of the COVID-19 pandemic to be uncertain and may contribute to retail volatility and consumer purchase behavior changes. The magnitude of the financial impact on our results is highly dependent on the duration of the COVID-19 pandemic and how quickly the U.S. and global economies resume normal operations.

The COVID-19 pandemic has not, as of the date of this report, had a materially negative impact on the Company's liquidity position. The sweeping nature of COVID-19 pandemic makes it extremely difficult to predict the long-term ramifications on our financial condition and results of operations. However, the likely overall economic impact of the COVID-19 pandemic to the U.S. and global economies remains uncertain. We continue to generate operating cash flows to meet our short-term liquidity needs, and we expect to maintain access to the capital markets, although there can be no assurance of our ability to do so. We have also not observed any material impairments of our assets due to the COVID-19 pandemic.

We expect the ultimate significance of the impact on our financial condition, results of operations, and cash flows will be dictated by the length of time that such circumstances continue, which will ultimately depend on the unforeseeable duration and severity of the COVID-19 pandemic and any governmental and public actions taken in response.

Acquisitions

The Company periodically evaluates strategic transactions that may result in the acquisition of a business or assets that qualify as recognition of a business combination. Acquisitions may impact the comparability of the consolidated or segment financial information with the inclusion of operating results for the acquired business in periods subsequent to acquisition date, the inclusion of acquired assets, both tangible and intangible (including goodwill), and the related amortization or depreciation of acquired assets. Moreover, the comparability of consolidated or segment financial information may be impacted by incremental costs to facilitate the transaction and supporting integration activities of the acquired operations with the consolidated group.

During the year ended September 30, 2021, the Company entered into the following acquisition activity:

- On May 28, 2021, the Company acquired all ownership interests in FLP for a purchase price of \$301.5 million. FLP is a leading manufacturer of household cleaning, maintenance, and restoration products sold under the Rejuvenate® brand. The net assets and operating results of FLP are included in the Company's Consolidated Statements of Income and reported within the H&G reporting segment for the year ended September 30, 2021, effective the acquisition date of May 28, 2021.
- On October 26, 2020, the Company completed the acquisition of Armitage for \$187.7 million. Armitage is a premium pet treats and toys business in Nottingham, United Kingdom including a portfolio of brands that include Armitage's dog treats brand, Good Boy®, cat treats brand, Meowee!®, and Wildbird® bird feed products, among others, that are predominantly sold within the United Kingdom. The net assets and results of operations of Armitage are included in the Company's Consolidated Statements of Income and reported within the GPC reporting segment for the year ended September 30, 2021, effective the acquisition date of October 26, 2020.

During the year ended September 30, 2020, the Company entered into the following acquisition activity:

- On March 10, 2020, the Company acquired Omega Sea, LLC ("Omega"), a manufacturer and marketer of premium fish foods and consumable goods for the home and commercial aquarium markets, primarily consisting of the Omega brand, for a purchase price of approximately \$16.9 million. The net assets and results of operations of Omega are included in the Company's Consolidated Statements of Income and reported within GPC reporting segment for the years ended September 30, 2020 and September 30, 2021, effective the acquisition date of March 10, 2020.

There was no acquisition activity during the year ended September 30, 2019. See *Note 4 - Acquisitions* in the Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further discussion pertaining to the referenced acquisition activity.

Divestitures

The Company periodically evaluates strategic transactions that may result in the divestiture of a business or assets that may impact the comparability of consolidated or segment financial information. Certain divestitures may be classified separately from continuing operations if they are considered a strategic shift to the consolidated group, which results in the operating results and any realized gain or loss from the divestiture to be presented as a component of income from discontinued operations for all comparable periods in the Consolidated Financial Statements. Divestitures that do not qualify as discontinued operations result in the gain or loss from the divestiture being recognized as part of continuing operations. Further, the comparability of consolidated or segment financial information may be impacted by incremental costs to facilitate the transaction and related separation activities of the divested business, including any subsequent restructuring of the consolidated group.

During the year ended September 30, 2021, the Company entered into the following divestiture activity:

- On September 8, 2021, the Company entered into the Purchase Agreement with ASSA to sell its HHI segment for cash proceeds of \$4.3 billion, subject to customary purchase price adjustments. The consummation of the transaction is subject to customary conditions, including the absence of a material adverse effect of HHI and certain antitrust conditions or other governmental restrictions, amongst others, and is anticipated to be consummated during the year ended September 30, 2022. The Company's assets and liabilities associated with HHI have been classified as held for sale and the HHI operations have been classified as discontinued operations and are reported separately for all periods presented.

During the year ended September 30, 2020, the Company entered into the following divestiture activity:

- On March 29, 2020, the Company completed the sale of its DCF production facility and distribution center in Coevorden, Netherlands with United Petfood Producers NV ("UPP") for cash proceeds of \$29.0 million, resulting in a loss on assets held for sale of \$26.8 million during the year ended September 30, 2020. The loss was recognized as a component of continuing operations and operating income within the Company's GPC segment. The Company continues to operate its commercial DCF business following the divestiture and is supplied by UPP through a manufacturing agreement and distribution agreement. Additionally, the Company recognized an impairment on intangible assets of \$7.6 million due to the incremental cash flow risk associated with the commercial DCF business following the divestiture.

During the year ended September 30, 2019, the Company entered into the following divestiture activity:

- On January 2, 2019, the Company completed the sale of its GBL business pursuant to the GBL acquisition agreement with Energizer for cash proceeds of \$1,956.2 million, resulting in the recognition of a pre-tax gain on sale of \$989.8 million during the year ended September 30, 2019. The results of operations and gain on sale for disposal of the GBL business are recognized as a component of income from discontinued operations for all comparable periods. Prior to the completion of the GBL divestiture, the Company changed its plan to sell its GBA segment, consisting of both the GBL and HPC businesses, and recognized the net assets of HPC as held for use and included component of continuing operations as a separate reporting segment for all comparable periods. As a result, the Company recognized \$29.0 million of incremental depreciation and amortization for cumulative depreciation and amortization on HPC long-lived assets not previously recognized while held for sale.
- On January 28, 2019, the Company completed the sale of its GAC business pursuant to the GAC acquisition agreement with Energizer for \$1.2 billion, consisting of \$938.7 million in cash proceeds and \$242.1 million in stock consideration of common stock of Energizer, resulting in the loss on sale of business of \$111.0 million. The results of operations and write-down of net assets held for sale for the disposal of the GAC business were recognized as a component of discontinued operations. Realized and unrealized gains and losses on the common stock investment in Energizer was recognized as Other Non-Operating Expense (Income), net on the Company's Consolidated Statement of Income.

See Note 3 – *Divestitures* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further discussion pertaining to the referenced divestiture activity.

Restructuring Activity

We continually seek to improve our operational efficiency, match our manufacturing capacity and product costs to market demand and better utilize our manufacturing resources. We have undertaken various initiatives to reduce manufacturing and operating costs, which may have a significant impact on the comparability of financial results on the consolidated financial statements. The most significant of these initiatives is the *Global Productivity Improvement Program*, which began during the year ended September 30, 2019 and is anticipated to continue through the fiscal year ending September 30, 2022. See Note 5 - *Restructuring and Related Charges* in the Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further discussion pertaining to restructuring and related activity.

Refinancing Activity

The following recent financing activity has a significant impact on the comparability of financial results on the consolidated financial statements.

- During the year ended September 30, 2021, the Company completed its offering of \$500.0 million aggregate principal amount of its 3.875% Notes and entered into a new Term Loan Facility in the aggregate principal amount of \$400.0 million on March 3, 2021. The Company also redeemed \$250.0 million of the 6.125% Notes and \$550.0 million of the 5.75% Notes, with a call premium of \$23.4 million and non-cash write-off of unamortized debt issuance costs of \$7.9 million recognized as interest expense.
- During the year ended September 30, 2020, the Company (1) entered into the Amended and Restated Credit Agreement (the "Credit Agreement"), which refinanced the Company's previously existing credit facility, extending the maturity, reducing the revolving facility under the Credit Agreement from \$890 million to \$600 million, and changing interest rate margins; (2) issued \$300 million of its 5.50% Senior Unsecured Notes; and (3) completed the tender and call of its 6.625% Notes with an outstanding principal of \$117.4 million initiated in the previous year, with a premium of \$1.5 million and non-cash write-off of unamortized debt issue costs of \$1.1 million recognized as interest expense.
- During the year ended September 30, 2019, the Company (1) repaid \$452.6 million of its 6.625% Notes with an outstanding principal of \$570.0 million, consisting of a repayment of \$285.0 million on March 31, 2019 plus a repayment of \$167.6 million on September 24, 2019 using proceeds from the GAC divestitures, with a premium of \$9.2 million and non-cash write-off of unamortized debt issue cost of \$5.0 million recognized as interest expense; (2) issued \$300.0 million of 5.00% Senior Unsecured Notes due September 2029; (3) repaid \$890.0 million of its 7.75% Senior Unsecured Notes in full on January 30, 2019 using proceeds received from the GBL and GAC divestitures with a premium of \$17.2 million and non-cash write-off of unamortized debt issue costs and discounts of \$24.0 million recognized as interest expense; (4) repaid its USD Term Loan in full on January 4, 2019 using proceeds received from the divestiture of GBL with a non-cash write-off of unamortized debt issue costs of \$6.6 million recognized as interest expense; and (5) repaid its CAD Term Loan in full on October 31, 2018.

See *Note 12 - Debt* in the Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for additional detail regarding debt and refinancing activity.

Salus CLO

During the year ended September 30, 2020, the non-recourse debt under Salus CLO were effectively discharged resulting in the recognition of a non-cash gain on extinguishment of debt of \$76.2 million. See *Note 12 - Debt* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for more information.

Non-GAAP Measurements

Our consolidated and segment results contain non-GAAP metrics such as organic net sales and Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization). While we believe organic net sales and Adjusted EBITDA are useful supplemental information, such adjusted results are not intended to replace our financial results in accordance with Accounting Principles Generally Accepted in the United States ("GAAP") and should be read in conjunction with those GAAP results.

Organic Net Sales. We define organic net sales as net sales excluding the effect of changes in foreign currency exchange rates and/or impact from acquisitions (where applicable). We believe this non-GAAP measure provides useful information to investors because it reflects regional and operating segment performance from our activities without the effect of changes in currency exchange rate and/or acquisitions. We use organic net sales as one measure to monitor and evaluate our regional and segment performance. Organic growth is calculated by comparing organic net sales to net sales in the prior year. The effect of changes in currency exchange rates is determined by translating the period's net sales using the currency exchange rates that were in effect during the prior comparative period. Net sales are attributed to the geographic regions based on the country of destination. We exclude net sales from acquired businesses in the current year for which there are no comparable sales in the prior period.

The following is a reconciliation of net sales to organic net sales of SBH and SB/RH for the year ended September 30, 2021 compared to net sales for the year ended September 30, 2020:

September 30, 2021								
(in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales September 30, 2020	Variance	
HPC	\$ 1,260.1	\$ (31.1)	\$ 1,229.0	\$ —	\$ 1,229.0	\$ 1,107.6	\$ 121.4	11.0 %
GPC	1,129.9	(18.4)	1,111.5	(99.5)	1,012.0	962.6	49.4	5.1 %
H&G	608.1	—	608.1	(23.2)	584.9	551.9	33.0	6.0 %
Total	\$ 2,998.1	\$ (49.5)	\$ 2,948.6	\$ (122.7)	\$ 2,825.9	\$ 2,622.1	\$ 203.8	7.8 %

The following is a reconciliation of net sales to organic net sales of SBH and SB/RH for the year ended September 30, 2020 compared to net sales for the year ended September 30, 2019:

September 30, 2020								
(in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales September 30, 2019	Variance	
HPC	\$ 1,107.6	\$ 18.9	\$ 1,126.5	\$ —	\$ 1,126.5	\$ 1,068.1	\$ 58.4	5.5 %
GPC	962.6	1.1	963.7	(7.5)	956.2	870.2	86.0	9.9 %
H&G	551.9	0.1	552.0	—	552.0	508.1	43.9	8.6 %
Total	\$ 2,622.1	\$ 20.1	\$ 2,642.2	\$ (7.5)	\$ 2,634.7	\$ 2,446.4	\$ 188.3	7.7 %

Adjusted EBITDA. Adjusted EBITDA is a non-GAAP metric used by management that we believe provides useful information to investors because it reflects the ongoing operating performance and trends of our segments, excluding certain non-cash based expenses and/or non-recurring items during each of the comparable periods. It also facilitates comparisons between peer companies since interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA is also used for determining compliance with the Company's debt covenants. See *Note 12 - Debt* in the Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for additional detail.

EBITDA is calculated by excluding the Company's income tax expense, interest expense, depreciation expense and amortization expense (from intangible assets) from net income. Adjusted EBITDA further excludes:

- Stock based and other incentive compensation costs that consist of costs associated with long-term compensation arrangements and other equity based compensation based upon achievement of long-term performance metrics under the Company's Long-Term Incentive Plan ("LTIP"); and generally consist of non-cash, stock-based compensation. During the years ended September 30, 2021, 2020, and 2019, other incentive compensation also includes incentive bridge awards issued due to changes in the Company's LTIP that allowed for cash based payment upon employee election but does not qualify for share-based compensation. All bridge awards fully vested in November 2020. See *Note 19 - Share Based Compensation* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further details;
- Restructuring and related charges, which consist of project costs associated with the restructuring initiatives across the Company's segments. See *Note 5 - Restructuring and Related Charges* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further details;
- Transaction related charges that consist of (1) transaction costs from acquisitions or subsequent project costs directly associated with integration of an acquired business with the consolidated group; and (2) transaction costs from divestitures and subsequent project costs to facilitate separation of shared operations, including development of transferred shared service operations, platforms and personnel transferred, and exiting of transition service arrangements (TSAs) and reverse TSAs. See *Note 2 - Significant Accounting Policies and Practices* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further details;
- Unallocated shared costs associated with discontinued operations from certain shared and center-led administrative functions supporting the Company's business units excluded from income from discontinued operations as they are not a direct cost of the discontinued business but a result of indirect allocations, including but not limited to, information technology, human resources, finance and accounting, supply chain, and commercial operations. Amounts attributable to unallocated shared costs would be mitigated through subsequent strategic or restructuring initiatives, TSAs, elimination of extraneous costs or re-allocation or absorption by existing continuing operations following the completed sale of the discontinued operations. See *Note 3 - Divestitures* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report for further details;
- Gains and losses attributable to the Company's investment in Energizer common stock. During the year ended September 30, 2021, the Company sold its remaining shares in Energizer common stock. See *Note 7 - Fair Value of Financial Instruments* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further details;
- Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations;
- Non-cash purchase accounting inventory adjustments recognized in earnings from continuing operations after an acquisition;
- Incremental reserves for non-recurring litigation or environmental remediation activity including (1) proposed settlement on outstanding litigation matters at our H&G division attributable to significant and unusual nonrecurring claims with no previous history or precedent recognized during the year ended September 30, 2021, (2) environmental remediation reserves realized during the year ended September 30, 2019 on legacy properties and former manufacturing sites assumed by the organization which had previously been exited by the Company, and (3) legal settlement costs associated with retained litigation from the Company's divested GAC operations realized during the year ended September 30, 2019. See *Note 21 - Commitments and Contingencies* in Notes to the Consolidated Financial Statements included elsewhere in this Annual Report for further detail;
- Incremental costs realized under a three-year tolling agreement entered into with the buyer in consideration with the divestiture of the Coevorden Operations on March 29, 2020, for the continued production of dog and cat food products purchased to support GPC commercial operations and distribution in Europe. See *Note 3 - Divestitures* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further detail;
- Gain on extinguishment of the Salus CLO debt due to the discharge of the obligation during the year ended September 30, 2020. See *Note 12 - Debt* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further details;
- Foreign currency gains and losses attributable to multicurrency loans for the year ended September 30, 2020 and 2019, that were entered into with foreign subsidiaries in exchange for the receipt of divestiture proceeds by the parent company and the distribution of the respective foreign subsidiaries' net assets as part of the GBL and GAC divestitures; and
- Other adjustments primarily consisting of costs attributable to (1) incremental fines and penalties realized for delayed shipments following the transition of a third-party logistics service provider in GPC during the year ended September 30, 2021; (2) costs associated with Salus operations during the years ended September 30, 2021, 2020 and 2019 as they are not considered a component of continuing commercial products company; (3) expenses and cost recovery for flood damage at the Company's facilities in Middleton, Wisconsin recognized during the years ended September 30, 2020 and 2019; (4) incremental costs for separation of a key executives during the years ended September 30, 2020 and 2019; (5) costs associated with a safety recall in GPC during the year ended September 30, 2019; (6) operating margin on H&G sales to GAC discontinued operations during the year ended September 30, 2019; and (7) certain fines and penalties for delayed shipments following the completion of a GPC distribution center consolidation in EMEA during the year ended September 30, 2019.

The following is a reconciliation of net income to Adjusted EBITDA for the years ended September 30, 2021, 2020 and 2019 for SBH:

SPECTRUM BRANDS HOLDINGS, INC. (in millions)	HPC	GPC	H&G	Corporate	Consolidated
Year Ended September 30, 2021					
Net income from continuing operations	\$ 46.1	\$ 127.7	\$ 83.7	\$ (242.2)	\$ 15.3
Income tax benefit	—	—	—	(26.4)	(26.4)
Interest expense	—	—	—	116.5	116.5
Depreciation and amortization	44.0	39.3	19.2	14.5	117.0
EBITDA	90.1	167.0	102.9	(137.6)	222.4
Share and incentive based compensation	—	—	—	29.4	29.4
Restructuring and related charges	9.1	15.2	0.4	15.6	40.3
Transaction related charges	3.4	16.5	10.8	25.6	56.3
Unallocated shared costs	—	—	—	26.9	26.9
Gain on Energizer investment	—	—	—	(6.9)	(6.9)
Inventory acquisition step-up	—	3.4	3.9	—	7.3
Legal and environmental remediation reserves	—	—	6.0	—	6.0
Coevorden tolling related charges	—	6.2	—	—	6.2
Other	—	3.8	—	0.1	3.9
Adjusted EBITDA	\$ 102.6	\$ 212.1	\$ 124.0	\$ (46.9)	\$ 391.8
Net Sales	\$ 1,260.1	\$ 1,129.9	\$ 608.1	\$ —	\$ 2,998.1
Adjusted EBITDA Margin	8.1 %	18.8 %	20.4 %	—	13.1 %
Year Ended September 30, 2020					
Net income (loss) from continuing operations	\$ 42.9	\$ 44.9	\$ 91.2	\$ (231.4)	\$ (52.4)
Income tax expense	—	—	—	27.3	27.3
Interest expense	—	—	—	93.7	93.7
Depreciation and amortization	35.2	44.4	20.4	14.7	114.7
EBITDA	78.1	89.3	111.6	(95.7)	183.3
Share and incentive based compensation	—	—	—	36.1	36.1
Restructuring and related charges	4.6	20.8	0.5	45.7	71.6
Transaction related charges	8.8	10.8	—	3.5	23.1
Unallocated shared costs	—	—	—	17.4	17.4
Loss on Energizer investment	—	—	—	16.8	16.8
Loss on sale of Coevorden operations	—	26.8	—	—	26.8
Write-off from impairment of intangible assets	—	24.2	—	—	24.2
Foreign currency loss on multicurrency divestiture loans	0.6	—	—	3.2	3.8
Salus CLO debt extinguishment	—	—	—	(76.2)	(76.2)
Other	0.1	0.1	—	(3.2)	(3.0)
Adjusted EBITDA	\$ 92.2	\$ 172.0	\$ 112.1	\$ (52.4)	\$ 323.9
Net Sales	\$ 1,107.6	\$ 962.6	\$ 551.9	\$ —	\$ 2,622.1
Adjusted EBITDA Margin	8.3 %	17.9 %	20.3 %	—	12.4 %
Year Ended September 30, 2019					
Net (loss) income from continuing operations	\$ (127.8)	\$ 63.4	\$ 84.9	\$ (322.7)	\$ (302.2)
Income tax benefit	—	—	—	(52.0)	(52.0)
Interest expense	—	—	—	158.4	158.4
Depreciation and amortization	64.6	48.8	19.3	14.6	147.3
EBITDA	(63.2)	112.2	104.2	(201.7)	(48.5)
Share and incentive based compensation	—	—	—	47.6	47.6
Restructuring and related charges	8.1	7.6	1.8	43.5	61.0
Transaction related charges	7.4	2.5	—	11.0	20.9
Unallocated shared cost	—	—	—	15.7	15.7
Loss on Energizer investment	—	—	—	12.1	12.1
Write-off from impairment of goodwill	116.0	—	—	—	116.0
Write-off from impairment of intangible assets	18.8	16.6	—	—	35.4
Legal and environmental remediation reserves	—	—	—	10.0	10.0
Foreign currency loss on multicurrency divestiture loans	—	—	—	36.2	36.2
Other	0.1	3.7	(0.5)	3.6	6.9
Adjusted EBITDA	\$ 87.2	\$ 142.6	\$ 105.5	\$ (22.0)	\$ 313.3
Net Sales	\$ 1,068.1	\$ 870.2	\$ 508.1	\$ —	\$ 2,446.4
Adjusted EBITDA Margin	8.2 %	16.4 %	20.8 %	—	12.8 %

The following is a reconciliation of net income to Adjusted EBITDA for the years ended September 30, 2021, 2020 and 2019 for SB/RH:

SB/RH HOLDINGS, LLC (in millions)	HPC	GPC	H&G	Corporate	Consolidated
Year Ended September 30, 2021					
Net income from continuing operations	\$ 46.1	\$ 127.7	\$ 83.7	\$ (240.2)	\$ 17.3
Income tax benefit	—	—	—	(25.0)	(25.0)
Interest expense	—	—	—	116.8	116.8
Depreciation and amortization	44.0	39.3	19.2	14.5	117.0
EBITDA	90.1	167.0	102.9	(133.9)	226.1
Share and incentive based compensation	—	—	—	27.7	27.7
Restructuring and related charges	9.1	15.2	0.4	15.6	40.3
Transaction related charges	3.4	16.5	10.8	25.6	56.3
Unallocated shared costs	—	—	—	26.9	26.9
Gain on Energizer investment	—	—	—	(6.9)	(6.9)
Inventory acquisition step-up	—	3.4	3.9	—	7.3
Legal and environmental remediation reserves	—	—	6.0	—	6.0
Coevorden tolling related charges	—	6.2	—	—	6.2
Other	—	3.8	—	0.1	3.9
Adjusted EBITDA	\$ 102.6	\$ 212.1	\$ 124.0	\$ (44.9)	\$ 393.8
Net Sales	\$ 1,260.1	\$ 1,129.9	\$ 608.1	\$ —	\$ 2,998.1
Adjusted EBITDA Margin	8.1 %	18.8 %	20.4 %	—	13.1 %
Year Ended September 30, 2020					
Net income (loss) from continuing operations	\$ 42.9	\$ 44.9	\$ 91.2	\$ (287.4)	\$ (108.4)
Income tax expense	—	—	—	14.5	14.5
Interest expense	—	—	—	93.2	93.2
Depreciation and amortization	35.2	44.4	20.4	14.7	114.7
EBITDA	78.1	89.3	111.6	(165.0)	114.0
Share and incentive based compensation	—	—	—	34.8	34.8
Restructuring and related charges	4.6	20.8	0.5	45.7	71.6
Transaction related charges	8.8	10.8	—	3.5	23.1
Unallocated shared costs	—	—	—	17.4	17.4
Loss on Energizer investment	—	—	—	16.8	16.8
Loss on sale of Coevorden operations	—	26.8	—	—	26.8
Write-off from impairment of intangible assets	—	24.2	—	—	24.2
Foreign currency loss on multicurrency divestiture loans	0.6	—	—	3.2	3.8
Other	0.1	0.1	—	(3.9)	(3.7)
Adjusted EBITDA	\$ 92.2	\$ 172.0	\$ 112.1	\$ (47.5)	\$ 328.8
Net Sales	\$ 1,107.6	\$ 962.6	\$ 551.9	\$ —	\$ 2,622.1
Adjusted EBITDA Margin	8.3 %	17.9 %	20.3 %	— %	12.5 %
Year Ended September 30, 2019					
Net (loss) income from continuing operations	\$ (127.8)	\$ 63.4	\$ 84.9	\$ (281.8)	\$ (261.3)
Income tax benefit	—	—	—	(36.1)	(36.1)
Interest expense	—	—	—	106.1	106.1
Depreciation and amortization	64.6	48.8	19.3	14.6	147.3
EBITDA	(63.2)	112.2	104.2	(197.2)	(44.0)
Share and incentive based compensation	—	—	—	47.2	47.2
Restructuring and related charges	8.1	7.6	1.8	43.5	61.0
Transaction related charges	7.4	2.5	—	11.0	20.9
Unallocated shared cost	—	—	—	15.7	15.7
Loss on Energizer investment	—	—	—	12.1	12.1
Write-off from impairment of goodwill	116.0	—	—	—	116.0
Write-off from impairment of intangible assets	18.8	16.6	—	—	35.4
Legal and environmental remediation reserves	—	—	—	10.0	10.0
Foreign currency loss on multicurrency divestiture loans	—	—	—	36.2	36.2
Other	0.1	3.7	(0.5)	0.8	4.1
Adjusted EBITDA	\$ 87.2	\$ 142.6	\$ 105.5	\$ (20.7)	\$ 314.6
Net Sales	\$ 1,068.1	\$ 870.2	\$ 508.1	\$ —	\$ 2,446.4
Adjusted EBITDA Margin	8.2 %	16.4 %	20.8 %	—	12.9 %

Consolidated Results of Operations

The following section provides an analysis of our operations for the years ended September 30, 2021, 2020 and 2019.

SBH

The following is summarized consolidated results of operations for SBH for the years ended September 30, 2021, 2020 and 2019, respectively:

(in millions, except %)	2021	2020	Variance		2020	2019	Variance	
Net sales	\$ 2,998.1	\$ 2,622.1	\$ 376.0	14.3 %	\$ 2,622.1	\$ 2,446.4	\$ 175.7	7.2 %
Gross profit	1,034.6	878.1	156.5	17.8 %	878.1	819.6	58.5	7.1 %
Gross profit margin	34.5 %	33.5 %	100 bps		33.5 %	33.5 %	— bps	
Operating expenses	937.5	869.5	68.0	7.8 %	869.5	972.0	(102.5)	(10.5)%
Interest expense	116.5	93.7	22.8	24.3 %	93.7	158.4	(64.7)	(40.8)%
Other non-operating (income) expense, net	(8.3)	16.2	(24.5)	n/m	16.2	43.4	(27.2)	(62.7)%
Income tax (benefit) expense	(26.4)	27.3	(53.7)	n/m	27.3	(52.0)	79.3	n/m
Net income (loss) from continuing operations	15.3	(52.4)	67.7	n/m	(52.4)	(302.2)	249.8	n/m
Income from discontinued operations, net of tax	174.3	150.9	23.4	15.5 %	150.9	798.0	(647.1)	(81.1)%
Net income	189.6	98.5	91.1	92.5 %	98.5	495.8	(397.3)	(80.1)%

n/m = not meaningful

Net Sales. The following is a summary of net sales by segment for the years ended September 30, 2021, 2020 and 2019 and the principal components of changes in net sales for the respective periods.

(in millions, except %)	2021	2020	Variance		2020	2019	Variance	
HPC	\$ 1,260.1	\$ 1,107.6	\$ 152.5	13.8 %	\$ 1,107.6	\$ 1,068.1	\$ 39.5	3.7 %
GPC	1,129.9	962.6	167.3	17.4 %	962.6	870.2	92.4	10.6 %
H&G	608.1	551.9	56.2	10.2 %	551.9	508.1	43.8	8.6 %
Net Sales	\$ 2,998.1	\$ 2,622.1	376.0	14.3 %	\$ 2,622.1	\$ 2,446.4	175.7	7.2 %

(in millions)	2021	2020
Net Sales for the year ended September 30, 2020 and 2019, respectively	\$ 2,622.1	\$ 2,446.4
Increase due to acquisition	122.7	7.5
Increase in HPC	121.4	58.4
Increase in GPC	49.4	86.0
Increase in H&G	33.0	43.9
Foreign currency impact, net	49.5	(20.1)
Net Sales for the year ended September 30, 2021 and 2020, respectively	\$ 2,998.1	\$ 2,622.1

Gross Profit. Gross profit for the year ended September 30, 2021 increased primarily due to higher sales volume with increased productivity, favorable mix with incremental product and input costs partially offset by pricing adjustments. Gross profit for the year ended September 30, 2020 increased with no change in margin, primarily due to increased sales volume with incremental product and input costs including tariffs, offset by productivity, favorable product mix and pricing adjustments.

Operating Expenses. Operating expenses for the year ended September 30, 2021 increased due to higher selling expenses of \$78.3 million attributable to higher freight and distribution costs and higher marketing and advertising spend, increased general and administrative costs of \$26.3 million and increased transaction related charges of \$33.2 million due to strategic acquisition and divestiture activities; offset by a decrease in restructuring costs of \$19.4 million with loss from sale of Coevorden facility of \$26.8 million and impairment of related intangible assets of \$24.2 million in the prior year. Operating expenses for the year ended September 30, 2020 decreased due to the impairment of HPC goodwill of \$116.0 million and impairment of intangible assets of \$35.4 million in the previous year with offsets by the recognition of loss from sale of Coevorden facility of \$26.8 million and impairment of related intangible assets \$24.2 million. See *Note 2 - Significant Accounting Policies and Practices* and *Note 5 - Restructuring and Related Charges* in the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report for additional detail on transaction and restructuring related charges.

Interest Expense. Interest expense for the year ended September 30, 2021 increased due to one-time refinancing charges offset by lower average borrowing rates. Interest expense for the year ended September 30, 2020 decreased due to lower borrowings and average interest rates during the period. See *Note 12 - Debt* in Notes to the Consolidated Financial Statements included elsewhere in this Annual Report.

Other Non-Operating Expense, Net. Other non-operating expense, net for the year ended September 30, 2021 decreased due to realized gains on the investment in Energizer common stock which was fully liquidated in January 2021. Other non-operating expense, net for the year ended September 30, 2020 decreased primarily due to foreign currency losses in the previous year related to multicurrency loans with foreign subsidiaries associated with the GBL and GAC divestitures and realized and unrealized losses on the investment in Energizer common stock. See *Note 7 - Fair Value of Financial Instruments* in the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report for additional detail.

Income Taxes. The effective tax rate was 237.8% for the year ended September 30, 2021 compared to 108.8% for the year ended September 30, 2020 and 14.7% for the year ended September 30, 2019. Pretax income from continuing operations in the year ended September 30, 2021 was close to breakeven and therefore many items have a sizeable impact on the effective tax rate. Our annual effective tax rate is significantly impacted by income earned outside the U.S. that is subject to U.S. tax including the U.S. tax on global intangible low taxed income, certain nondeductible expenses, state income taxes, and foreign rates that differ from the U.S. federal statutory rate. The year ended September 30, 2021 tax expense was significantly impacted by valuation allowance release, tax expense due to an increase to the United Kingdom's future tax rate, and tax benefits from retroactive law changes for global intangible low taxed income. See *Note 16 – Income Taxes* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report for additional detail.

Income From Discontinued Operations. Discontinued operations includes the results of operations, financial position and cash flows for the GBL and GAC divisions sold during the year ended September 30, 2019, effective January 2, 2019 and January 28, 2019, respectively, plus the operations, financial position and cash flows for HHI for all comparable periods, with the HHI disposal group being held for sale as of September 30, 2021.

Income from discontinued operations, net of tax increased during the year ended September 30, 2021 due to increased income from operations of HHI driven by strong consumer demand and new product innovation driving sales growth across retail, e-commerce and new build channels coupled with fulfillment of prior year retail inventory rebuild when the prior year was impacted by COVID-19 supply related disruptions; partially offset by higher freight and input cost inflation and higher marketing investments.

Income from discontinued operations, net of tax, decreased during the year ended September 30, 2020 due to the net gain realized from the disposition of the GBL and GAC divestitures during the year ended September 30, 2019, offset by the decrease in income from operations of HHI. Decrease in HHI operations was attributable to lower sales volumes driven by COVID-19 supply constraints coupled with higher input costs and tariffs, offset by improved productivity, pricing and mix, retrospective tariff exclusions and reduced restructuring spend; and lower allocation of interest costs from corporate debt allocated to discontinued operations attributable to the paydown of debt following the disposition of the GBL and GAC divestitures.

See *Note 3 – Divestitures* in Notes to the Consolidated Financial Statements, included elsewhere in this Annual Report, for more information on the divestitures and the assets and liabilities classified as held for sale.

Noncontrolling Interest. The net income attributable to noncontrolling interest reflects the share of the net income of our subsidiaries, which are not wholly-owned, attributable to the accounting interest. Such amount varies in relation to such subsidiary's net income or loss for the period and the percentage interest not owned by SBH.

SB/RH

The following is summarized consolidated results of operations for SB/RH for the years ended September 30, 2021, 2020 and 2019:

(in millions, except %)	2021		2020		2020		2019		Variance					
Net sales	\$	2,998.1	\$	2,622.1	\$	376.0	14.3 %	\$	2,622.1	\$	2,446.4	\$	175.7	7.2 %
Gross profit		1,034.6		878.1		156.5	17.8 %		878.1		819.6		58.5	7.1 %
Gross profit margin		34.5 %		33.5 %		100 bps			33.5 %		33.5 %		— bps	
Operating expenses		933.8		862.5		71.3	8.3 %		862.5		967.3		(104.8)	(10.8 %)
Interest expense		116.8		93.2		23.6	25.3 %		93.2		106.1		(12.9)	(12.2 %)
Other non-operating (income) expense, net		(8.3)		16.3		(24.6)	n/m		16.3		43.6		(27.3)	(62.6 %)
Income tax (benefit) expense		(25.0)		14.5		(39.5)	n/m		14.5		(36.1)		50.6	n/m
Net income (loss) from continuing operations		17.3		(108.4)		125.7	n/m		(108.4)		(261.3)		152.9	(58.5 %)
Income from discontinued operations, net of tax		174.3		150.9		23.4	15.5 %		150.9		803.9		(653.0)	(81.2 %)
Net income		191.6		42.5		149.1	350.8 %		42.5		542.6		(500.1)	(92.2 %)
n/m = not meaningful														

For the years ended September 30, 2021 and 2020, the change in net sales, gross profit, operating expenses and other non-operating expenses are primarily attributable to changes in SBH previously discussed. The change in interest expense is primarily attributable to the changes in SBH previously discussed except for the non-cash gain on extinguishment of Salus CLO debt. Income from discontinued operations is attributable to SBH previously discussed.

The effective tax rate was 324.7% for the year ended September 30, 2021 compared to (15.4%) for the year ended September 30, 2020 and 12.1% for the year ended September 30, 2019. The change in tax rate is primarily attributable to the changes in SBH previously discussed.

Segment Financial Data

This section provides an analysis of our results of reportable segments for the years ended September 30, 2021 and 2020. For a discussion of our fiscal 2019 results, please refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the Company's Annual Report on Form 10-K for the year ended September 30, 2020 filed with the SEC on November 15, 2019.

Home & Personal Care (HPC)

(in millions, except %)	2021	2020	Variance		2020	2019	Variance	
Net sales	\$ 1,260.1	\$ 1,107.6	\$ 152.5	13.8 %	\$ 1,107.6	\$ 1,068.1	\$ 39.5	3.7 %
Operating income (loss)	46.4	42.9	3.5	8.2 %	42.9	(127.5)	170.4	n/m
Operating income margin	3.7 %	3.9 %	(20) bps		3.9 %	(11.9)%	1,580 bps	
Adjusted EBITDA	\$ 102.6	\$ 92.2	\$ 10.4	11.3 %	\$ 92.2	\$ 87.2	\$ 5.0	5.7 %
Adjusted EBITDA margin	8.1 %	8.3 %	(20) bps		8.3 %	8.2 %	10 bps	

n/m = not meaningful

Net sales for the year ended September 30, 2021 increased driven by strong growth in hair care products as part of the personal care appliance category and strong growth in cooking, food preparation and garment within the small home appliance category; coupled with a strong holiday season earlier in the year, new product introductions, continued e-commerce growth, expanded distribution in LATAM markets, re-opening of traditional retail channels and pricing adjustments in response to higher material input costs partially mitigated by supply chain constraints limiting distribution. Organic net sales increased \$121.4 million, or 11.0%, excluding favorable foreign exchange impact.

Operating income and Adjusted EBITDA for the year ended September 30, 2021 increased with a decrease in margin due to increased sales from volume and pricing with favorable foreign currency offset by increased material and input cost inflation, freight costs and increased marketing investments; with higher depreciation and amortization expense impacting operating income and margin.

Net sales for the year ended September 30, 2020 increased driven by growth in both small appliances and personal care including strong net sales growth in the U.S. from e-commerce and mass channels with continued strength in convenience cooking including new product introductions from George Foreman grills, holiday season promotional volumes, coupled with demand increase partially offset by supply constraints and store closures in response to the COVID-19 pandemic. Organic net sales increased \$58.4 million or 5.5% excluding unfavorable foreign exchange impact.

Operating income and Adjusted EBITDA for the year ended September 30, 2020 increased with an increase in margin due to higher sales volumes with favorable product mix and productivity with benefit from retrospective tariff exclusions, offset by incremental input costs driven by tariffs, increased marketing and advertising spend, plus incremental foreign currency transaction loss. Operating income and margin for the year ended September 30, 2019 was further impacted by the recognition of goodwill impairment of \$116.0 million, write-off of indefinite lived intangible assets of \$18.8 million, and incremental depreciation and amortization of \$29.0 million in the prior year associated with HPC business being de-recognized from held for sale.

Global Pet Care (GPC)

(in millions, except %)	2021	2020	Variance		2020	2019	Variance	
Net sales	\$ 1,129.9	\$ 962.6	\$ 167.3	17.4 %	\$ 962.6	\$ 870.2	\$ 92.4	10.6 %
Operating income	129.9	47.1	82.8	175.8 %	47.1	65.6	(18.5)	(28.2)%
Operating income margin	11.5 %	4.9 %	660 bps		4.9 %	7.5 %	(260) bps	
Adjusted EBITDA	\$ 212.1	\$ 172.0	\$ 40.1	23.3 %	\$ 172.0	\$ 142.6	\$ 29.4	20.6 %
Adjusted EBITDA margin	18.8 %	17.9 %	90 bps		17.9 %	16.4 %	150 bps	

Net sales for the year ended September 30, 2021 increased due to acquisition sales of \$99.5 million coupled with continued growth in aquatics and companion animal categories highlighted by dog chews and treats, with strong development across distribution channels led by expanded e-commerce, partially mitigated by lower than anticipated fulfillment levels attributable to distribution center transitions during the year. Organic net sales increased \$49.4 million, or 5.1% excluding favorable foreign exchange impact and acquisition sales.

Operating income and Adjusted EBITDA for the year ended September 30, 2021 increased with an increase in margins due to higher volume, favorable product mix, pricing and productivity, offset by higher material input costs, freight and distribution costs, and incremental costs and inefficiencies with distribution center transition, including higher than normal customer fines and penalties further impacting operating income and margin.

Net sales for the year ended September 30, 2020 increased due to continued growth in aquatics and companion animal products driven by broad based demand across all aquatic product types, including significant demand for hard goods through e-commerce and pet specialty channels, plus growth in companion animal categories driven by strong consumables demand in the dollar, mass and e-commerce channels and increased consumer demand experienced during the COVID-19 pandemic. Organic net sales increased \$86.0 million or 9.9% due to unfavorable foreign exchange impact and acquisition sales.

Operating income for the year ended September 30, 2020 decreased with a decline in margin due to the recognition of a loss on assets held for sale of \$26.8 million associated with the Coevorden Operations divestiture, and a \$24.2 million write-off from impairment of intangible assets; incremental transaction costs associated with the Omega acquisition and Coevorden Operations divestiture, plus restructuring costs and accelerated depreciation as part of the Global Productivity Improvement Program, tariffs and additional investment in marketing and advertising, offset by increased sales volume, product cost improvements, and positive pricing. Adjusted EBITDA increased with an increase in margin due to increased sales volume, productivity, and positive pricing, offset by tariffs and additional investment in marketing and advertising.

Home & Garden (H&G)

(in millions, except %)	2021		2020		Variance		2020		2019		Variance			
Net sales	\$	608.1	\$	551.9	\$	56.2	10.2 %	\$	551.9	\$	508.1	\$	43.8	8.6 %
Operating income		83.7		91.2		(7.5)	(8.2 %)		91.2		85.0		6.2	7.3 %
Operating income margin		13.8 %		16.5 %		(270) bps			16.5 %		16.7 %		(20) bps	
Adjusted EBITDA	\$	124.0	\$	112.1	\$	11.9	10.6 %	\$	112.1	\$	105.5	\$	6.6	6.3 %
Adjusted EBITDA margin		20.4 %		20.3 %		10 bps			20.3 %		20.8 %		(50) bps	

Net sales for the year ended September 30, 2021 increased across product categories driven by strong early season orders across channels and strong early season POS coupled with strong late season consumer demand and acquisition sales. Organic net sales increased \$33.0 million, or 6.0% excluding acquisition sales.

Operating income for the year ended September 30, 2021 decreased with a decline in margin due to increased material input costs, advertising and marketing investment, and higher distribution expenses, partially offset by higher sales volumes and positive pricing and productivity improvements; with increased acquisition related costs and legal reserves. Adjusted EBITDA increased with an increase in margin attributable to increased material input costs, advertising and marketing investment, and higher distribution expenses, partially offset by higher sales volumes and positive pricing and productivity improvements

Net sales for the year ended September 30, 2020 increased driven by growth across all three major product categories of controls, household insecticides and repellents; and benefited from strong point of sale and replenishment as retailers supported the extended selling season.

Operating income and Adjusted EBITDA for the year ended September 30, 2020 increased with a decline in margin due to increased sales volume offset by higher material and input costs including tariffs, plus higher marketing and advertising investment spending.

Liquidity and Capital Resources

This section provides a discussion of our financial condition and an analysis of our cash flows for the years ended September 30, 2021, 2020, and 2019. This section also provides a discussion of our contractual operations and other commercial commitments as well as our ability to fund future commitments and operating activities through sources of capital as of September 30, 2021.

The following is a summary of the Company's net cash flows from continuing operations for the years ended September 30, 2021, 2020, and 2019:

(in millions)	SBH			SB/RH								
	2021	2020	2019	2021	2020	2019						
Operating activities	\$	89.2	\$	201.8	\$	(42.6)	\$	81.7	\$	(8.3)	\$	(34.9)
Investing activities	\$	(400.7)	\$	125.2	\$	2,820.9	\$	(400.7)	\$	125.2	\$	2,820.9
Financing activities	\$	(206.9)	\$	(495.1)	\$	(2,721.6)	\$	(197.1)	\$	(283.8)	\$	(2,693.4)

Cash flows from operating activities

Cash flows from operating activities by SBH continuing operations for the year ended September 30, 2021 decreased \$112.6 million, primarily attributable to the increased use in cash spend towards working capital, particularly from inventory build-up, and cash paid towards strategic transaction activity with increased cash generated by operations from continuing operations and lower spending on restructuring activities

Cash flows from operating activities by SBH continuing operations for the year ended September 30, 2020 increased \$244.4 million due to cash provided by continuing operations with cash contributed by working capital primarily attributable to timing of accounts payable, reduction in cash paid for interest and taxes, lower spending towards strategic transaction, offset by increase in cash used towards restructuring activities during the year.

Changes in cash flows from operating activities by SB/RH continuing operations are primarily due to the SBH items discussed above except for an incremental operating cash outflow to its parent company for payments to SBH for the use of federal net operating losses, as provided under the Company's tax sharing agreement.

Cash flows from investing activities

Cash flows used in investing activities by SBH continuing operations for the year ended September 30, 2021 increased \$525.9 million primarily due to increase in cash used for acquisitions of \$413.0 million from the acquisitions of Rejuvenate and Armitage and higher cash proceeds in the prior year from divestiture activity of \$32.6 million attributable to the Coevorden Facility, and the sale of Energizer common stock of \$74.0 million. The Company sold its remaining investment in Energizer common stock in January 2021. Cash flow from investing activities for SB/RH continuing operations for the year ended September 30, 2021 are primarily due to the SBH items previously discussed.

Cash flows from investing activities by SBH continuing operations for the year ended September 30, 2020 decreased \$2,695.7 million primarily due to higher proceeds in the prior year from divestitures of \$2,826.9 million attributable to the divestitures of GBL and GAC, offset by the cash proceeds from the Coevorden Operations divestiture, increase in cash used for acquisition of \$16.9 million from the acquisition of Omega, offset by proceeds from the sale of Energizer common stock of \$147.1 million. Capital expenditures increased \$3.7 million primarily towards investment in higher return cost reduction projects and related restructuring initiatives. Cash flows from investing activities for SB/RH continuing operations for the year ended September 30, 2020 are primarily due to the SBH items previously discussed.

Cash flows from financing activities

Cash flows used in financing activities by SBH continuing operations decreased \$288.2 million for the year ended September 30, 2021 primarily due to lower stock repurchase activity, payment of contingent consideration associated with the GBL divestiture of \$197.0 million in the prior year; partially offset by reduced cash inflow from debt financing of \$157.9 million primarily due to premiums and loss on extinguishment from refinancing activity. During the year ended September 30, 2021, the Company realized \$899.0 million of proceeds from the new Term Loan Facility and issuance of the 3.875% Notes, net discount, with payment of \$891.2 million of outstanding principal on the 6.125% Notes and the 5.75% Notes including make whole premiums of \$23.4 million, plus paydown of assumed debt from the acquisition of Armitage. Refer to *Note 12 - Debt* in Notes to Consolidated Financial Statements included elsewhere in this Annual Report for additional information. There has been no issuance of common stock, other than through the Company's share-based compensation plan, with reduced spending on common stock repurchases of \$239.0 million from the accelerated share repurchase arrangement and open market purchases in the prior year. See *Note 18 - Shareholder's Equity* in Notes to Consolidated Financial Statements included elsewhere in this Annual Report for additional information. Cash dividend payments decreased due to lower shares outstanding with a consistent dividend rate of \$0.42 per shares. Cash flows from financing activities for SB/RH continuing operations for the year ended September 30, 2021 are highly dependent upon the financing cash flow activity of SBH.

Cash flows used in financing activities by SBH continuing operations decreased \$2,226.5 million for the year ended September 30, 2020 primarily due to the debt repayment activity in the prior year following the GBL and GAC divestitures, offset by the payment of the Varta contingent payment to Energizer subsequent to the GBL divestiture and incremental treasury share repurchase activity. During the year ended September 30, 2020, SBH recognized net proceeds of \$300.0 million from the issuance of 5.50% Notes. The proceeds from the issuance of the 5.50% Notes were used for repayment of the Revolver Facility obligation. The Company made \$134.3 million payment on debts for the outstanding balance of 6.625% Notes of \$117.4 million with premium of early extinguishment of \$1.3 million, and other debt payments of \$15.6 million. There has been no issuance of common stock, other than through the Company's share-based compensation plan, with increased spending on common stock repurchase activity of \$364.8 million from the accelerated share repurchase arrangement and open market purchases during the year. See *Note 18 - Shareholder's Equity* in Notes to Consolidated Financial Statements included elsewhere in this Annual Report for additional information. Cash dividend payments decreased due to lower shares outstanding with a consistent dividend rate of \$0.42 per shares. Cash flows from financing activities for SB/RH continuing operations are highly dependent upon the financing cash flow activity of SBH.

Liquidity Outlook

Our ability to generate significant cash flow from operating activities coupled with our expected ability to access the credit markets, enables us to execute our growth strategies and return value to our shareholders. Our ability to make principal and interest payments on borrowings under our debt agreements and our ability to fund planned capital expenditures will depend on the ability to generate cash in the future, which, to a certain extent, is subject to general economic, financial, competitive, regulatory and other conditions. Based upon our current level of operations, existing cash balances, the anticipated proceeds from HHI divestitures and availability under our credit facility, we expect cash flows from operations to be sufficient to meet our operating and capital expenditure requirements for at least the next 12 months. Additionally, we believe the availability under our credit facility and access to capital markets are sufficient to achieve our longer-term strategic plans. As of September 30, 2021, the Company had borrowing availability of \$575.4 million, net of outstanding letters of credit of \$24.6 million, under our credit facility. Liquidity and capital resources of SB/RH are highly dependent upon the cash flow activities of SBH.

Short-term financing needs primarily consist of working capital requirements, restructuring initiatives, capital spending, and periodic principal and interest payments on our long-term debt. Long-term financing needs depend largely on potential growth opportunities, including acquisition activity, repayment or refinancing of our long-term obligations, and repurchases of our common stock. We may, from time-to-time, seek to repurchase shares of our common stock. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, and other factors. During the fourth quarter ended September 30, 2021, SBH entered into a \$150 million rule 10b5-1 repurchase to facilitate daily market share repurchases through September 2022 or until the cap is reached or agreement is terminated, of which \$16.0 million was executed as of September 30, 2021. Our long-term liquidity may be influenced by our ability to borrow additional funds, renegotiate existing debt, and raise equity under terms that are favorable to us. We also have long-term obligations associated with defined benefit plans with expected minimum required contributions that are not considered significant to the consolidated group.

We maintain a capital structure that we believe provides us with sufficient access to credit markets. When combined with strong levels of cash flow from operations, our capital structure has provided the flexibility necessary to pursue strategic growth opportunities and return value to our shareholders. The Company's access to capital markets and financing costs may depend on the Company's credit ratings. None of the Company's current borrowings are subject to default or acceleration as a result of a downgrading of credit ratings, although a downgrade of the Company's credit ratings could increase fees and interest charges on future borrowings. At September 30, 2021, we were in compliance with all covenants under the Credit Agreement and the indentures governing the 3.875% Notes, 5.00% Notes, 5.50% Notes, 5.75% Notes, and 4.00% Notes.

A portion of our cash balance is located outside the U.S. given our international operations. We manage our worldwide cash requirements centrally by reviewing available cash balances across our worldwide group and the cost effectiveness with which this cash can be accessed. We generally repatriate cash from non-U.S. subsidiaries, provided the cost of the repatriation is not considered material. The counterparties that hold our deposits consist of major financial institutions. At September 30, 2021, we believe there is approximately \$50-75 million of foreign cash available for repatriation.

The majority of our business is not considered seasonal with a year round selling cycle that is overall consistent during the fiscal year with the exception of our H&G segment. H&G sales typically peak during the first six months of the calendar year (the Company's second and third fiscal quarters) due to customer seasonal purchasing patterns and the timing of promotional activity. This seasonality requires the Company to ship large quantities of product ahead of peak consumer buying season that can impact cash flow demands to meet manufacturing and inventory requirements earlier in the fiscal year, as well as extended credit terms and/or promotional discounts throughout the peak season.

The Company enters into factoring agreements and customers' supply chain financing arrangements to provide for the sale of certain trade receivables to unrelated third-party financial institutions. The factored receivables are accounted for as a sale without recourse, and the balance of the receivables sold are removed from the Consolidated Balance Sheet at the time of the sales transaction, with the proceeds received recognized as an operating cash flow. Additionally, the Company facilitates a voluntary supply chain financing program to provide certain of its suppliers with the opportunity to sell receivables due from the Company (the Company's trade payables) to an unrelated third-party financial institution under the sole discretion of the supplier and the participating financial institution. There are no guarantees provided by the Company or its subsidiaries and we do not enter into any agreements with the suppliers regarding their participation. The Company's responsibility is limited to payments on the original terms negotiated with its suppliers, regardless of whether the suppliers sell their receivables to the financial institution, and continue to be recognized as accounts payable on the Company's Consolidated Balance Sheet with cash flow activity recognized as an operating cash flow.

The COVID-19 pandemic has not, as of the date of this report, materially impacted our operations or demand for our products and has not had a materially negative impact on the Company's liquidity position. The Company has realized supply chain disruptions which has impacted our cash flow to facilitate increased investment in inventory to ensure timely supply to meet customer demands along with shortened payment dates for some suppliers to account for longer shipping cycles. There can be no assurance that it won't have a material negative impact on us in the future. Nonetheless, we continue to actively monitor our global cash balances and liquidity, and if necessary, could reinstate mitigating efforts to manage non-critical capital spend and assess operating spend to preserve cash and liquidity, including the suspension of our share repurchase activity. We continue to generate operating cash flows to meet our short-term liquidity needs, and we expect to maintain access to the capital markets, although there can be no assurance of our ability to do so. However, the continued spread of COVID-19 has led to disruption and volatility in the global capital markets, which, depending on future developments, could impact our capital resources and liquidity in the future.

Debt obligations

Our debt obligations, excluding finance leases, have varying maturity dates with no material outstanding principal payments due within the following 12 months. Our Term Loan Facility is subject to quarterly amortizing payments of \$1.0 million. Refer to *Note 12-Debt* in notes to Consolidated Financial Statements included elsewhere in this Annual Report for expiration dates and maturity schedules on outstanding debt obligations for the following 5 years and thereafter. In addition to the outstanding principal on our debt, we anticipate annual interest payments of \$117.4 million in the aggregate and includes interest under our: (i) Term Loan and Revolver Facility of \$20.9 million, subject to variable interest rates; (ii) 5.75% Notes of \$25.9 million; (iii) 4.00% Notes of \$19.7 million; (iv) 5.00% Notes of \$15.0 million; (v) 5.50% Notes of \$16.5 million; (vi) 3.875% Notes of \$19.4 million. Interest on the notes is payable semi-annually in arrears and interest under the Term Loan and Revolver Facility is payable on various interest payment dates as provided in the Senior Credit Agreement.

Lease obligations

The Company enters into leases primarily pertaining to real estate for manufacturing facilities, distribution centers, office space, warehouses, and various equipment including automobiles, machinery, computers, and office equipment, amongst others. Lease obligations with a term in excess of 12 months are recognized on the Company's Consolidated Statement of Financial Position. See *Note 13 - Leases of Notes* to the Consolidated Financial Statement included elsewhere in the Annual Report for further detail, including maturity schedule on outstanding finance and operating lease obligations for the following 5 years and thereafter, including imputed interest not reflected on the Consolidated Statements of Financial Position.

Employee benefit plan obligations

The Company and its subsidiaries are sponsors to various defined benefit pension plans covering some of its employees that provide post-employment benefits of stated amounts for each year of service, including a number of other non-U.S. pension arrangements, including various retirement and termination benefit plans, some of which are covered by local law or coordinated with government-sponsored plans. The Company recognizes an actuarial determined unfunded projected benefit obligation recognized as Other Long-Term Liabilities on the Company's Consolidated Statement of Financial Position, net fair value of dedicated plan assets. See *Note 15 - Employee Benefit Plans* of the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report for further detail included projected payments towards the future obligation for the following 5 years and thereafter. The Company anticipates that benefit obligations will be predominantly paid through dedicated plan assets. Future contributions to defined benefit plans are not expected to be material to the operations and cash flow for the Company.

Other commitments and obligations

Other commitments and obligations include an outstanding mandatory repatriation tax liability of \$18.9 million that is payable over the next 5 years, with \$2.0 million due and payable in the next 12 months but will be offset by previous payments and credits. The remaining balance due is net of refundable tax credits and overpayments that must be applied to the mandatory tax installments, and due to the credits and overpayments, the Company does not expect to make an additional payment for mandatory repatriation until Fiscal 2025. See *Note 16 - Income Taxes of Notes* to the Consolidated Financial Statements included elsewhere in this Annual Report.

Our Consolidated Statements of Financial Position also includes reserves for uncertain tax positions; however, it is not possible to predict or estimate the amount and timing of payments for uncertain tax positions and those liabilities have been excluded from the obligations above. The Company cannot reasonably predict the ultimate outcome of income tax audits currently in progress for certain of our companies. It is reasonably possible that during the next 12 months, some portion of our unrecognized tax benefits could be recognized. See *Note 16 - Income Taxes of the Notes* to the Consolidated Financial Statements included elsewhere in this Annual Report for additional discussion on uncertain tax positions.

The Company has recognized other payables associated with indemnifications following divestitures, including tax indemnifications, that we cannot reasonably predict the ultimate outcome of our obligation; however it is reasonably possible that during the next 12 months, some portion of our indemnification payable could be recognized. As of September 30, 2021, there are \$17.3 million of indemnification liabilities recognized as Other Current Accruals and \$19.2 million recognized as Other Long-Term Liabilities on the Consolidated Statement of Financial Position. See *Note 3 - Divestitures of the Notes* to the Consolidated Financial Statements included elsewhere in this Annual Report.

Guarantor Statements - SB/RH

SBI has issued the 5.75% Notes under the 2025 Indenture, the 4.00% Notes under the 2026 Indenture, the 5.00% Notes under the 2029 Indenture, the 5.50% Notes under the 2030 Indenture, and the 3.875% Notes under the 2031 Indentures (collectively, the “Notes”). The Notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by SB/RH and SBI’s domestic subsidiaries. The Notes and the related guarantees rank equally in right of payment with all of SBI and the guarantors’ existing and future senior indebtedness and rank senior in right of payment to all of SBI and the guarantors’ future indebtedness that expressly provide for its subordination to the Notes and the related guarantees. Non-guarantor subsidiaries primarily consist of SBI’s foreign subsidiaries.

The following financial information consists of summarized financial information of the Obligor, presented on a combined basis. The “Obligor” consists of the financial statements of SBI as the debt issuer, SB/RH as a parent guarantor, and the domestic subsidiaries of SBI as subsidiary guarantors. Intercompany balances and transactions between SBI and the guarantors have been eliminated. Investments in non-guarantor subsidiaries and the earnings or losses from those non-guarantor subsidiaries have been excluded.

(in millions)	2021
Statement of Operations Data	
Third-party net sales	\$ 1,774.2
Intercompany net sales to non-guarantor subsidiaries	18.8
Total net sales	1,793.0
Gross profit	555.5
Operating loss	(79.5)
Net loss from continuing operations	(116.2)
Net income	28.6
Net income attributable to controlling interest	28.6
Statement of Financial Position Data	
Current Assets	\$ 1,999.1
Noncurrent Assets	2,090.2
Current Liabilities	936.1
Noncurrent Liabilities	2,881.7

The Obligor’s amounts due from, due to the non-guarantor subsidiaries as of September 30, 2021 are as follows:

(in millions)	2021
Statement of Financial Position Data	
Current receivables from non-guarantor subsidiaries	\$ 9.5
Long-term receivable from non-guarantor subsidiaries	202.8
Current payable to non-guarantor subsidiaries	266.2
Long-term debt with non-guarantor subsidiaries	123.3

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements have been prepared in accordance with GAAP and fairly present our financial position and results of operations. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its accounting estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances and evaluates its estimates on an ongoing basis. The following section identifies and summarizes those accounting policies considered by management to be the most critical to understanding the judgments that are involved in the preparation of our consolidated financial statements and the uncertainties that could impact our results of operations, financial position and cash flows. The application of these accounting policies requires judgment and use of assumptions as to future events and outcomes that are uncertain and, as a result, actual results could differ from these estimates. Refer to *Note 2 - Significant Accounting Policies and Practices* of Notes to the Consolidated Financial Statements for all relevant accounting policies.

Goodwill, Intangible Assets and Other Long-Lived Assets

The Company's goodwill, intangible assets and tangible fixed assets are stated at historical cost, net of depreciation and amortization, less any provision for impairment. Intangible and tangible assets with determinable lives are amortized or depreciated on a straight line basis over estimated useful lives. Refer to *Note 2 - Significant Accounting Policies and Practices* of Notes to the Consolidated Financial Statements for more information about useful lives.

On an annual basis, during the fourth quarter of the fiscal year, or more frequently if triggering events occur, the Company tests for impairment of goodwill by either performing a qualitative assessment or quantitative test for some or all reporting units. Our reporting units are consistent with our operating segments. See *Note 22 - Segment Information* of Notes to the Consolidated Financial Statements for further discussion of operating and reporting segments.

The Company evaluates qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. In performing a qualitative assessment, the Company considers events and circumstances, including, but not limited to macroeconomic conditions, industry and market conditions, cost factors, overall financial performance, changes in management or key personnel, changes in strategy, changes in customers, changes in market value, composition or carrying amount of a reporting unit's net asset, and considering change in the market price of the Company's common stock. If we determine that it is more likely than not the carrying value is greater than the fair value of a reporting unit after assessing the totality of facts and circumstances, a quantitative assessment is performed to determine the reporting unit fair value and measure the impairment. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded for the difference between the fair value of the reporting unit goodwill and its carrying value. The estimated fair value represents the amount at which a reporting unit could be bought or sold in a current transaction between willing parties on an arms-length basis. In estimating the fair value of the reporting unit, we use a discounted cash flows methodology, which requires us to estimate future revenues, expenses, and capital expenditures and make assumptions about our weighted average cost of capital and perpetuity growth rate, among other variables. We test the aggregate estimated fair value of our reporting units by comparison to our total market capitalization, including both equity and debt capital. For the year ended September 30, 2021, we did not recognize an impairment of goodwill or deem any reporting units as 'at risk' of impairment.

In addition to goodwill, the Company has indefinite-lived intangible assets that consist of acquired tradenames. On an annual basis, during the Company's fourth quarter, or more frequently if triggering events occur, the Company tests for impairment by either performing a qualitative assessment or quantitative test for some or all indefinite-lived intangible assets. The Company evaluates qualitative factors to determine whether it is more likely than not that the fair value of the indefinite lived intangible assets is less than its carrying amount. In performing a qualitative assessment, the Company considers events and circumstances including, but not limited to, macroeconomic conditions, industry and market conditions, cost factors, changes in strategy and overall financial performance. If we determine that it is more likely than not the carrying value is greater than the fair value of an indefinite lived intangible asset, a quantitative assessment is performed to determine the fair value and measure the impairment. If the fair value is less than its carrying value, an impairment loss is recorded for the excess. The fair value of indefinite-lived intangible assets is determined using an income approach, the relief-from-royalty methodology, which requires us to make estimates and assumptions about future revenues, royalty rates, and the discount rate, among others. There was no impairment on indefinite life intangible assets for the year ended September 30, 2021. As of September 30, 2021, there were no material intangible assets that could be deemed at risk of future impairment due to the limited excess fair value.

The Company also reviews other definite-lived intangible assets and tangible fixed assets for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Circumstances such as the discontinuation of a product or product line, a sudden or consistent decline in the sales forecast for a product, changes in technology or in the way an asset is being used, a history of operating or cash flow losses or an adverse change in legal factors or in the business climate, among others, may trigger an impairment review. If such indicators are present, the Company performs undiscounted cash flow analyses to determine if impairment exists. The asset value would be deemed impaired if the undiscounted cash flows expected to be generated by the asset did not exceed the carrying value of the asset. If impairment is determined to exist, any related impairment loss is calculated based on fair value. During the year ended September 30, 2021, there was no impairment of definite-lived intangible assets or tangible fixed assets.

A considerable amount of judgment and assumptions are required in performing the impairment tests, principally in determining the fair value of each reporting unit and assets subject to impairment testing. While the Company believes its judgments and assumptions are reasonable, different assumptions could change the estimated fair value and therefore, additional impairment charges could be required. The Company is subject to financial statement risk in the event that business or economic conditions unexpectedly decline and impairment is realized.

Income Taxes

The Company is subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and recording the related deferred tax assets and liabilities.

The Company assesses its income tax positions and records tax liabilities for all years subject to examination based upon management's evaluation of the facts and circumstances and information available for reporting. For those income tax positions where it is more-likely-than-not that a tax benefit will be sustained upon conclusion of an examination, the Company has recorded a reserve based upon the largest amount of tax benefit having a cumulatively greater than 50% likelihood of being realized upon ultimate settlement with the applicable taxing authority assuming that it has full knowledge of all relevant information. For those income tax positions where it is more-likely-than-not that a tax benefit will not be sustained, the Company did not recognize a tax benefit. As of September 30, 2021, the total amount of unrecognized tax benefits, including interest and penalties, that if not recognized would affect the effective tax rate in future periods was \$19.5 million. Our effective tax rate includes the impact of income tax reserves and changes to those reserves when considered appropriate. A number of years may elapse before a particular matter for which we have established a reserve is finally resolved. Unfavorable settlement of any particular issue may require the use of cash or a reduction in our net operating loss carryforwards or tax credits. Favorable resolution would be recognized as a reduction to the effective rate in the year of resolution.

The Company recognizes deferred tax assets and liabilities for future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, net operating losses, tax credit, and other carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company does not adjust its measurement for proposed future tax rate changes that have not yet been enacted into law. The Company regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance based on historical losses, projected future taxable income, expected timing of the reversals of existing temporary differences, and ongoing prudent and feasible tax planning strategies. We base these estimates on projections of future income, including tax planning strategies, in certain jurisdictions. Changes in industry conditions and other economic conditions may impact our ability to project future income. Should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period we make that determination.

As of September 30, 2021, we have U.S. federal net operating loss carryforwards (“NOLs”) of \$1,389.3 million, with a federal tax benefit of \$291.7 million and future tax benefits related to state NOLs of \$69.6 million. Our total valuation allowance for the tax benefit of deferred tax assets that may not be realized is \$349.4 million at September 30, 2021. Of this amount, \$253.0 million relates to U.S. net deferred tax assets and \$96.4 million relates to foreign net deferred tax assets. We estimate that \$149.1 million of valuation allowance related to domestic deferred tax assets cannot be released regardless of the amount of domestic operating income generated due to prior period ownership changes that limit the amount of NOLs and credits we can use.

As of September 30, 2021, we have provided no significant residual U.S. taxes on earnings not yet taxed in the U.S. As of September 30, 2021, we project \$1.8 million of additional tax from non-U.S. withholding and other taxes expected to be incurred on repatriation of foreign earnings.

See *Note 16 - Income Taxes* of Notes to the Consolidated Financial Statements elsewhere included in this Annual Report.

New Accounting Pronouncements

See *Note 2 – Significant Accounting Policies and Practices* of Notes to the Consolidated Financial Statements elsewhere included in this Annual Report for information about recent accounting pronouncements not yet adopted.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Factors

We have market risk exposure from changes in interest rates, foreign currency exchange rates, tariffs, and commodity prices. When appropriate, we use derivative financial instruments to mitigate the risk from such exposures. A discussion of our accounting policies for derivative financial instruments is included in *Note 14 - Derivatives* of Notes to the Consolidated Financial Statements included elsewhere in this Annual Report.

Interest Rate Risk

Our Revolver Facility and Term Loan Facility have variable interest rates. If market interest rates increase, the interest rate on our variable rate debt will increase and will create higher debt service requirements, which would adversely affect our cash flow and could adversely impact our results of operations. The general levels of U.S., European Union interest rates and LIBOR affect interest expense. As of September 30, 2021, we had \$398.0 million subject to variable interest rates, or 15.7% of total debt. Assuming an increase to market rates of 1% as of September 30, 2021, we would incur an increase to interest expense of \$4.0 million. Our Term Loan Facility and Revolver Facility allows for the LIBOR rate to be phased out and replaced with the Secured Overnight Financing Rate and therefore we do not anticipate a material impact by the expected upcoming LIBOR transition.

Foreign Exchange Risk

We are subject to risk from sales and loans to and from our subsidiaries as well as sales to, purchases from and bank lines of credit with third-party customers, suppliers and creditors denominated in foreign currencies. Foreign currency sales and purchases are made primarily in Euro, Pounds Sterling, Mexican Pesos, Canadian Dollars, and Australian Dollars. We manage our foreign exchange exposure from such sales, accounts receivable, intercompany loans, firm purchase commitments, accounts payable and credit obligations through the use of naturally occurring offsetting positions (borrowing in local currency), forward foreign exchange contracts, foreign exchange rate swaps and foreign exchange options. The related amounts payable to, or receivable from, the contract counter-parties are included in accounts payable or accounts receivable.

At September 30, 2021, we had \$504.6 million equivalent of debt denominated in foreign currencies, which consist primarily of the Euro-denominated 4.00% Notes to the equivalent of \$492.9 million, which are recorded in a U.S. Dollar functional entity, and the remaining debt is recorded in countries with the same functional currency as the debt. The 4.00% Notes are held as a net investment hedge of the translation of the Company’s net investments in Euro-denominated subsidiaries.

At September 30, 2021, the potential change in fair value of outstanding foreign exchange derivative instruments, assuming a 10% unfavorable change in the underlying exchange rates, would be a loss of \$48.6 million. The net impact on reported earnings, after also including the effect of the change in the underlying foreign currency-denominated exposures, would be a net gain of \$21.2 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required for this Item is included in this Annual Report on Form 10-K within Item 15, Exhibits, Financial Statements and Schedules, and is incorporated herein by reference. This report is a combined report of SBH and SB/RH. The notes to the consolidated financial statements include consolidated SBH Notes and certain distinct information specific to SB/RH when required.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Spectrum Brands Holdings, Inc.

Evaluation of Disclosure Controls and Procedures. An evaluation was performed under the supervision and participation of SBH's management, including the Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of SBH's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), as of September 30, 2021. Based on that evaluation, SBH's management, including the Principal Executive Officer and Principal Financial Officer, concluded that as of September 30, 2021, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in this Annual Report on Form 10-K was reported within the time periods specified by SEC rules and regulations, and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding the required disclosures.

Notwithstanding the foregoing, there can be no assurance that SBH's controls and procedures will detect or uncover all failures of persons within SBH to disclose material information otherwise required to be set forth in SBH's periodic reports. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable, not absolute, assurance of achieving their control objectives.

Management's Annual Report on Internal Control over Financial Reporting. SBH's management is responsible for establishing and maintaining adequate internal control over financial reporting for SBH, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of SBH's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only with proper authorizations; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of SBH's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. These inherent limitations are an intrinsic part of the financial reporting process. Therefore, although SBH's management is unable to eliminate this risk, it is possible to develop safeguards to reduce it. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

SBH's management, under the oversight of the principal executive and principal financial officers, and Board of Directors, conducted an assessment of the effectiveness of our internal control over financial reporting based upon the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework (2013)* (COSO 2013 Framework). Based on this assessment, management has concluded that its internal control over financial reporting was effective as of September 30, 2021 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. SBH's internal control over financial reporting as of September 30, 2021 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its attestation report, which is included herein.

Under guidelines established by the SEC, companies are allowed to exclude acquisitions from their first assessment of internal control over financial reporting following the date of the acquisition. SBH's management excluded the acquisitions of Armitage Pet Products, which was completed on October 26, 2020, and For Life Products, LLC, which was completed on May 28, 2021, from the assessment of the effectiveness of internal control over financial reporting. The total assets of \$532.8 million and total net sales of \$117.4 million associated with the acquisitions are included in the consolidated financial statements of SBH as of and for the year ended September 30, 2021.

Changes in Internal Control Over Financial Reporting. As disclosed in Part II Item 9A Controls and Procedures in our Annual Report on Form 10-K for the fiscal year ended September 30, 2020, we identified a material weakness in internal control over financial reporting related to ineffective information technology general controls (ITGCs) related to user access and role change reviews over certain information technology (IT) systems in the EMEA region. During the year ended September 30, 2021, we implemented our previously-disclosed remediation plan that included (1) developing and enhancing IT compliance oversight capabilities with specific focus over identification and execution of appropriate ITGCs within the EMEA region; (2) enhancing user access reviews and role change testing control activities with focus in the EMEA region including enhanced documentation, training and knowledge sharing access reviews and role change testing control activities and policies within the EMEA IT operations, including documentation evidencing the specific control procedures to be performed; and (3) maintaining process and control documentation underlying user access reviews and roll change processes within the EMEA region to promote knowledge transfer and transition upon personnel changes. In addition, we validated the underlying data and financial reports generated by the impacted information systems supporting business process controls and operations in the EMEA region. Other than those described above, there were no additional changes to our internal control over financial reporting that occurred during the year ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

SB/RH Holdings, LLC

Evaluation of Disclosure Controls and Procedures. An evaluation was performed under the supervision and participation of SB/RH's management, including the Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of SB/RH's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), as of September 30, 2021. Based on that evaluation, SB/RH's management, including the Principal Executive Officer and Principal Financial Officer, concluded that as of September 30, 2021 our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in this Annual Report on Form 10-K was reported within the time periods specified by SEC rules and regulations, and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding the required disclosures.

Notwithstanding the foregoing, there can be no assurance that SB/RH's controls and procedures will detect or uncover all failures of persons within SB/RH to disclose material information otherwise required to be set forth in SB/RH's periodic reports. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable, not absolute, assurance of achieving their control objectives.

Management's Annual Report on Internal Control over Financial Reporting. SB/RH's management is responsible for establishing and maintaining adequate internal control over financial reporting for SB/RH, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of SB/RH's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only with proper authorizations; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of SB/RH's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. These inherent limitations are an intrinsic part of the financial reporting process. Therefore, although SB/RH's management is unable to eliminate this risk, it is possible to develop safeguards to reduce it. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

SB/RH's management, under the oversight of the principal executive and principal financial officers, and Board of Directors, conducted an assessment of the effectiveness of our internal control over financial reporting based upon the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework (2013)* (COSO 2013 Framework). Based on this assessment, management has concluded that its internal control over financial reporting was effective as of September 30, 2021 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

Under guidelines established by the SEC, companies are allowed to exclude acquisitions from their first assessment of internal control over financial reporting following the date of the acquisition. SB/RH's management excluded the acquisitions of Armitage Pet Products, which was completed on October 26, 2020, and For Life Products, LLC, which was completed on May 28, 2021, from the assessment of the effectiveness of internal control over financial reporting. The total assets of \$532.8 million and total net sales of \$117.4 million associated with the acquisitions are included in the consolidated financial statements of SB/RH as of and for the year ended September 30, 2021. This annual report does not include an attestation report of SB/RH's registered public accounting firm due to the established rules of the SEC.

Changes in Internal Control Over Financial Reporting. As disclosed in Part II Item 9A Controls and Procedures in our Annual Report on Form 10-K for the fiscal year ended September 30, 2020, we identified a material weakness in internal control over financial reporting related to ineffective information technology general controls (ITGCs) related to user access and role change reviews over certain information technology (IT) systems in the EMEA region. During the year ended September 30, 2021, we implemented our previously-disclosed remediation plan that included (1) developing and enhancing IT compliance oversight capabilities with specific focus over identification and execution of appropriate ITGCs within the EMEA region; (2) enhancing user access reviews and role change testing control activities with focus in the EMEA region including enhanced documentation, training and knowledge sharing access reviews and role change testing control activities and policies within the EMEA IT operations, including documentation evidencing the specific control procedures to be performed; and (3) maintaining process and control documentation underlying user access reviews and roll change processes within the EMEA region to promote knowledge transfer and transition upon personnel changes. In addition, we validated the underlying data and financial reports generated by the impacted information systems supporting business process controls and operations in the EMEA region. Other than those described above, there were no additional changes to our internal control over financial reporting that occurred during the year ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 401 of Regulation S-K concerning the directors and executive officers of SBH is incorporated herein by reference to the disclosures which will be included in a subsequent amendment to the Form 10-K, which will be filed no later than 120 days after the end of the SBH's fiscal year ended September 30, 2021.

Audit Committee and Audit Committee Financial Expert

The information required by Items 407(d)(4) and 407(d)(5) of Regulation S-K is incorporated herein by reference from the disclosure which will be included in a subsequent amendment to the Form 10-K.

Section 16(a) Beneficial Ownership Reporting Compliance

The information required by Item 405 of Regulation S-K is incorporated herein by reference from the disclosure which will be included in a subsequent amendment to the Form 10-K.

Code of Ethics

We have adopted the Code of Ethics for the Principal Executive Officer and Senior Financial Officers that applies to our Chief Executive Officer, Chief Financial Officer and other senior finance organization employees. The Code of Ethics for the Principal Executive Officer and Senior Financial Officers is publicly available on our website at www.spectrumbrands.com under "Investor Relations—Corporate Governance." We intend to disclose amendments to, and, if applicable, waivers of, this code of ethics on that section of our website.

We have also adopted the Spectrum Brands Code of Business Conduct and Ethics that applies to all of our directors, officers and employees. The Spectrum Brands Code of Business Conduct and Ethics is publicly available on our website at www.spectrumbrands.com under "Investor Relations—Corporate Governance." Any amendments to this code of ethics or any waiver of this code of ethics for executive officers or directors may be made only by our Board of Directors as a whole or our Audit Committee and will be promptly disclosed to our shareholders via that section of our website.

ITEM 11. EXECUTIVE COMPENSATION

Executive Compensation

The information required by Item 402 of Regulation S-K is incorporated herein by reference from the disclosures which will be included in a subsequent amendment to the Form 10-K.

Compensation Committee Interlocks and Insider Participation

The information required by Item 407(e)(4) of Regulation S-K is incorporated herein by reference from the disclosure which will be included in a subsequent amendment to the Form 10-K.

Report of the Compensation Committee of the Board of Directors

The information required by Item 407(e)(5) of Regulation S-K is incorporated herein by reference from the disclosure which will be included in a subsequent amendment to the Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Ownership of Common Shares of Spectrum Brands Holdings, Inc.

The information required by Item 404 of Regulation S-K is incorporated herein by reference from the disclosures which will be included in a subsequent amendment to the Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Review, Approval or Ratification of Transactions with Related Persons

The information required by Item 404 of Regulation S-K is incorporated herein by reference from the disclosures which will be included in a subsequent amendment to the Form 10-K.

Director Independence

The information required by Item 407(a) of Regulation S-K is incorporated herein by reference from the disclosures which will be included in a subsequent amendment to the Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table summarizes the fees KPMG LLP, our independent registered public accounting firm, billed to the Company.

(in millions)	2021	2020
Audit Fees	\$ 5.5	\$ 5.0
Audit-Related Fees	4.4	—
Tax Fees	—	0.1
All Other Fees	—	—
Total	\$ 9.9	\$ 5.1

In the above table, in accordance with the SEC's definition and rules, "Audit Fees" are fees paid to KPMG LLP for professional services for the audits of SBH and SB/RH, and our consolidated financial statements included in our Form 10-K and the review of our financial statements included in Forms 10-Q, or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements, such as issuance of comfort letters and statutory audits required for certain of our foreign subsidiaries. "Audit-Related Fees" are fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements, including the due diligence activities relating to mergers and acquisitions and the audit of standalone carve-out financial statements as required. "Tax Fees" are fees for tax compliance, tax advice, and tax planning. Such fees were attributable to services for tax compliance assistance and tax advice. "All Other Fees" are fees, if any, for any services not included in the first three categories.

Pre-Approval of Independent Auditors Services and Fees

The Audit Committee pre-approved the audit services engagement performed by KPMG LLP for the year ended September 30, 2021. In accordance with the Audit Committee's Pre-Approval Policy, the Audit Committee has pre-approved other specified audit, or audit related services, provided that the fees incurred by KPMG LLP in connection with any individual engagement do not exceed \$200,000 in any 12-month period. The Audit Committee must approve for an engagement by engagement basis any individual non-audit or tax engagement in any 12-month period. The Audit Committee has delegated to its Chairman the authority to pre-approve any other specific audit or specific non-audit service which was not previously pre-approved by the Audit Committee, provided that any decision of the Chairman to pre-approve other audit or non-audit services shall be presented to the Audit Committee at its next scheduled meeting.

PART IV**ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES**

(a) The following documents are filed as part of or are included in this Annual Report on Form 10-K:

1. The financial statements of Spectrum Brands Holdings, Inc. and SB/RH Holdings, LLC listed in the Index to Consolidated Financial Statements, filed as part of this Annual Report on Form 10-K.
2. The exhibits listed in the Exhibit Index filed as part of this Annual Report on Form 10-K.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

This report is a combined report of Spectrum Brands Holdings, Inc. ("SBH") and SB/RH Holdings, LLC ("SB/RH"). The notes to the consolidated financial statements include consolidated SBH footnotes and certain footnotes related to SB/RH.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Spectrum Brands Holdings, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Spectrum Brands Holdings, Inc. and subsidiaries (the Company) as of September 30, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended September 30, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated November 22, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matter

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

Recoverability of deferred tax assets associated with the Company's net operating

As discussed in Note 16 to the consolidated financial statements, the Company had \$734.0 million of deferred tax assets as of September 30, 2021. The deferred tax assets arose primarily due to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as, net operating losses, capital losses, and other carryforwards. The Company records a valuation allowance on the deferred tax assets not expected to be recoverable. In assessing the recoverability of the deferred tax assets, the Company considers both historical and forecasted income and expected timing of when temporary differences will reverse.

We identified the evaluation of the recoverability of the deferred tax assets associated with the Company's net operating losses as a critical audit matter due to the subjectivity involved in evaluating the recoverability of those deferred tax assets. This subjectivity is primarily driven by the Company's ability to generate sufficient taxable income of the appropriate character in the future so as to recover those deferred tax assets. Further, there is complexity in the application of the relevant tax regulations to the Company's forecasted taxable income.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to the development of forecasted income, utilization of net operating losses, and the application of the relevant tax regulations. We assessed the likelihood of the Company's ability to recover its net operating loss deferred tax assets in the future, which included evaluating projected financial information used to forecast taxable income. To assess the Company's ability to forecast, we compared the Company's previous forecasts to actual results. We involved U.S. tax professionals with specialized skills and knowledge, who assisted in assessing the Company's application of the relevant tax regulations and evaluating the recoverability of deferred tax assets associated with the Company's net operating losses.

/s/ KPMG LLP

We have served as the Company's auditor since 2011.
Milwaukee, Wisconsin
November 23, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Spectrum Brands Holdings, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Spectrum Brands Holdings, Inc. and subsidiaries' (the Company) internal control over financial reporting as of September 30, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of September 30, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended September 30, 2021, and the related notes (collectively, the consolidated financial statements), and our report dated November 22, 2021, expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Armitage Pet Care Limited and For Life Products, LLC during 2021, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of September 30, 2021, the internal control over financial reporting for both Armitage Pet Care Limited and For Life Products, LLC associated with total assets of \$532.8 million and total revenues of \$117.4 million included in the consolidated financial statements of the Company as of and for the year ended September 30, 2021. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Armitage Pet Care Limited and For Life Products, LLC.

Basis for Opinion

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Milwaukee, Wisconsin
November 23, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholder and Board of Directors
SB/RH Holdings, LLC:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of SB/RH Holdings, LLC and subsidiaries (the Company) as of September 30, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareholder's equity, and cash flows for each of the years in the three-year period ended September 30, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

Recoverability of deferred tax assets associated with the Company's net operating losses

As discussed in Note 16 to the consolidated financial statements, the Company had \$412.7 million of deferred tax assets as of September 30, 2021. The deferred tax assets arose primarily due to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as, net operating losses, capital losses, and other carryforwards. The Company records a valuation allowance on the deferred tax assets not expected to be recoverable. In assessing the recoverability of the deferred tax assets, the Company considers both historical and forecasted income and expected timing of when temporary differences will reverse.

We identified the evaluation of the recoverability of the deferred tax assets associated with the Company's net operating losses as a critical audit matter due to the subjectivity involved in evaluating the recoverability of those deferred tax assets. This subjectivity is primarily driven by the Company's ability to generate sufficient taxable income of the appropriate character in the future so as to recover those deferred tax assets. Further, there is complexity in the application of the relevant tax regulations to the Company's forecasted taxable income.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to the development of forecasted income, utilization of net operating losses, and the application of the relevant tax regulations. We assessed the likelihood of the Company's ability to recover its net operating loss deferred tax assets in the future, which included evaluating projected financial information used to forecast taxable income. To assess the Company's ability to forecast, we compared the Company's previous forecasts to actual results. We involved U.S. tax professionals with specialized skills and knowledge, who assisted in assessing the Company's application of the relevant tax regulations and evaluating the recoverability of deferred tax assets associated with the Company's net operating losses.

/s/ KPMG LLP

We have served as the Company's auditor since 1997.
Milwaukee, Wisconsin
November 23, 2021

SPECTRUM BRANDS HOLDINGS, INC.
Consolidated Statements of Financial Position
September 30, 2021 and 2020
(in millions, except per share figures)

(in millions)	2021	2020
Assets		
Cash and cash equivalents	\$ 187.9	\$ 531.6
Trade receivables, net	248.4	299.8
Other receivables	63.7	46.4
Inventories	562.8	318.6
Prepaid expenses and other current assets	40.8	30.9
Current assets of business held for sale	1,810.0	500.8
Total current assets	2,913.6	1,728.1
Property, plant and equipment, net	260.2	255.6
Operating lease assets	56.5	58.0
Deferred charges and other	38.8	98.7
Goodwill	867.2	627.2
Intangible assets, net	1,204.1	1,046.7
Noncurrent assets of business held for sale	—	1,293.0
Total assets	\$ 5,340.4	\$ 5,107.3
Liabilities and Shareholders' Equity		
Current portion of long-term debt	\$ 12.0	\$ 13.9
Accounts payable	388.6	362.5
Accrued wages and salaries	67.4	61.7
Accrued interest	29.9	38.5
Other current liabilities	211.9	164.7
Current liabilities of business held for sale	454.3	303.6
Total current liabilities	1,164.1	944.9
Long-term debt, net of current portion	2,494.3	2,405.6
Long-term operating lease liabilities	44.5	49.6
Deferred income taxes	59.5	55.2
Other long-term liabilities	99.0	111.1
Noncurrent liabilities of business held for sale	—	125.1
Total liabilities	3,861.4	3,691.5
Commitments and contingencies (Note 21)		
Shareholders' equity		
Common stock, \$0.01 par value; 200.0 million shares authorized; 53.8 million and 53.8 million shares issued, respectively.	0.5	0.5
Additional paid-in capital	2,063.8	2,054.3
Accumulated earnings	359.9	243.9
Accumulated other comprehensive loss, net of tax	(235.3)	(284.7)
Treasury stock, 11.9 million and 10.7 million shares, respectively	(717.0)	(606.5)
Total shareholders' equity	1,471.9	1,407.5
Noncontrolling interest	7.1	8.3
Total equity	1,479.0	1,415.8
Total liabilities and equity	\$ 5,340.4	\$ 5,107.3

See accompanying notes to the consolidated financial statements.

SPECTRUM BRANDS HOLDINGS, INC.
Consolidated Statements of Income
Years ended September 30, 2021, 2020 and 2019
(in millions, except per share figures)

(in millions, except per share)	2021	2020	2019
Net sales	\$ 2,998.1	\$ 2,622.1	\$ 2,446.4
Cost of goods sold	1,961.6	1,730.2	1,624.3
Restructuring and related charges	1.9	13.8	2.5
Gross profit	1,034.6	878.1	819.6
Selling	507.1	428.8	411.7
General and administrative	305.9	279.6	297.4
Research and development	29.8	29.2	32.1
Restructuring and related charges	38.4	57.8	58.5
Transaction related charges	56.3	23.1	20.9
Loss on sale of Coevorden operations	—	26.8	—
Write-off from impairment of goodwill	—	—	116.0
Write-off from impairment of intangible assets	—	24.2	35.4
Total operating expenses	937.5	869.5	972.0
Operating income (loss)	97.1	8.6	(152.4)
Interest expense	116.5	93.7	158.4
Gain from extinguishment of Salus CLO debt	—	(76.2)	—
Other non-operating (income) expense, net	(8.3)	16.2	43.4
Loss from continuing operations before income taxes	(11.1)	(25.1)	(354.2)
Income tax (benefit) expense	(26.4)	27.3	(52.0)
Net income (loss) from continuing operations	15.3	(52.4)	(302.2)
Income from discontinued operations, net of tax	174.3	150.9	798.0
Net income	189.6	98.5	495.8
Net income from continuing operations attributable to non-controlling interest	0.2	0.3	0.8
Net (loss) income from discontinued operations attributable to non-controlling interest	\$ (0.2)	\$ 0.4	\$ 0.5
Net income attributable to controlling interest	\$ 189.6	\$ 97.8	\$ 494.5
Amounts attributable to controlling interest			
Net income (loss) from continuing operations attributable to controlling interest	\$ 15.1	\$ (52.7)	\$ (303.0)
Net income from discontinued operations attributable to controlling interest	174.5	150.5	797.5
Net income attributable to controlling interest	\$ 189.6	\$ 97.8	\$ 494.5
Earnings Per Share			
Basic earnings per share from continuing operations	\$ 0.35	\$ (1.18)	\$ (5.98)
Basic earnings per share from discontinued operations	4.09	3.37	15.74
Basic earnings per share	\$ 4.44	\$ 2.19	\$ 9.76
Diluted earnings per share from continuing operations	\$ 0.35	\$ (1.18)	\$ (5.98)
Diluted earnings per share from discontinued operations	4.04	3.37	15.74
Diluted earnings per share	\$ 4.39	\$ 2.19	\$ 9.76
Dividend per share	\$ 1.68	\$ 1.68	\$ 1.68
Weighted Average Shares Outstanding			
Basic	42.7	44.7	50.7
Diluted	43.2	44.7	50.7

See accompanying notes to the consolidated financial statements.

SPECTRUM BRANDS HOLDINGS, INC.
Consolidated Statements of Comprehensive Income
Years ended September 30, 2021, 2020 and 2019
(in millions)

(in millions)	2021	2020	2019
Net income	\$ 189.6	\$ 98.5	\$ 495.8
Other comprehensive income			
Foreign currency translation gain (loss)	32.2	(18.5)	(30.8)
Deferred tax effect	—	0.1	(4.7)
Net unrealized gain (loss) on foreign currency translation	32.2	(18.4)	(35.5)
Unrealized gain (loss) on derivative instruments			
Unrealized gain (loss) on derivative instruments before reclassification	0.1	(6.2)	12.6
Net reclassification for loss (gain) to income from continuing operations	9.2	(4.6)	(10.4)
Net reclassification for loss (gain) to income from discontinued operations	0.1	(0.4)	(0.2)
Unrealized gain (loss) on derivative instruments after reclassification	9.4	(11.2)	2.0
Deferred tax effect	(6.6)	11.7	(5.4)
Net unrealized gain (loss) on derivative instruments	2.8	0.5	(3.4)
Defined benefit pension gain (loss)			
Defined benefit pension gain (loss) before reclassification	11.7	(5.2)	(27.6)
Net reclassification for loss to income from continuing operations	4.8	4.6	2.1
Net reclassification for (gain) loss to income from discontinued operations	(0.1)	(0.3)	0.1
Defined benefit pension gain (loss) after reclassification	16.4	(0.9)	(25.4)
Deferred tax effect	(1.6)	(0.3)	4.1
Net defined benefit pension gain (loss)	14.8	(1.2)	(21.3)
Deconsolidation of discontinued operations and assets held for sale	—	8.1	21.9
Net change to derive comprehensive income for the periods	49.8	(11.0)	(38.3)
Comprehensive income	239.4	87.5	457.5
Comprehensive income (loss) from continuing operations attributable to non-controlling interest	—	0.1	(0.2)
Comprehensive income (loss) from discontinuing operations attributable to non-controlling interest	0.4	0.3	(0.3)
Comprehensive income attributable to controlling interest	\$ 239.0	\$ 87.1	\$ 458.0

See accompanying notes to the consolidated financial statements.

SPECTRUM BRANDS HOLDINGS, INC.
Consolidated Statements of Shareholders' Equity
Years ended September 30, 2021, 2020 and 2019
(in millions)

(in millions)	Common Stock		Additional Paid-in Capital	Accumulated Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount							
Balance at September 30, 2018	53.4	\$ 0.5	\$ 1,996.7	\$ (180.1)	\$ (235.8)	\$ —	\$ 1,581.3	\$ 8.3	\$ 1,589.6
Net (loss) income from continuing operations	—	—	—	(303.0)	—	—	(303.0)	0.8	(302.2)
Income from discontinued operations, net of tax	—	—	—	797.5	—	—	797.5	0.5	798.0
Other comprehensive loss, net of tax	—	—	—	—	(59.7)	—	(59.7)	(0.5)	(60.2)
Sale and deconsolidation of discontinued operations	—	—	—	—	21.9	—	21.9	—	21.9
Treasury stock repurchases	(4.9)	—	—	—	—	(268.5)	(268.5)	—	(268.5)
Restricted stock issued and related tax withholdings	0.3	—	2.1	(0.2)	—	7.6	9.5	—	9.5
Share based compensation	—	—	32.3	—	—	—	32.3	—	32.3
Dividend paid to common shareholders	—	—	—	(87.3)	—	—	(87.3)	—	(87.3)
Dividend paid by subsidiary to NCI	—	—	—	—	—	—	—	(1.1)	(1.1)
Cumulative adjustment for adoption of new accounting standards	—	—	—	(3.1)	—	—	(3.1)	—	(3.1)
Balances at September 30, 2019	48.8	0.5	2,031.1	223.8	(273.6)	(260.9)	1,720.9	8.0	1,728.9
Net (loss) income from continuing operations	—	—	—	(52.7)	—	—	(52.7)	0.3	(52.4)
Income from discontinued operations, net of tax	—	—	—	150.5	—	—	150.5	0.4	150.9
Sale and deconsolidation of discontinued operations	—	—	—	—	8.1	—	8.1	—	8.1
Other comprehensive (loss) income, net of tax	—	—	—	—	(19.5)	—	(19.5)	0.4	(19.1)
Treasury stock repurchases	(4.2)	—	—	—	—	(239.8)	(239.8)	—	(239.8)
Accelerated share repurchase final settlement	(2.0)	—	(0.2)	—	—	(124.8)	(125.0)	—	(125.0)
Restricted stock issued and related tax withholdings	0.5	—	(14.2)	—	—	19.0	4.8	—	4.8
Share based compensation	—	—	37.6	—	—	—	37.6	—	37.6
Dividend paid to common shareholders	—	—	—	(77.4)	—	—	(77.4)	—	(77.4)
Dividend paid by subsidiary to NCI	—	—	—	—	—	—	—	(0.8)	(0.8)
Cumulative adjustment for adoption of new accounting standards (Note 2)	—	—	—	(0.3)	0.3	—	—	—	—
Balances at September 30, 2020	43.1	0.5	2,054.3	243.9	(284.7)	(606.5)	1,407.5	8.3	1,415.8
Net income from continuing operations	—	—	—	15.1	—	—	15.1	0.2	15.3
Income (loss) from discontinued operations, net of tax	—	—	—	174.5	—	—	174.5	(0.2)	174.3
Other comprehensive income, net of tax	—	—	—	—	49.4	—	49.4	0.4	49.8
Treasury stock repurchases	(1.6)	—	—	—	—	(125.8)	(125.8)	—	(125.8)
Restricted stock issued and related tax withholdings	0.3	—	(20.2)	—	—	15.3	(4.9)	—	(4.9)
Share based compensation	—	—	29.7	—	—	—	29.7	—	29.7
Dividend paid to common shareholders	—	—	—	(73.6)	—	—	(73.6)	—	(73.6)
Dividend paid by subsidiary to NCI	—	—	—	—	—	—	—	(1.6)	(1.6)
Balances at September 30, 2021	41.8	\$ 0.5	\$ 2,063.8	\$ 359.9	\$ (235.3)	\$ (717.0)	\$ 1,471.9	\$ 7.1	\$ 1,479.0

See accompanying notes to the consolidated financial statements.

SPECTRUM BRANDS HOLDINGS, INC.
Consolidated Statements of Cash Flows
Years ended September 30, 2021, 2020 and 2019
(in millions)

(in millions)	2021	2020	2019
Cash flows from operating activities			
Net income	\$ 189.6	\$ 98.5	\$ 495.8
Income from discontinued operations, net of tax	174.3	150.9	798.0
Net income (loss) from continuing operations	15.3	(52.4)	(302.2)
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization	117.0	114.7	147.3
Share based compensation	28.9	31.8	44.2
Unrealized loss on equity investments held	—	7.5	12.1
Realized (gain) loss on equity investments sold	(6.9)	9.3	—
Loss on sale of Coevorden operations	—	26.8	—
Write-off from impairment of goodwill	—	—	116.0
Write-off from impairment of intangible assets	—	24.2	35.4
Amortization of debt issuance costs and debt discount	5.6	6.4	9.9
Write-off of unamortized discount and debt issuance costs	7.9	1.1	38.3
Gain from extinguishment of Salus CLO debt	—	(76.2)	—
Purchase accounting inventory adjustment	7.3	—	—
Deferred tax (benefit) expense	(64.4)	24.6	(36.0)
Net changes in operating assets and liabilities			
Receivables	65.9	(58.6)	(81.6)
Inventories	(219.6)	36.2	2.2
Prepaid expenses and other current assets	(9.7)	26.0	(1.6)
Accounts payable and accrued liabilities	116.0	99.8	(68.6)
Other	25.9	(19.4)	42.0
Net cash provided (used) by operating activities from continuing operations	89.2	201.8	(42.6)
Net cash provided by operating activities from discontinued operations	199.2	88.5	43.7
Net cash provided by operating activities	288.4	290.3	1.1
Cash flows from investing activities			
Purchases of property, plant and equipment	(43.6)	(44.1)	(40.4)
Proceeds from disposal of property, plant and equipment	0.1	4.2	2.1
Proceeds from sale of Coevorden operations	—	29.0	—
Proceeds from sale of discontinued operations, net of cash	—	3.6	2,859.5
Business acquisitions, net of cash acquired	(429.9)	(16.9)	—
Proceeds from sale of equity investment	73.1	147.1	—
Other investing activity	(0.4)	2.3	(0.3)
Net cash (used) provided by investing activities from continuing operations	(400.7)	125.2	2,820.9
Net cash used by investing activities from discontinued operations	(22.8)	(16.9)	(23.3)
Net cash (used) provided by investing activities	(423.5)	108.3	2,797.6

(in millions)	2021	2020	2019
Cash flows from financing activities			
Payment of debt, including premium on extinguishment	\$ (891.2)	\$ (134.3)	\$ (2,649.1)
Proceeds from issuance of debt	899.0	300.0	300.0
Payment of debt issuance costs	(12.6)	(11.5)	(4.1)
Treasury stock purchases	(125.8)	(239.8)	(268.5)
Accelerated share repurchase	—	(125.0)	—
Dividends paid to shareholders	(71.5)	(75.2)	(85.5)
Dividends paid by subsidiary to non-controlling interest	—	—	(1.1)
Share based award tax withholding payments, net of proceeds upon vesting	(8.3)	(12.6)	(4.4)
Payment of contingent consideration	—	(197.0)	(8.9)
Other financing activities, net	3.5	0.3	—
Net cash used by financing activities from continuing operations	(206.9)	(495.1)	(2,721.6)
Net cash used by financing activities from discontinued operations	(3.0)	(2.0)	(3.0)
Net cash used by financing activities	(209.9)	(497.1)	(2,724.6)
Effect of exchange rate changes on cash and cash equivalents	1.3	5.1	(8.4)
Net change in cash, cash equivalents and restricted cash	(343.7)	(93.4)	65.7
Net change in cash, cash equivalents and restricted cash in discontinued operations	—	—	—
Net change in cash, cash equivalents and restricted cash in continuing operations	(343.7)	(93.4)	65.7
Cash, cash equivalents, and restricted cash, beginning of period	533.7	627.1	561.4
Cash, cash equivalents, and restricted cash, end of period	\$ 190.0	\$ 533.7	\$ 627.1
Supplemental disclosure of cash flow information			
Cash paid for interest associated with continued operations	\$ 86.4	\$ 81.4	\$ 116.6
Cash paid for interest associated with discontinued operations	\$ 50.0	\$ 45.7	\$ 91.5
Cash paid for taxes associated with continued operations	\$ 23.5	\$ 20.2	\$ 41.6
Cash paid for taxes associated with discontinued operations	\$ 11.5	\$ 21.9	\$ 12.3
Non cash investing activities			
Acquisition of property, plant and equipment through capital leases	\$ 9.4	\$ 3.5	\$ 3.1
Non cash financing activities			
Issuance of shares through stock compensation plan	\$ 17.9	\$ 39.6	\$ 30.8

See accompany notes to the consolidated financial statements.

SB/RH Holdings, LLC
Consolidated Statements of Financial Position
September 30, 2021 and 2020
(in millions)

(in millions)	2021	2020
Assets		
Cash and cash equivalents	\$ 186.2	\$ 527.6
Trade receivables, net	248.4	299.8
Other receivables	146.4	127.4
Inventories	562.8	318.6
Prepaid expenses and other current assets	40.8	30.9
Current assets of business held for sale	1,810.0	500.8
Total current assets	2,994.6	1,805.1
Property, plant and equipment, net	260.2	255.6
Operating lease assets	56.5	58.0
Deferred charges and other	35.1	98.7
Goodwill	867.2	627.2
Intangible assets, net	1,204.1	1,046.7
Noncurrent assets of business held for sale	—	1,293.0
Total assets	\$ 5,417.7	\$ 5,184.3
Liabilities and Shareholder's Equity		
Current portion of long-term debt	\$ 12.0	\$ 13.9
Accounts payable	388.8	362.4
Accrued wages and salaries	67.4	61.7
Accrued interest	29.9	38.5
Other current liabilities	214.4	162.2
Current liabilities of business held for sale	454.3	303.6
Total current liabilities	1,166.8	942.3
Long-term debt, net of current portion	2,494.3	2,405.6
Long-term operating lease liabilities	44.5	49.6
Deferred income taxes	272.4	278.5
Other long-term liabilities	106.3	118.0
Noncurrent liabilities of business held for sale	—	125.1
Total liabilities	4,084.3	3,919.1
Commitments and contingencies (Note 21)		
Shareholder's equity		
Other capital	2,174.8	2,154.1
Accumulated deficit	(614.9)	(614.2)
Accumulated other comprehensive loss, net of tax	(235.2)	(284.6)
Total shareholder's equity	1,324.7	1,255.3
Noncontrolling interest	8.7	9.9
Total equity	1,333.4	1,265.2
Total liabilities and equity	\$ 5,417.7	\$ 5,184.3

See accompanying notes to the consolidated financial statements

SB/RH Holdings, LLC
Consolidated Statements of Income
Years ended September 30, 2021, 2020 and 2019
(in millions)

(in millions)	2021	2020	2019
Net Sales	\$ 2,998.1	\$ 2,622.1	\$ 2,446.4
Cost of goods sold	1,961.6	1,730.2	1,624.3
Restructuring and related charges	1.9	13.8	2.5
Gross profit	1,034.6	878.1	819.6
Selling	507.1	428.8	411.7
General and administrative	302.2	272.6	292.7
Research and development	29.8	29.2	32.1
Restructuring and related charges	38.4	57.8	58.5
Transaction related charges	56.3	23.1	20.9
Loss on sale of Coevorden operations	—	26.8	—
Write-off from impairment of goodwill	—	—	116.0
Write-off from impairment of intangible assets	—	24.2	35.4
Total operating expenses	933.8	862.5	967.3
Operating income (loss)	100.8	15.6	(147.7)
Interest expense	116.8	93.2	106.1
Other non-operating (income) expense, net	(8.3)	16.3	43.6
Loss from continuing operations before income taxes	(7.7)	(93.9)	(297.4)
Income tax (benefit) expense	(25.0)	14.5	(36.1)
Net income (loss) from continuing operations	17.3	(108.4)	(261.3)
Income from discontinued operations, net of tax	174.3	150.9	803.9
Net income	191.6	42.5	542.6
Net income from continuing operations attributable to non-controlling interest	0.2	0.3	0.8
Net (loss) income from discontinued operations attributable to non-controlling interest	(0.2)	0.4	0.5
Net income attributable to controlling interest	\$ 191.6	\$ 41.8	\$ 541.3
Amounts attributable to controlling interest			
Net income (loss) from continuing operations attributable to controlling interest	\$ 17.1	\$ (108.7)	\$ (262.1)
Net income from discontinued operations attributable to controlling interest	174.5	150.5	803.4
Net income attributable to controlling interest	\$ 191.6	\$ 41.8	\$ 541.3

See accompanying notes to the consolidated financial statements

SB/RH Holdings, LLC
Consolidated Statements of Comprehensive Income
Years ended September 30, 2021, 2020 and 2019
(in millions)

(in millions)	2021	2020	2019
Net income	\$ 191.6	\$ 42.5	\$ 542.6
Other comprehensive income			
Foreign currency translation gain (loss)	32.2	(18.5)	(30.8)
Deferred tax effect	—	0.1	(4.7)
Net unrealized gain (loss) on foreign currency translation	32.2	(18.4)	(35.5)
Unrealized gain (loss) on derivative instruments			
Unrealized gain (loss) on derivative instruments before reclassification	0.1	(6.2)	12.6
Net reclassification for loss (gain) to income from continuing operations	9.2	(4.6)	(10.4)
Net reclassification for loss (gain) to income from discontinued operations	0.1	(0.4)	(0.2)
Unrealized gain (loss) on derivative instruments after reclassification	9.4	(11.2)	2.0
Deferred tax effect	(6.6)	11.7	(5.4)
Net unrealized gain (loss) on derivative instruments	2.8	0.5	(3.4)
Defined benefit pension gain (loss)			
Defined benefit pension gain (loss) before reclassification	11.7	(5.2)	(27.6)
Net reclassification for loss to income from continuing operations	4.8	4.6	2.1
Net reclassification for (gain) loss to income from discontinued operations	(0.1)	(0.3)	0.1
Defined benefit pension gain (loss) after reclassification	16.4	(0.9)	(25.4)
Deferred tax effect	(1.6)	(0.3)	4.1
Net defined benefit pension gain (loss)	14.8	(1.2)	(21.3)
Deconsolidation of discontinued operations and assets held for sale	—	8.1	21.9
Net change to derive comprehensive income for the period	49.8	(11.0)	(38.3)
Comprehensive income	241.4	31.5	504.3
Comprehensive income (loss) from continuing operations attributable to non-controlling interest	—	0.1	(0.2)
Comprehensive income (loss) from discontinuing operations attributable to non-controlling interest	0.4	0.3	(0.3)
Comprehensive income attributable to controlling interest	\$ 241.0	\$ 31.1	\$ 504.8

See accompanying notes to the consolidated financial statements

SB/RH Holdings, LLC
Consolidated Statements of Shareholder's Equity
Years ended September 30, 2021, 2020 and 2019
(in millions)

(in millions)	Other Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholder's Equity	Non- controlling Interest	Total Equity
Balances at September 30, 2018	\$ 2,073.0	\$ (235.5)	\$ (235.7)	\$ 1,601.8	\$ 9.9	\$ 1,611.7
Net (loss) income from continuing operations	—	(262.1)	—	(262.1)	0.8	(261.3)
Loss from discontinued operations, net of tax	—	803.4	—	803.4	0.5	803.9
Sale and deconsolidation of discontinued operations	—	—	21.9	21.9	—	21.9
Other comprehensive loss, net of tax	—	—	(59.7)	(59.7)	(0.5)	(60.2)
Restricted stock issued and related tax withholdings	9.6	—	—	9.6	—	9.6
Share based compensation	30.7	—	—	30.7	—	30.7
Dividends paid to parent	—	(717.4)	—	(717.4)	—	(717.4)
Dividend paid by subsidiary to NCI	—	—	—	—	(1.1)	(1.1)
Cumulative adjustment for adoption of new accounting standards	—	(3.1)	—	(3.1)	—	(3.1)
Balances at September 30, 2019	2,113.3	(414.7)	(273.5)	1,425.1	9.6	1,434.7
Net (loss) income from continuing operations	—	(108.7)	—	(108.7)	0.3	(108.4)
Income from discontinued operations, net of tax	—	150.5	—	150.5	0.4	150.9
Sale and deconsolidation of discontinued operations	—	—	8.1	8.1	—	8.1
Other comprehensive (loss) income, net of tax	—	—	(19.5)	(19.5)	0.4	(19.1)
Restricted stock issued and related tax withholdings	4.5	—	—	4.5	—	4.5
Share based compensation	36.3	—	—	36.3	—	36.3
Dividends paid to parent	—	(241.0)	—	(241.0)	—	(241.0)
Dividend paid by subsidiary to NCI	—	—	—	—	(0.8)	(0.8)
Cumulative adjustment for adoption of new accounting standards	—	(0.3)	0.3	—	—	—
Balances at September 30, 2020	2,154.1	(614.2)	(284.6)	1,255.3	9.9	1,265.2
Net income from continuing operations	—	17.1	—	17.1	0.2	17.3
Income from discontinued operations, net of tax	—	174.5	—	174.5	(0.2)	174.3
Other comprehensive income, net of tax	—	—	49.4	49.4	0.4	49.8
Restricted stock issued and related tax withholdings	(7.3)	—	—	(7.3)	—	(7.3)
Share based compensation	28.0	—	—	28.0	—	28.0
Dividends paid to parent	—	(192.3)	—	(192.3)	—	(192.3)
Dividend paid by subsidiary to NCI	—	—	—	—	(1.6)	(1.6)
Balances at September 30, 2021	\$ 2,174.8	\$ (614.9)	\$ (235.2)	\$ 1,324.7	\$ 8.7	\$ 1,333.4

See accompanying notes to the consolidated financial statements.

SB/RH Holdings, LLC
Consolidated Statements of Cash Flows
Years ended September 30, 2021, 2020 and 2019
(in millions)

(in millions)	2021	2020	2019
Cash flows from operating activities			
Net income	\$ 191.6	\$ 42.5	\$ 542.6
Income from discontinued operations, net of tax	174.3	150.9	803.9
Net income (loss) from continuing operations	17.3	(108.4)	(261.3)
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization	117.0	114.7	147.3
Share based compensation	27.2	30.5	42.6
Unrealized loss on equity investments held	—	7.5	12.1
Realized (gain) loss on equity investments sold	(6.9)	9.3	—
Loss on sale of Coevorden operations	—	26.8	—
Write-off from impairment of goodwill	—	—	116.0
Write-off from impairment of intangible assets	—	24.2	35.4
Amortization of debt issuance costs and debt discount	5.6	5.5	6.4
Write-off of unamortized discount and debt issuance costs	7.9	1.1	14.4
Purchase accounting inventory adjustment	7.3	—	—
Deferred tax (benefit) expense	(63.0)	11.8	(20.1)
Net changes in operating assets and liabilities			
Receivables	57.3	(86.3)	(104.0)
Inventories	(219.6)	36.2	2.2
Prepaid expenses and other	(9.6)	26.6	(2.0)
Accounts payable and accrued liabilities	115.0	(95.5)	(62.0)
Other	26.2	(12.3)	38.1
Net cash provided (used) by operating activities from continuing operations	81.7	(8.3)	(34.9)
Net cash provided by operating activities from discontinued operations	199.2	88.5	49.7
Net cash provided by operating activities	280.9	80.2	14.8
Cash flows from investing activities			
Purchases of property, plant and equipment	(43.6)	(44.1)	(40.4)
Proceeds from disposal of property, plant and equipment	0.1	4.2	2.1
Proceeds from sale of Coevorden operations	—	29.0	—
Proceeds from sale of discontinued operations, net of cash	—	3.6	2,859.5
Business acquisitions, net of cash acquired	(429.9)	(16.9)	—
Proceeds from sale of equity investment	73.1	147.1	—
Other investing activities	(0.4)	2.3	(0.3)
Net cash (used) provided by investing activities from continuing operations	(400.7)	125.2	2,820.9
Net cash used by investing activities from discontinued operations	(22.8)	(16.9)	(23.3)
Net cash (used) provided by investing activities	(423.5)	108.3	2,797.6
Cash flows from financing activities			
Payment of debt, including premium on extinguishment	(891.2)	(134.3)	(2,261.9)
Proceeds from issuance of debt	899.0	300.0	300.0
Payment of debt issuance costs	(12.6)	(11.5)	(4.1)
Payment of cash dividends to parent	(192.3)	(241.0)	(717.4)
Dividends paid by subsidiary to non-controlling interest	—	—	(1.1)
Payment of contingent consideration	—	(197.0)	(8.9)
Net cash used by financing activities from continuing operations	(197.1)	(283.8)	(2,693.4)
Net cash used by financing activities from discontinued operations	(3.0)	(2.0)	(3.0)
Net cash used by financing activities	(200.1)	(285.8)	(2,696.4)
Effect of exchange rate changes on cash and cash equivalents	1.3	5.1	(8.4)
Net change in cash, cash equivalents and restricted cash	(341.4)	(92.2)	107.6
Cash, cash equivalents, and restricted cash, beginning of period	529.7	621.9	514.3
Cash, cash equivalents, and restricted cash, end of period	\$ 188.3	\$ 529.7	\$ 621.9
Supplemental disclosure of cash flow information			
Cash paid for interest associated with continued operations	\$ 86.4	\$ 81.4	\$ 88.4
Cash paid for interest associated with discontinued operations	\$ 50.0	\$ 45.7	\$ 91.5
Cash paid for taxes associated with continued operations	\$ 23.5	\$ 20.2	\$ 41.6
Cash paid for taxes associated with discontinued operations	\$ 11.5	\$ 21.9	\$ 12.3
Non cash investing activities			
Acquisition of property, plant and equipment through capital leases	\$ 9.4	\$ 3.5	\$ 3.1

See accompanying notes to the consolidated financial statements.

**SPECTRUM BRANDS HOLDINGS INC.
SB/RH HOLDINGS, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

This report is a combined report of Spectrum Brands Holdings, Inc. (“SBH”) and SB/RH Holdings, LLC (“SB/RH”) (collectively, the “Company”). The notes to the consolidated financial statements that follow include both consolidated SBH and SB/RH notes, unless otherwise indicated below.

NOTE 1 - DESCRIPTION OF BUSINESS

The Company is a diversified global branded consumer products company. We manage the businesses in three vertically integrated, product-focused segments: (i) Home and Personal Care (“HPC”), (ii) Global Pet Care (“GPC”), and (iii) Home and Garden (“H&G”). The Company manufactures, markets and/or distributes its products globally in the North America (“NA”), Europe, Middle East & Africa (“EMEA”), Latin America (“LATAM”) and Asia-Pacific (“APAC”) regions through a variety of trade channels, including retailers, wholesalers and distributors. We enjoy strong name recognition in our regions under our various brands and patented technologies across multiple product categories. Global and geographic strategic initiatives and financial objectives are determined at the corporate level. Each segment is responsible for implementing defined strategic initiatives and achieving certain financial objectives and has a president responsible for sales and marketing initiatives and the financial results for all product lines within that segment. The segments are supported through center-led corporate shared service operations consisting of finance and accounting, information technology, legal and human resource, supply chain and commercial operations. See *Note 22 – Segment Information* for more information pertaining to segments of continuing operations. The following is an overview of the consolidated business, by segment, summarizing product types and brands:

Segment	Products	Brands
HPC	<i>Home Appliances:</i> Small kitchen appliances including toaster ovens, coffeemakers, slow cookers, blenders, hand mixers, grills, food processors, juicers, toasters, irons, kettles, and breadmakers. <i>Personal Care:</i> Hair dryers, flat irons and straighteners, rotary and foil electric shavers, personal groomers, mustache and beard trimmers, body groomers, nose and ear trimmers, women’s shavers, haircut kits and intense pulsed light hair removal systems.	<i>Home Appliances:</i> Black & Decker®, Russell Hobbs®, George Foreman®, Toastmaster®, Juiceman®, Farberware®, and Breadman® <i>Personal Care:</i> Remington®, and LumaBella®
GPC	<i>Companion Animal:</i> Rawhide chews, dog and cat clean-up, training, health and grooming products, small animal food and care products, rawhide-free dog treats, and wet and dry pet food for dogs and cats. <i>Aquatics:</i> Consumer and commercial aquarium kits, stand-alone tanks; aquatics equipment such as filtration systems, heaters and pumps; and aquatics consumables such as fish food, water management and care.	<i>Companion Animal:</i> 8IN1® (8-in-1), Dingo®, Nature’s Miracle®, Wild Harvest™, Littermaid®, Jungle®, Excel®, FURminator®, IAMS® (Europe only), Eukanuba® (Europe only), Healthy-Hide®, DreamBone®, SmartBones®, ProSense®, Perfect Coat®, eCOTRITION®, Birdola®, Good Boy®, Meowee!®, Wildbird®, and Wafcol®. <i>Aquatics:</i> Tetra®, Marineland®, Whisper®, Instant Ocean®, GloFish®, OmegaOne® and OmegaSea®
H&G	<i>Household:</i> Household pest control solutions such as spider and scorpion killers; ant and roach killers; flying insect killers; insect foggers; wasp and hornet killers; and bedbug, flea and tick control products. <i>Controls:</i> Outdoor insect and weed control solutions, and animal repellents such as aerosols, granules, and ready-to-use sprays or hose-end ready-to-sprays. <i>Repellents:</i> Personal use pesticides and insect repellent products, including aerosols, lotions, pump sprays and wipes, yard sprays and citronella candles. <i>Cleaning:</i> Household surface cleaning, maintenance, and restoration products, including bottled liquids, mops, wipes and markers.	<i>Household:</i> Hot Shot®, Black Flag®, Real-Kill®, Ultra Kill®, The Ant Trap® (TAT), and Rid-A-Bug®. <i>Controls:</i> Spectracide®, Garden Safe®, Liquid Fence®, and EcoLogic®. <i>Repellents:</i> Cutter® and Repel®. <i>Cleaning:</i> Rejuvenate®

SB/RH is a wholly owned subsidiary of SBH and represents substantially all of its assets, liabilities, revenues, expenses and operations. Spectrum Brands, Inc. (“SBI”), a wholly-owned subsidiary of SB/RH, incurred certain debt guaranteed by SB/RH and domestic subsidiaries of SBI. See *Note 12 - Debt* for more information pertaining to debt. SBI represents all of SB/RH assets, liabilities, revenues, expenses and operations. The reportable segments of SB/RH are consistent with the segments of SBH.

On September 8, 2021, the Company entered into a definitive Asset and Stock Purchase Agreement with ASSA ABLOY AB (“ASSA”) to sell its Hardware and Home Improvement (“HHI”) segment for cash proceeds of \$4.3 billion, subject to customary purchase price adjustments. HHI consists of residential locksets and door hardware, including knobs, levers, deadbolts, handle sets, and electronic and connected locks under the Kwikset®, Weiser®, Baldwin®, Tell Manufacturing®, and EZSET® brands; kitchen and bath faucets and accessories under the Pfister® brand; and builders’ hardware consisting of hinges, metal shapes, security hardware, rack and sliding door hardware, and gate hardware under the National Hardware® and FANAL® brands. The Company’s assets and liabilities associated with the HHI disposal group have been classified as held for sale and the HHI operations have been classified as discontinued operations for all periods presented and notes to the consolidated financial statements have been updated for all periods presented to exclude information pertaining to discontinued operations and reflect only the continuing operations of the Company. Refer to *Note 3 – Divestitures* for more information on the HHI divestiture including the assets and liabilities classified as held for sale and income from discontinued operations.

SPECTRUM BRANDS HOLDINGS INC.
SB/RH HOLDINGS, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Principles of Consolidation and Fiscal Year End

The consolidated financial statements include the financial statements of the Company and its majority owned subsidiaries and have been prepared in accordance with Accounting Principles Generally Accepted in the United States ("GAAP"). All intercompany transactions have been eliminated.

The Company's fiscal year ends September 30 and reports its results using fiscal quarters whereby each three month quarterly reporting period is approximately thirteen weeks in length and ends on a Sunday. The exceptions are the first quarter, which begins on October 1, and the fourth quarter, which ends on September 30. For the year ended September 30, 2021, the fiscal quarters were comprised of the three months ended January 3, 2021, April 4, 2021, July 4, 2021, and September 30, 2021.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid temporary instruments purchased with original maturities of three months or less from date of purchase to be cash equivalents.

Receivables

Trade accounts receivable are carried at net realizable value. The Company extends credit to its customers based upon an evaluation of the customer's financial condition and credit history, but generally does not require collateral. The Company monitors its customers' credit and financial condition based on changing economic conditions and will make adjustments to credit policies as required. Provisions for losses on uncollectible trade receivables are determined based on ongoing evaluations of the Company's receivables, principally on the basis of historical collection experience and evaluations of the risks of nonpayment or return for a given customer. See *Note 8 - Receivables* for further detail.

Inventories

The Company's inventories are valued at the lower of cost or net realizable value. Cost of inventories is determined using the first-in, first-out (FIFO) method. See *Note 9 - Inventory* for further detail.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. Property, plant and equipment held under finance leases are depreciated on a straight-line basis over the shorter of the lease term or estimated useful life of the asset; such amortization is included in depreciation expense. See *Note 10 - Property, plant and equipment* for further detail. The Company uses accelerated depreciation methods for income tax purposes. Useful lives for property, plant and equipment are as follows:

Asset Type	Range
Buildings and improvements	20 - 40 years
Machinery and equipment	2 - 15 years

Expenditures which substantially increase value or extend useful lives are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. The Company records gains and losses on the disposition or retirement of property, plant and equipment based on the net book value and any proceeds received.

Long-lived fixed assets held and used are reviewed for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Circumstances such as the discontinuation of a product or product line, a sudden or consistent decline in the sales forecast for a product, changes in technology or in the way an asset is being used, a history of operating or cash flow losses or an adverse change in legal factors or in the business climate, among others, may trigger an impairment review. If such indicators are present, the Company performs undiscounted cash flow analyses to determine if impairment exists. The asset value would be deemed impaired if the undiscounted cash flows generated did not exceed the carrying value of the respective asset group. If impairment is determined to exist, any related impairment loss is calculated based on fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Goodwill

Goodwill reflects the excess of acquisition cost over the aggregate fair value assigned to identifiable net assets acquired. Goodwill is not amortized, but instead is assessed for impairment at least annually and as triggering events or indicators of potential impairment are identified. Goodwill has been assigned to reporting units for purposes of impairment testing based upon the relative fair value of the asset to each reporting unit. Our reporting units are consistent with our segments. See *Note 22 - Segment Information* for further discussion.

Goodwill is tested for impairment in the fourth quarter of its fiscal year by either performing a qualitative assessment or a quantitative test for some, or all reporting units. The Company evaluates qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. In performing a qualitative assessment, the Company considers events and circumstances, including, but not limited to, macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, changes in management or key personnel, changes in strategy, changes in customers, changes in market value, composition or carrying amount of a reporting unit's net assets, and considering any changes in the market price of the Company's common stock. If the Company determines that it is more likely than not the carrying value is greater than the fair value of a reporting unit after assessing the totality of facts and circumstances, a quantitative assessment is performed to determine the reporting unit fair value and measure the impairment. If the Company determines that it is more likely than not the fair value is greater than the carrying amount, then a quantitative assessment is not required.

SPECTRUM BRANDS HOLDINGS INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

In estimating the fair value of our reporting units for a quantitative impairment assessment, we use a discounted cash flow methodology, which requires us to estimate future revenues, expenses, and capital expenditures and make assumptions about our weighted average cost of capital and perpetuity growth rate, among other variables. We test the aggregate estimated fair value of our reporting units by comparison to our total market capitalization, including both equity and debt capital. The fair value of each reporting unit is compared to its carrying value, including goodwill. If the fair value of a reporting unit is less than its carrying value, an impairment loss would be recognized equal to that excess; however the loss recognized cannot exceed the total amount of goodwill allocated to that reporting unit. See *Note 11 - Goodwill and Intangible Assets* for further detail.

Intangible Assets

Intangible assets are recorded at cost or at estimated fair value if acquired in a business combination. Customer lists, proprietary technology and certain trade name intangibles are amortized, using the straight-line method, over their estimated useful lives. The range and weighted average useful lives for definite-lived intangibles assets are as follows:

Asset Type	Range	Weighted Average
Customer relationships	5 - 20 years	18.9 years
Technology assets	5 - 18 years	13.6 years
Tradenames	5 - 13 years	11.6 years

Definite-lived intangible assets held and used are reviewed for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be recoverable. If indicators of potential impairment are identified, the Company performs an undiscounted cash flow analysis to determine if impairment exists. The asset value would be deemed impaired if the undiscounted cash flows expected to be generated by the asset did not exceed the carrying value of the respective asset group. If impairment is determined to exist, any related impairment loss is calculated based on fair value.

Certain trade name intangible assets have an indefinite life and are not amortized, but instead are assessed for impairment at least annually, in the fourth quarter of its fiscal year by either performing a qualitative assessment or a quantitative test for some or all indefinite lived intangible assets. The Company evaluates qualitative factors to determine whether it is more likely than not that the fair value of the indefinite lived intangible assets is less than its carrying amount. In performing a qualitative assessment, the Company considers events and circumstances, including, but not limited to, macroeconomic conditions, industry and market conditions, cost factors, changes in strategy and overall financial performance. If the Company determines that it is more likely than not the carrying value is greater than the fair value of an indefinite lived intangible asset, a quantitative assessment is performed to determine the fair value and measure the impairment. If the Company determines that it is more likely than not the fair value is greater than the carrying amount, then a quantitative assessment is not required.

The quantitative impairment analysis of indefinite lived intangible assets compares the estimated fair value of the identified trade names to their carrying value to determine if impairment exists. If the fair value is less than the carrying value, an impairment loss is recorded for the excess. The fair value of indefinite-lived intangible assets is determined using an income approach, the relief-from-royalty methodology, which requires us to make estimates and assumptions about future revenues, royalty rates, and the discount rate, among others. See *Note 11 - Goodwill and Intangible Assets* for further detail.

Assets Held for Sale and Discontinued Operations

An asset, group of assets, or qualifying business are considered held for sale when they meet all the applicable criteria; including: (i) having the authority to sell, (ii) being available to sell in their present condition, (iii) having an active program to locate buyers, (iv) being actively marketed at current fair value, and (v) considered probable of selling within one year. Assessment for held for sale are performed at least quarterly or when events or changes in business circumstances indicate that a change in classification may be necessary.

Assets and liabilities of a qualifying business are excluded from the net assets of continuing operations, separated in a disposal group and classified as held for sale in the period in which the held for sale criteria was met. Corporate debt is not included as a component of the disposal group, regardless of repayment provisions, and only debt directly attributable to the divested operations may be included as held for sale. Assets and liabilities held for sale are recorded at the lower of its carrying amount or estimated fair value less expected cost to sell and any unrecognized other comprehensive loss. Assets held for sale do not experience any subsequent depreciation or amortization after being classified as held for sale. Assets held for sale are reviewed for impairment at least quarterly, and if the carrying amount of the disposal group exceeds the estimated fair value less cost to sell, a loss is recognized. If a business is classified as held for sale after the balance sheet date but before the financial statements are issued or are available to be issued, the business continues to be classified as held and used in those financial statements when issued or when available to be issued.

The Company reports the results of operations of a business as discontinued operations if a disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the business is sold and meets the criteria for being classified as held for sale. Assets and liabilities of a disposal group classified as held for sale and related to discontinued operations are presented as held for sale for all current and prior periods presented within the statement of a financial position. The results of discontinued operations are reported in Income From Discontinued Operations, Net of Tax in the accompanying Consolidated Statements of Income for the current and prior periods commencing in the period in which the business meets the held for sale criteria, and includes any gain or loss recognized on closing, or adjustment of the carrying amount to fair value less cost to sell while being held for sale. Loss realized upon change of classification to held for sale is recognized as a loss to continuing operations. Income from discontinued operations includes only direct costs attributable to the divested business and excludes any indirect cost allocation associated with any shared or corporate led functions unless otherwise dedicated to the divested business. Transactions between the businesses held for sale and businesses held for use that are expected to continue to exist after the disposal are not eliminated to appropriately reflect the continuing operations and balances held for sale. Interest costs from corporate debt, excluding premium payments or loss on extinguishment of debt, may be included as a component of income from discontinued operations specifically attributable to interest from corporate debt that is obligated to be repaid following the completion of a divestiture; plus the allocation of interest cost from corporate debt not directly attributable to or related to other operations based on the ratio of net assets of the disposal group held for sale to the consolidated net assets plus consolidated debt, excluding debt assumed in transaction, required to be repaid, or directly attributable to other operations of the Company. Amounts within accumulated other comprehensive income directly associated with a divested business are not realized as a component of Income from Discontinued Operations until completion of the sale or disposition. See *Note 3 - Divestitures* for further detail.

SPECTRUM BRANDS HOLDINGS INC.
SB/RH HOLDINGS, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)***Debt Issuance Costs***

Debt issuance costs are deferred and amortized to interest expense using the effective interest method over the lives of the related debt agreements. Debt issuance costs for the Company were \$35.6 million and \$36.5 million as of September 30, 2021 and 2020, respectively. Debt issuance costs are included as a reduction to Long Term Debt, Net of Current Portion in the Consolidated Statements of Financial Position. Amortization of debt issuance costs is recognized as a component of Interest Expense in the Consolidated Statements of Income. See *Note 12 - Debt* for further detail.

Financial Instruments

Derivative financial instruments are used by the Company principally in the management of its foreign currency exposures. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. Derivative assets and liabilities are reported at fair value in the Consolidated Statements of Financial Position. When hedge accounting is elected at inception, the Company formally designates the financial instrument as a hedge of a specific underlying exposure and documents both the risk management objectives and strategies for undertaking the hedge. Depending on the nature of derivatives designated as hedging instruments, changes in fair value are either offset against the change in fair value of the hedged assets or liability through earnings, or recognized in equity through other comprehensive income until the hedged item is recognized. Derivative instruments that hedge the exposure to variability in expected future cash flows and are designated as cash flow hedges, and the entire change in the fair value of the hedging instrument is recorded as a component of Accumulated Other Comprehensive (Loss) Income ("AOCI") in Stockholders' Equity. Those amounts are subsequently reclassified to earnings in the same line item in the Consolidated Statement of Income as impacted by the hedge item when the hedged item affects earnings. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions. For derivatives that do not qualify for hedge accounting treatment, the change in the fair value is recognized in earnings. See *Note 14 - Derivatives* for further detail.

Treasury Stock

Treasury stock purchases are stated at average cost and presented as a separate reduction of equity.

Noncontrolling Interest

Noncontrolling interest recognized in the consolidated equity of the Company is the minority interest ownership in equity of a consolidated subsidiary that is not attributable, directly or indirectly, to the parent company, SBH; and recognized separate from shareholders' equity in the Consolidated Statement of Financial Position. Income from a consolidated subsidiary with a minority interest ownership is allocated to the minority interest and considered attributable to the noncontrolling interest in the Consolidated Statement of Income.

Business Combinations and Acquisition Accounting

The Company accounts for acquisitions by applying the acquisition method of accounting when the transaction or event is considered a business combination, which requires that the assets acquired and liabilities assumed constitute a business. A defined business is generally an acquired group of assets with inputs and processes that make it capable of generating a return or economic benefit for the acquirer. The acquisition method of accounting requires, among other things, that the assets acquired and liabilities assumed in a business combination be measured at their fair values as of the closing date of the acquisition. See *Note 4 - Acquisitions* for further detail.

Revenue Recognition***Product Sales***

Our customers mostly consist of retailers, wholesalers and distributors, and construction companies with the intention to sell and distribute to an end consumer. The Company recognizes revenue from the sale of products upon transfer of control to the customer. For the majority of our product sales, the transfer of control is recognized when we ship the product from our facilities to the customer unless we retain title and risk of loss upon shipment and we arrange and paid for freight such that we retain physical possession and control during delivery.

Licensing Revenue

The Company also sells licenses of its brands to third-party sellers and manufacturers for the development, production, sales & distribution of products that are not directly managed or offered by the Company. The Company maintains all right of ownership of the intellectual property and contracts with its customer for the use of the intellectual property in their operations. Revenue derived from the right-to-access licenses is recognized using the over time revenue recognition method, applying the 'as-invoiced' practical expedient method at the amount we are able to bill using a time-elapsed measure of progress, taking into consideration any minimum guarantee provisions under the contract, as it appropriately depicts its performance of providing access to the Company's brands, trade names, logos, etc.

Other Revenue

Other revenue consists primarily of installation or maintenance services that are provided to certain customers in the GPC segment. The services are often associated with the sale of product but are also provided separately and are considered a distinct performance obligation separate from product sales.

Variable Consideration and Cash Paid to Customers

The Company measures revenue as the amount of consideration for which it expects to be entitled in exchange for transferring goods or providing services. Certain retailers and/or end customers may receive cash or non-cash incentives such as rebates, volume or trade discounts, cooperative advertising, price protection, service level penalties, and other customer-related programs, which are accounted for as variable consideration. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of revenue recognized will not occur when the uncertainty is resolved. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available. The estimated liability for sales discounts and other programs and allowances is calculated using the expected value method or most likely amount and recorded at the time of sale as a reduction of net sales.

SPECTRUM BRANDS HOLDINGS INC.
SB/RH HOLDINGS, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

The Company may also enter into various arrangements, primarily with retail customers, which require the Company to make upfront cash payments to secure the right to distribute through such customers. The Company defers the cost of these payments, provided they are supported by a volume-based arrangement with the retailer with a period of 12 months or longer, and amortizes the associated payment over the appropriate time or volume-based term of the arrangement. Deferred payments are recognized as a contract asset and are reported in the Consolidated Statements of Financial Position as Deferred Charges and Other Assets with related amortization treated as a reduction in Net Sales.

Product Returns

In the normal course of business, the Company may allow customers to return product per the provisions in a sale agreement. Estimated product returns are recorded as a reduction in reported revenues at the time of sale based upon historical product return experience, adjusted for known trends, to arrive at the amount of consideration expected to be received. For the anticipated value of the returns, the Company will recognize a return liability in Other Current Liabilities and a separate return asset included in the Prepaid Expenses and Other Current Assets, when applicable. As of September 30, 2021 and 2020, the Company recognized an expected returns liability of \$11.8 million and \$12.8 million, respectively, most of which the Company does not expect or anticipate a return asset. Product returns do not include provisions for warranties provided to end-consumers of the Company's products, which are recognized as a component of the Company's cost of goods sold. See *Note 21 - Commitments and Contingencies* for further discussion on product warranty.

Practical Expedients and Exemptions:

- The Company does not adjust the promised amount of consideration for the effects of a significant financing component, as the period between the transfer of a promised good or service to a customer and the customer's payment for the good or service is one year or less.
- The Company does not assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer.
- The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed. The estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period is immaterial.
- The Company generally expenses sales commissions and other contract and fulfillment costs when the amortization period is less than one year. The Company records these costs within selling, general and administrative expenses. For costs amortized over a period longer than one year, such as fixtures which are much more permanent in nature, the Company defers and amortizes over the supportable period based upon historical assumptions and analysis. The costs for permanent displays are incorporated into the pricing of product sold to customer.
- The Company excludes all sales taxes that are assessed by a governmental authority from the transaction price.

See *Note 6 - Revenue Recognition* for further detail.

Shipping and Handling Costs

Shipping and handling costs include costs incurred with third-party carriers to transport products to customers and salaries and overhead costs related to activities to prepare the Company's products for shipment at the Company's distribution facilities. Shipping and handling costs were \$216.3 million, \$172.8 million and \$162.9 million during the years ended September 30, 2021, 2020 and 2019, respectively. The Company accounts for shipping and handling activities, which occur after control of the related goods transfers, as fulfillment activities instead of assessing such activities as performance obligations. Shipping and handling costs are included in Selling Expenses in the Consolidated Statements of Income.

Advertising Costs

Advertising costs include agency fees and other costs to create advertisements, as well as costs paid to third parties to print or broadcast the Company's advertisements and are expensed as incurred. The Company incurred advertising costs of \$54.0 million, \$40.7 million and \$28.1 million during the years ended September 30, 2021, 2020 and 2019, respectively. Advertising costs are included in Selling Expenses in the Company's Consolidated Statements of Income.

Research and Development Costs

Research and development costs are charged to expense in the period they are incurred.

Environmental Expenditures

Environmental expenditures that relate to current operations or to conditions caused by past operations are expensed or capitalized as appropriate. The Company determines its liability for environmental matters on a site-by-site basis and records a liability at the time when it is probable that a liability has been incurred and such liability can be reasonably estimated. The estimated liability is not reduced for possible recoveries from insurance carriers. Estimated environmental remediation expenditures are included in the determination of the net realizable value recorded for assets held for sale. See *Note 21 - Commitments and Contingencies* for further detail.

Restructuring and Related Charges

Restructuring charges include, but are not limited to, the costs of one-time termination benefits such as severance costs and retention bonuses, and contract termination costs consisting primarily of lease termination costs. Related charges, as defined by the Company, include, but are not limited to, other costs directly associated with exit and relocation activities, including impairment of property and other assets, departmental costs of full-time incremental employees, and any other items related to the exit or relocation activities. Costs for such activities are estimated by management after evaluating detailed analyses of the costs to be incurred.

Liabilities from restructuring and related charges are recorded for estimated costs of facility closures, significant organizational adjustments and measures undertaken by management to exit certain activities. Costs for such activities are estimated by management after evaluating detailed analyses of the costs to be incurred. Such liabilities or asset reductions could include amounts for items such as severance costs and related benefits, lease termination payments and any other items directly related to the exit activities. Impairment of property and equipment and other current or long-term assets as a result of restructuring related initiatives are recognized as a reduction of the appropriate asset.

SPECTRUM BRANDS HOLDINGS INC.
SB/RH HOLDINGS, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

Restructuring and related charges associated with manufacturing and related initiatives are recorded in Cost of Goods Sold. Restructuring and related charges reflected in Cost of Goods Sold include, but are not limited to, termination and related costs associated with manufacturing employees, asset impairments relating to manufacturing initiatives and other costs directly related to the manufacturing component of a restructuring initiative. Restructuring and related charges associated with administrative functions are recorded in operating expenses, such as initiatives impacting sales, marketing, distribution or other non-manufacturing related functions. Restructuring and related charges reflected in operating expenses include, but are not limited to, termination and related costs, any asset impairments relating to the administrative functions and other costs directly related to the administrative components of the restructuring initiatives implemented. See *Note 5 - Restructuring and Related Charges* for further detail.

Leases

The Company determines if an arrangement is a lease at inception, considering whether the contract conveys a right to control the use of the identified asset for a period of time in exchange for consideration. Leases are classified as operating or finance leases at the commencement date of the lease. Operating leases are included in Operating Lease Assets, Other Current Liabilities and Long-Term Operating Lease Liabilities on the Consolidated Statement of Financial Position. Finance leases are included in Property, Plant and Equipment, Current Portion of Long-Term Debt, and Long-Term Debt, Net of Current Portion on the Consolidated Statement of Financial Position.

Right of use ("ROU") lease assets and liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date. ROU lease liabilities are classified between current and long-term liabilities based on their payment terms. The ROU operating lease asset includes prepaid rent and reflects the unamortized balance of lease incentives. Our leases may include renewal options, and we include the renewal option in the lease term if we conclude that it is reasonably certain that we will exercise that option. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate, such as the Company's proportionate share of actual costs for utilities, common area maintenance, insurance, and property taxes, are excluded from the measurement of the lease liability, unless subject to fixed minimum requirements and are recognized as variable lease cost when the obligation for that payment is incurred.

As most of the Company's leases do not provide the lease implicit rates, the Company uses its incremental borrowing rates as the discount rate, adjusted as applicable, based on the information available at the lease commencement dates to determine the present value of lease payments. The incremental borrowing rate represents an estimate of the interest rate the Company would incur to borrow, on a collateralized basis and in a similar economic environment, over the term of a lease. The Company may use the lease implicit rate, if readily determinable, as the discount rate to determine the present value of lease payments. See *Note 13 - Leases* for additional information.

We review the impairment of our ROU lease assets consistent with the approach applied for our other long-lived assets. ROU lease assets are reviewed for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Circumstances such as the discontinuation of a product or product line, a sudden or consistent decline in the sales forecast for a product, changes in technology or in the way an asset is being used, early termination or exit of a lease agreement, a history of operating or cash flow losses or an adverse change in legal factors or in the business climate, among others, may trigger an impairment review. If such indicators are present, the Company performs an undiscounted cash flow analysis to determine if impairment exists. The asset value would be deemed impaired if the undiscounted cash flows generated did not exceed the carrying value of the respective asset group. If impairment is determined to exist, any related impairment loss is calculated based on fair value.

Transaction related charges

Transaction related charges consist of costs towards (1) a qualifying strategic transaction or business development opportunity, including an acquisition or divestiture, whether or not consummated, associated with the purchase or sale of net assets or equity interest of a business such as a business combination, equity investment, joint venture or purchase or sale of non-controlling interest; (2) subsequent integration related project costs directly associated with an acquisition including realized costs for the integration of acquired operations into the Company's shared service platforms, termination of redundant or duplicative positions and locations, operations and/or products, employee transition costs, professional fees, and other post business combination expenses; and (3) divestiture support and separation costs consisting of incremental costs incurred to facilitate separation of a divested business or operation, including the development of shared service operations impacted by a separation, including impacts to shared platforms and personnel impacted by the transaction. Qualifying cost types include, but are not limited to, banking, advisory, legal, accounting, valuation, or other professional fees; and including impairment loss on existing assets considered duplicative or redundant and directly attributable to the respective transactions. See *Note 3 - Divestitures* and *Note 4 - Acquisitions* for further discussion.

The following table summarizes transaction related charges incurred by the Company during the years ended September 30, 2021, 2020 and 2019:

(in millions)	2021		2020		2019	
HHI divestiture and separation	\$	9.6	\$	—	\$	—
Rejuvenate acquisition and integration		10.8		—		—
Armitage acquisition and integration		10.9		—		—
Coevorden operations divestiture and separation		5.4		5.5		—
GBL divestiture and separation		3.2		10.2		9.5
PetMatrix integration		—		—		—
Omega Sea acquisition and integration		0.2		1.6		—
Other		16.2		5.8		11.4
Total transaction-related charges	\$	56.3	\$	23.1	\$	20.9

SPECTRUM BRANDS HOLDINGS INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)***Income Taxes***

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in income tax expense in the period in which the change in judgment occurs. Accrued interest expense and penalties related to uncertain tax positions are recorded in Income Tax Expense. See *Note 16 - Income Taxes* for further detail.

Foreign Currency Translation

Local currencies are considered the functional currencies for most of the Company's operations outside the United States. Assets and liabilities of the Company's foreign subsidiaries are translated at the rate of exchange existing at year-end, with revenues, expenses and cash flows translated at the average of the monthly exchange rates. Adjustments resulting from translation of the financial statements are recorded as a component of equity in Accumulated Other Comprehensive Income ("AOCI"), including the effects of exchange rate changes on intercompany balances of a long-term investment nature.

Foreign currency transaction gains and losses for transactions denominated in a currency other than the functional currency are reported in Other Non-Operating Expense, Net in the Consolidated Statements of Income in the period they occur. Exchange losses on foreign currency transactions were \$1.5 million, \$7.1 million, and \$40.5 million for the years ended September 30, 2021, 2020 and 2019, respectively.

Newly Adopted Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*, which was further updated and clarified by the FASB through the issuance of additional related ASUs. The ASU introduces a forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information, and reasonable and supportable forecasts. This ASU also expands the disclosure requirements to enable users of financial statements to understand the entity's assumptions, models, and methods for estimating expected credit losses. The guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2019. The Company adopted ASU 2016-13 on a modified retrospective basis effective October 1, 2020. The adoption of ASU 2016-13 did not have a material impact on the Company's consolidated financial statements. Refer to *Note 8 - Receivables and Concentration of Credit Risk* for further discussion on the Company's receivables and allowance for uncollectible receivables.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This standard provides guidance on accounting for costs of implementation activities performed in a cloud computing arrangement that is a service contract. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software and hosting arrangements that include an internal-use software license. ASU 2018-15 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. The Company adopted ASU 2018-15 prospectively to all implementation costs incurred after October 1, 2020, the date of adoption. Before the adoption of the standard, the implementation costs in cloud computing arrangements were expensed as incurred. Effective October 1, 2020, implementation costs attributable to cloud computer arrangements are recognized as Deferred Charges and Other on the Consolidated Statements of Financial Position and subsequently amortized over the respective term of the cloud computing arrangement. The adoption of ASU 2018-15 did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans*. ASU 2018-14 requires entities to disclose the weighted-average interest crediting rates used, reasons for significant gains and losses affecting benefit obligations, and an explanation of any other significant changes in the benefit obligation or plan assets. The amendment also removed certain previously required disclosures. The Company adopted this guidance as of September 30, 2021. The provisions of the new standard have been recognized in *Note 15 - Employee Benefit Plans* for all periods.

Recently Issued Accounting Standards

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional expedient and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In response to the concerns about structural risks of interbank offered rates ("IBORs") and, particularly, the risk of cessation of the London Interbank Offered Rate ("LIBOR"), regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based and less susceptible to manipulation. The ASU provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. In January 2021, the FASB issued ASU 2021-01, which adds implementation guidance to clarify certain optional expedients in Topic 848. The ASUs can be adopted no later than December 31, 2022 with early adoption permitted. The Company is currently evaluating the impacts of adoption of the new guidance to its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12 "*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*". The new standard simplifies the accounting for income taxes by removing certain exceptions for recognizing deferred taxes for investments, performing intra-period allocation and calculating income taxes in interim periods. The new standard also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. The ASU is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Depending on the amendment, adoption may be applied on a retrospective, modified retrospective or prospective basis. The Company is currently evaluating the impacts of adoption of the new guidance to its consolidated financial statements.

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NOTE 3 – DIVESTITURES

The following table summarizes the components of Income from Discontinued Operations, Net of Tax in the accompanying Consolidated Statement of Income for the years ended September 30, 2021, 2020, and 2019:

(in millions)	2021	2020	2019
Income from discontinued operations before income taxes - HHI	\$ 288.2	\$ 227.8	\$ 220.6
(Loss) income from discontinued operations before income taxes - GBL	(7.2)	4.2	997.6
Loss from discontinued operations before income taxes - GAC	(0.1)	(0.1)	(115.7)
Interest on corporate debt allocated to discontinued operations	44.5	47.3	83.0
Income from discontinued operations before income taxes	236.4	184.6	1,019.5
Income tax expense from discontinued operations	62.1	33.7	221.5
Income from discontinued operations, net of tax	174.3	150.9	798.0
(Loss) income from discontinued operations, net of tax attributable to noncontrolling interest	(0.2)	0.4	0.5
Income from discontinued operations, net of tax attributable to controlling interest	\$ 174.5	\$ 150.5	\$ 797.5

Interest from corporate debt allocated to discontinued operations includes interest on Term Loans required to be paid down using proceeds received on disposal on sale of a business, and interest expense from corporate debt not directly attributable to or related to other operations based on the ratio of net assets of the disposal group held for sale to the consolidated net assets plus consolidated debt, excluding debt assumed in transaction, required to be repaid, or directly attributable to other operations of the Company. Corporate debt, including Term Loans required to be paid down, are not classified as held for sale as they are not directly attributable to the identified disposal groups.

For the year ended September 30, 2019, SBH recognized interest expense associated with corporate debt directly held by the SBH parent company and not included as part of the consolidated financial statements of SB/RH. As a result, there was only \$75.2 million of interest on corporate debt from SB/RH allocated to discontinued operations, excluding allocated interest attributable to debt held directly by the SBH parent company, and further impacting the intraperiod income tax expense from discontinued operations to \$223.4 million as part of the SB/RH Consolidated Statement of Income for the year ended September 30, 2019. The Company paid down the outstanding debt held by SBH parent company following the divestitures of GBL and GAC during the year ended September 30, 2019 and for the years ended September 30, 2021 and September 30, 2020, all corporate debt and applicable interest allocated to discontinued operations was attributable to debt held by SBI, a wholly owned subsidiary of both SBH and SB/RH.

HHI

On September 8, 2021, the Company entered into a definitive Asset and Stock Purchase Agreement (the "ASPA") with ASSA ABLOY AB ("ASSA") to sell its HHI segment for cash proceeds of \$4.3 billion, subject to customary purchase price adjustments. The Company's assets and liabilities associated with the HHI disposal group has been classified as held for sale and the respective operations have been classified as discontinued operations and reported separately for all periods presented.

The ASPA provides that ASSA will purchase the equity of certain subsidiaries of the Company, and acquire certain assets and assume certain liabilities of other subsidiaries used or held for the purpose of the HHI business. The Company and ASSA have made customary representations and warranties and have agreed to customary covenants relating to the acquisition. Among other things, prior to the consummation of the acquisition, the Company will be subject to certain business conduct restrictions with respect to its operation of the HHI business. The Company and ASSA have agreed to indemnify each other for losses arising from certain breaches of the ASPA and for certain other matters. In particular, the Company has agreed to indemnify ASSA for certain liabilities relating to the assets retained by the Company, and ASSA has agreed to indemnify the Company for certain liabilities assumed by ASSA, in each case as described in the ASPA. The Company and ASSA have agreed to enter into related agreements ancillary to the acquisition that will become effective upon the consummation of the acquisition, including a customary transition services agreement and reverse transition services agreement.

The consummation of the acquisition is subject to certain customary conditions, including, among other things, (i) the absence of a material adverse effect on HHI, (ii) the expiration or termination of required waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (iii) the receipt of certain other antitrust approvals in certain specified foreign jurisdictions (the conditions contained in (ii) and (iii) together, the "Antitrust Conditions"), (iv) the accuracy of the representations and warranties of the parties generally subject to a customary material adverse effect standard (as described in the ASPA) or other customary materiality qualifications), (v) the absence of governmental restrictions on the consummation of the acquisition in certain jurisdictions, and (vi) material compliance by the parties with their respective covenants and agreements under the ASPA. The consummation of the transaction is not subject to any financing condition. The transaction is expected to be consummated prior to September 30, 2022.

The ASPA also contains certain termination rights, including the right of either party to terminate the ASPA if the consummation of the acquisition has not occurred on or before December 8, 2022 (the "Termination Date"). Further, if the acquisition has not been consummated by the Termination Date and all conditions precedent to ASSA's obligation to consummate the acquisition have otherwise been satisfied except for one or more of the Antitrust Conditions, then ASSA would be required to pay the Company a termination fee of \$350 million.

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NOTE 3 – DIVESTITURES (continued)

The following table summarizes the assets and liabilities of the HHI disposal group classified as held for sale as of September 30, 2021 and 2020:

(in millions)	2021	2020
Assets		
Trade receivables, net	\$ 130.2	\$ 201.4
Other receivables	12.1	27.8
Inventories	332.2	239.0
Prepaid expenses and other current assets	39.1	32.6
Property, plant and equipment, net	143.5	140.9
Operating lease assets	55.5	45.8
Deferred charges and other	11.7	16.5
Goodwill	710.9	704.8
Intangible assets, net	374.8	385.0
Total assets of business held for sale	\$ 1,810.0	\$ 1,793.8
Liabilities		
Current portion of long-term debt	\$ 1.5	\$ 1.4
Accounts payable	206.6	195.0
Accrued wages and salaries	41.7	33.3
Other current liabilities	75.9	73.9
Long-term debt, net of current portion	54.4	55.3
Long-term operating lease liabilities	48.6	39.2
Deferred income taxes	7.8	10.2
Other long-term liabilities	17.8	20.4
Total liabilities of business held for sale	\$ 454.3	\$ 428.7

The following table summarizes the components of income from discontinued operations before income taxes associated with the HHI divestiture in the accompanying Consolidated Statements of Operations for the years ended September 30, 2021, 2020 and 2019:

(in millions)	2021	2020	2019
Net sales	\$ 1,615.8	\$ 1,342.1	\$ 1,355.7
Cost of goods sold	1,025.3	850.3	868.4
Gross profit	590.5	491.8	487.3
Operating expenses	293.1	257.1	262.8
Operating income	297.4	234.7	224.5
Interest expense	3.4	3.5	3.4
Other non-operating expense, net	5.8	3.4	0.5
Income from discontinued operations before income taxes	\$ 288.2	\$ 227.8	\$ 220.6

Beginning in September 2021, the Company ceased the recognition of depreciation and amortization of long-lived assets associated with the HHI disposal group classified as held for sale. Interest expense consists of interest from debt directly attributable to HHI operations that primarily consist of interest from finance leases. No impairment loss was recognized on the asset held for sale as the purchase price of the business less estimated cost to sell is more than its carrying value.

The following table presents significant non-cash items and capital expenditures of discontinued operations from the HHI divestiture:

(in millions)	2021	2020	2019
Depreciation and amortization	\$ 31.1	\$ 33.9	\$ 33.5
Share and incentive based compensation	\$ 0.8	\$ 6.0	\$ 5.0
Purchases of property, plant and equipment	\$ 22.8	\$ 16.9	\$ 18.0

GBL

On January 2, 2019, the Company completed the sale of its GBL business pursuant to the GBL acquisition agreement with Energizer for cash proceeds of \$1,956.2 million, resulting in a pre-tax gain on sale of \$989.8 million, during the year ended September 30, 2019, including the settlement of customary purchase price adjustments for working capital and assumed indebtedness, recognition of tax and legal indemnifications under the acquisition agreement and an estimated contingent purchase price adjustment of \$200 million for the settlement of the planned divestiture of the Varta® consumer batteries business by Energizer. The results of operations and gain on sale for disposal of the GBL business were recognized as a component of discontinued operations.

SPECTRUM BRANDS HOLDINGS, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – DIVESTITURES (continued)

The GBL acquisition agreement provided for a purchase price adjustment that was contingent upon the completion of the divestiture of the Varta® consumer battery, chargers, portable power and portable lighting business in the EMEA region by Energizer. The Company settled the outstanding balance with Energizer for \$197 million and recognized an incremental adjustment to gain on sale of \$3.0 million as a component of income from discontinued operations, net of tax, during the year ended September 30, 2020.

The Company and Energizer agreed to indemnify each other for losses arising from certain breaches of the GBL acquisition agreement and for certain other matters. The Company agreed to indemnify Energizer for certain liabilities relating to the assets retained by the Company, and Energizer agreed to indemnify the Company for certain liabilities assumed by Energizer, in each case as described in the acquisition agreement. As of September 30, 2021 and 2020, the Company recognized \$35.0 million and \$50.2 million, respectively, related to indemnifications in accordance with the acquisition agreement, including \$17.3 million and \$33.0 million, respectively, within Other Current Liabilities on the Company's Consolidated Statement of Financial Position primarily attributable to current income tax indemnifications and \$17.7 million and \$17.2 million, respectively, within Other Long-Term Liabilities on the Company's Consolidated Statement of Financial Position primarily attributable to income tax indemnifications associated with previously recognized uncertain tax benefits. During the years ended September 30, 2021 and 2020, the Company recognized incremental pre-tax loss on sale for changes to tax and legal indemnifications and other agreed-upon funding under the GBL acquisition agreement with Energizer. During the year ended September 30, 2020, the Company recognized a \$10.5 million tax benefit to discontinued operations from the return to provision adjustments related to the divestitures of GBL, primarily from changes to US GILTI on the non-US portions of the sold business.

The Company and Energizer entered into related agreements that became effective upon the consummation of the acquisition including a customary transition services agreement ("TSA") and reverse TSA. The TSA and reverse TSA are recognized as a component of continuing operations for periods following the completion of the GBL sale. See *Note 17 – Related Party Transactions* for additional discussion.

The following table summarizes the components of income from discontinued operations before income taxes associated with the GBL operations in the accompanying Consolidated Statements of Operations for the years ended September 30, 2019 with the close of the GBL divestiture on January 2, 2019.

(in millions)	2019
Net sales	\$ 249.0
Cost of goods sold	164.6
Gross profit	84.4
Operating expenses	57.0
Operating income	27.4
Interest expense	0.6
Other non-operating expense, net	0.5
Gain on sale	(989.8)
Reclassification of accumulated other comprehensive income	18.5
Income from discontinued operations before income taxes	\$ 997.6

The Company ceased the recognition of depreciation and amortization of long-lived assets associated with the GBL disposal group when classified as held for sale prior to the year ended September 30, 2019 and therefore no depreciation and amortization was recognized from the GBL disposal group during the year ended September 30, 2019 prior to close of the transaction. Interest expense consists of interest from debt directly attributable to GBL operations that primarily consist of interest from finance leases. Additionally, the Company incurred transaction costs of \$12.9 million associated with the divestiture, which were recognized as a component of income from discontinued operations for the year ended September 30, 2019. Transaction costs were expensed as incurred and include fees for investment banking services, legal, accounting, due diligence, tax, valuation and various other services necessary to complete the transaction.

GAC

On January 28, 2019, the Company completed the sale of its GAC business pursuant to the GAC acquisition agreement with Energizer for \$938.7 million in cash proceeds and \$242.1 million in stock consideration of common stock of Energizer, resulting in a loss on sale of business of \$111.0 million during the year ended September 30, 2019, including the estimated settlement of customary purchase price adjustments for working capital and assumed indebtedness, and recognition of tax and legal indemnifications in accordance with the GAC acquisition agreement. The results of operations and loss on the disposal of the GAC business were recognized as a component of discontinued operations.

The Company and Energizer agreed to indemnify each other for losses arising from certain breaches of the GAC acquisition agreement and for certain other matters. The Company agreed to indemnify Energizer for certain liabilities relating to the assets retained by the Company, and Energizer agreed to indemnify the Company for certain liabilities assumed by Energizer, in each case as described in the acquisition agreement. As of September 30, 2021 and 2020, the Company recognized \$1.5 million and \$1.4 million, respectively, related to indemnifications in accordance with the acquisition agreement within Other Long-Term Liabilities on the Company's Consolidated Statement of Financial Position primarily attributable to income tax indemnifications associated with previously recognized uncertain tax benefits.

The Company and Energizer entered into related agreements ancillary to the GAC acquisition that became effective upon the consummation of the acquisition, including a TSA and reverse TSA, a supply agreement with the Company's H&G business, as well as a shareholder agreement. The TSA and reverse TSA are recognized as a component of continuing operations for periods following the completion of the GAC sale. The supply agreement with the Company's H&G business was recognized as a component of net sales and continuing operations. The supply agreement had a contracted term of 24 months, and expired in January 2021. Sales from the Company's H&G segment to GAC discontinued operations prior to the divestiture have been recognized as a component of net sales and continuing operations for all comparable periods. See *Note 17 – Related Party Transactions* for additional discussion.

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NOTE 3 – DIVESTITURES (continued)

The following table summarizes the components of income from discontinued operations before income taxes associated with the GAC business in the accompanying Consolidated Statements of Operations for the year ended 2019, with the close of the GAC divestiture on January 28, 2019:

(in millions)	2019
Net sales	\$ 87.7
Cost of goods sold	52.5
Gross profit	35.2
Operating expenses	35.7
Operating loss	(0.5)
Interest expense	0.7
Other non-operating expense, net	0.2
Loss on sale of business	111.0
Reclassification of accumulated other comprehensive income	3.3
Loss from discontinued operations before income taxes	<u>\$ (115.7)</u>

Beginning in November 2018, the Company ceased the recognition of depreciation and amortization of long-lived assets associated with the GAC disposal group classified as held for sale. During the year ended September 30, 2019, there is depreciation and amortization expense included in income from discontinued operations of \$1.4 million. Interest expense consists of interest from debt directly attributable to GAC operations that primarily consists of interest from finance leases. During the year ended September 30, 2019, the Company recognized a \$111.0 million loss on sale associated with the GAC divestiture attributable to the expected fair value to be realized from the sale, net of transaction costs. Additionally, the Company incurred transaction costs of \$8.8 million associated with the divestiture, which were recognized as a component of income from discontinued operations for the year ended September 30, 2019. Transaction costs were expensed as incurred and include fees for investment banking services, legal, accounting, due diligence, tax, valuation and various other services necessary to complete the transaction.

Coevorden Operations

On March 29, 2020, the Company completed its sale of the dog and cat food (“DCF”) production facility and distribution center in Coevorden, Netherlands (“Coevorden Operations”) pursuant to an agreement with United Petfood Producers NV (“UPP”) for total cash proceeds of \$29.0 million. The divestiture does not constitute a strategic shift for the Company and therefore is not considered discontinued operations. The divestiture of the Coevorden Operations was defined as a disposal of a business and a component of the GPC segment and reporting unit, resulting in the allocation of \$10.6 million of GPC goodwill to the disposal group based upon a relative fair-value allocation. The Company realized a loss on assets held for sale of \$26.8 million during the year ended September 30, 2020.

The Company and UPP entered into related agreements ancillary to the acquisition that became effective upon the consummation of the acquisition, including a TSA. The Company will continue to operate its commercial DCF business following the divestiture of the Coevorden Operations and entered into a manufacturing agreement with UPP to supply the continuing DCF business, subject to an incremental tolling charge. Additionally, the Company leases and operates the distribution center on behalf of UPP for up to 18 months following the divestiture under a lease agreement.

NOTE 4 – ACQUISITIONS***Rejuvenate Acquisition***

On May 28, 2021, the Company acquired all ownership interests in For Life Products, LLC (“FLP”) for a purchase price of \$301.5 million. FLP is a leading manufacturer of household cleaning, maintenance, and restoration products sold under the Rejuvenate® brand. The net assets and operating results of FLP, since the acquisition date of May 28, 2021, are included in the Company’s Consolidated Statements of Income and reported within the H&G reporting segment for the year ended September 30, 2021.

The Company has recorded an allocation of the purchase price to tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the May 28, 2021 acquisition date. The excess of the purchase price over the fair value of the net tangible assets and identifiable intangible assets of \$147.0 million was recorded as goodwill, which is deductible for tax purposes. Goodwill includes value associated with profits earned from market expansion capabilities, synergies from integration and streamlining operational activities, the going concern of the business and the value of the assembled workforce.

SPECTRUM BRANDS HOLDINGS INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – ACQUISITIONS (continued)

The calculation of purchase price and purchase price allocation is as follows:

(in millions)	Amount
Cash consideration	\$ 301.5
Purchase Price Allocation	
(in millions)	
Cash and cash equivalents	\$ 1.4
Trade receivables, net	10.2
Inventories	15.4
Prepaid expenses and other current assets	0.3
Property, plant and equipment, net	0.4
Goodwill	147.0
Intangible assets, net	128.7
Accounts payable	(1.7)
Accrued wages and salaries	(0.1)
Other current liabilities	(0.1)
Net assets acquired	\$ 301.5

The values allocated to intangible assets and the weighted average useful lives are as follows:

(in millions)	Carrying Amount	Weighted Average Useful Life (Years)
Tradenames	\$ 119.0	Indefinite
Customer relationships	8.4	14 years
Technology	1.3	11 years
Total intangibles acquired	\$ 128.7	

The Company performed a valuation of the acquired inventories, tradenames, technology, and customer relationships. The fair value measurements are based on significant inputs not observable in the market, and therefore, represent Level 3 measurements. The following is a summary of significant inputs to the valuation:

Inventories – Acquired inventory consists of branded finished goods that were valued based on the comparative sales method, which estimates the expected sales price of the finished goods inventory, reduced for all costs expected to be incurred in its completion or disposition and a profit on those costs.

Tradename – The Company valued the tradename, Rejuvenate®, using an income approach, the relief-from-royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the tradename was not owned. A royalty rate of 12% for valuation of Rejuvenate® was selected based on consideration of several factors, including prior transactions, related trademarks and tradenames, other similar trademark licensing, and transaction agreements and the relative profitability and perceived contribution of the tradename. The discount rate applied to the projected cash flow was 10.5% based on the a weighted-average cost of capital for the overall business. The resulting discounted cash flows were then tax-effected at the applicable statutory rate.

Customer relationships – The Company valued customer relationships using the multi-period excess earnings method under a market participant distributor method of the income approach. In determining the fair value of the customer relationships, the multi-period excess earnings approach values the intangible asset at the present value of the incremental after-tax cash flows attributable only to the customer relationship after deducting contributory asset charges. Only expected sales from current customers were used, which are estimated using average annual expected growth rate of 4%. The Company assumed a customer attrition rate of 5%, which is supported by historical attrition rates. The discount rate applied to the projected cash flow was 10.5% and income taxes were estimated at the applicable statutory rate.

Technology – The Company valued technology using an income approach, the relief-from-royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the technology was not owned. A royalty rate of 3% was selected based on consideration of several factors, including prior transactions, related licensing agreements and the importance of the technology and profit levels, among other considerations. The discount rate applied to the projected cash flow was 10.5% and income taxes were estimated at the applicable statutory rate.

Pro forma results have not been presented as the Rejuvenate acquisition is not considered individually significant to the consolidated results of the Company.

Armitage Acquisition

On October 26, 2020, the Company acquired all of the stock of Armitage Pet Care Ltd ("Armitage") for approximately \$187.7 million. Armitage is a premium pet treats and toys business headquartered in Nottingham, United Kingdom, including a portfolio of brands that include Armitage's dog treats brand, Good Boy®, cat treats brand, Meowee!® and Wildbird®, bird feed products, among others, that are predominantly sold within the United Kingdom. The net assets and operating results of Armitage, since the acquisition date of October 26, 2020, are included in the Company's Consolidated Statements of Income and reported within the GPC reporting segment for the year ended September 30, 2021.

The Company has recorded an allocation of the purchase price to tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the October 26, 2020 acquisition date. The excess of the purchase price over the fair value of the net tangible assets and identifiable intangible assets of \$90.7 million was recorded as goodwill, which is not deductible for foreign tax purposes. Goodwill includes value associated with profits earned from market and expansion capabilities, synergies from integration and streamlining operational activities, the going concern of the business and the value of the assembled workforce.

SPECTRUM BRANDS HOLDINGS INC.
SB/RH HOLDINGS, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – ACQUISITIONS (continued)

The calculation of purchase price and purchase price allocation is as follows:

(in millions)	Amount
Cash paid	\$ 187.7
Debt assumed	51.0
Cash consideration	\$ 136.7
(in millions)	Purchase Price Allocation
Cash and cash equivalents	\$ 6.9
Trade receivables, net	16.7
Other receivables	1.9
Inventories	16.3
Prepaid expenses and other current assets	0.2
Property, plant and equipment, net	3.0
Operating lease assets	0.1
Deferred charges and other	0.9
Goodwill	90.7
Intangible assets, net	88.6
Accounts payable	(9.2)
Accrued wages and salaries	(1.5)
Other current liabilities	(7.0)
Long-term debt, net of current portion	(51.0)
Long-term operating lease liabilities	(0.1)
Deferred income taxes	(18.0)
Other long-term liabilities	(1.8)
Net assets acquired	\$ 136.7

The values allocated to intangible assets and the weighted average useful lives are as follows:

(in millions)	Carrying Amount	Weighted Average Useful Life (Years)
Tradenames	\$ 74.3	Indefinite
Customer relationships	14.3	12 years
Total intangibles acquired	\$ 88.6	

The Company performed a valuation of the acquired inventories, tradenames, and customer relationships. The fair value measurements are based on significant inputs not observable in the market, and therefore, represent Level 3 measurements. The following is a summary of significant inputs to the valuation:

Inventory - Acquired inventory consists of branded finished goods that were valued based on the comparative sales method, which estimates the expected sales price of the finished goods inventory, reduced for all costs expected to be incurred in its completion or disposition and a profit on those costs.

Tradenames - The Company valued the tradenames, the Good Boy® brand and the Wildbird® and Other brand portfolio, using an income approach, the relief-from-royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the tradenames were not owned. Royalty rates of 8% for valuation of Good Boy® and 3% for Wildbird® and Other were selected based on consideration of several factors, including prior transactions, related trademarks and tradenames, other similar trademark licensing, and transaction agreements and the relative profitability and perceived contribution of the tradenames. The discount rate applied to the projected cash flow was 11% based on the a weighted-average cost of capital for the overall business. The resulting discounted cash flows were then tax-effected at the applicable statutory rate.

Customer relationships - The Company valued customer relationships using an income and cost approach, the avoided cost and lost profits method. The underlying premise of the method is that the economic value of the asset can be estimated based on consideration of the total costs that would be avoided by having this asset in place. These costs primarily consider the costs that would be incurred to re-create the customer relationships in terms of employee salaries and the revenues and associated profits forgone due to the absence of the relationships for a period of time.

Pro forma results have not been presented as the Armitage acquisition is not considered individually significant to the consolidated results of the Company.

Omega Sea Acquisition

On March 10, 2020, the Company entered into an asset purchase agreement with Omega Sea, LLC (“Omega”), a manufacturer and marketer of premium fish foods and consumable goods for the home and commercial aquarium markets, primarily consisting of the Omega brand, for a purchase price of approximately \$16.9 million. The results of Omega’s operations since March 10, 2020 are included in the Company’s Consolidated Statements of Income and reported within the GPC reporting segment for the year ended September 30, 2021 and 2020.

The Company has recorded an allocation of the purchase price to the Company’s tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of March 10, 2020, the acquisition date. The excess of the purchase price over the fair value of the net tangible assets and identifiable intangible assets was recorded as goodwill, resulting in the recognition of \$4.4 million for the indefinite lived intangible asset Omega trade name and the allocation of goodwill of \$8.6 million, allocated to the GPC segment and deductible for tax purposes.

Pro forma results have not been presented as the Omega acquisition is not considered individually significant to the consolidated results of the Company.

SPECTRUM BRANDS HOLDINGS, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - RESTRUCTURING AND RELATED CHARGES

Global Productivity Improvement Program – During the year ended September 30, 2019, the Company initiated a company-wide, multi-year program, which consists of various restructuring related initiatives to redirect resources and spending to drive growth, identify cost savings and pricing opportunities through standardization and optimization, develop organizational and operating optimization, and reduce overall operational complexity across the Company. Since the announcement of the project and completion of the Company’s divestitures in GBL and GAC during the year ended September 30, 2019, the project focus includes the transitioning of the Company’s continuing operations in a post-divestiture environment and separation with Energizer TSAs and reverse TSAs. Refer to *Note 3 – Divestitures* and *Note 17 – Related Party Transactions* for further discussion. The initiative includes review of global processes, opportunity spending and organization design and structures; headcount reductions and transfers; and rightsizing the Company’s shared operations and commercial business strategy in certain regions and local jurisdictions; among others. Total cumulative costs incurred associated with the project were \$152.2 million as of September 30, 2021, with approximately \$2.5 million forecasted in the foreseeable future. The project costs are anticipated to be incurred through the fiscal year ending September 30, 2022.

GPC Edwardsville 3PL Transition - During the year ended September 30, 2021, the GPC segment entered into an initiative to transition its third party logistics (3PL) service provide at its Edwardsville, IL distribution center to optimize its operations and improve fill rates to meet customer requirements and handle projected growth. Costs incurred to facilitate the transition service providers include one-time implementation and start-up costs with the new service provider, including the integration of the provider systems and technology, incremental compensation and incentive-based compensation to maintain performance during the transition period, duplicative and redundant costs between providers, and incremental costs for various disruptions in the operations during the transition period, including supplemental transportation and storage costs as the new 3PL operations are fully integrated and transitioned. Total cumulative costs incurred associated with the project were \$11.5 million as of September 30, 2021, with approximately \$12.2 million forecasted in the foreseeable future. The project costs are anticipated to be incurred through the first half of the fiscal year ending September 30, 2022.

SAP S4 ERP Transformation - During the year ended September 30, 2021, the Company entered into an initiative to transform its enterprise-wide operating system to SAP S4. The initiative is a multi-year project that will include various project costs, including software configuration and implementation costs that would be recognized as a capital expenditure or deferred cost in accordance with applicable accounting policies. Certain restructuring related costs associated with the initiative include project development and management costs, and professional services with business partners engaged towards planning, design and business process review that would not qualify as software implementation costs. The Company is currently in the planning and design stage of the project. Total cumulative costs incurred associated with the project were \$4.3 million as of September 30, 2021 with approximately \$13.0 million forecasted in the foreseeable future. The project is a multi-year implementation with various phases that will be realized throughout the project timeline, depending upon business unit and/or jurisdiction, and is anticipated to be incurred through September 30, 2024.

Other Restructuring Activities – The Company may enter into small, less significant initiatives and restructuring related activities to reduce costs and improve margins throughout the organization. Individually these activities are not substantial and occur over a shorter time period (generally less than 12 months).

The following summarizes restructuring and related charges for the years ended September 30, 2021, 2020, and 2019:

(in millions)	2021	2020	2019
Global productivity improvement program	\$ 21.2	\$ 71.1	\$ 59.9
GPC Edwardsville 3PL transition	11.5	—	—
SAP S4 ERP transformation	4.3	—	—
Other restructuring activities	3.3	0.5	1.1
Total restructuring and related charges	\$ 40.3	\$ 71.6	\$ 61.0
Reported as:			
Cost of goods sold	\$ 1.9	\$ 13.8	\$ 2.5
Operating expense	38.4	57.8	58.5

The following summarizes restructuring and related charges for the years ended September 30, 2021, 2020, and 2019, and cumulative costs of restructuring initiatives as of September 30, 2021, by cost type. Termination costs consist of involuntary employee termination benefits and severance pursuant to a one-time benefit arrangement recognized as part of a restructuring initiative. Other costs consist of non-termination type costs related to restructuring initiatives such as incremental costs to consolidate or close facilities, relocate employees, cost to retrain employees to use newly deployed assets or systems, transition of third-party providers, pervasive system implementations and redundant or incremental transitional operating costs, among others:

(in millions)	Termination Benefits	Other Costs	Total
For the year ended September 30, 2021	\$ 7.7	\$ 32.6	\$ 40.3
For the year ended September 30, 2020	12.4	59.2	71.6
For the year ended September 30, 2019	9.4	51.6	61.0
Cumulative costs through September 30, 2021	29.2	123.0	152.2
Future costs to be incurred	—	27.7	27.7

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - RESTRUCTURING AND RELATED CHARGES (continued)

The following is a rollforward of the accrual related to all restructuring and related activities, included within Other Current Liabilities, by cost type, for the years ended September 30, 2021, 2020, and 2019:

(in millions)	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2019	\$ 6.6	\$ 27.0	\$ 33.6
Adoption of ASU 842	—	(4.2)	(4.2)
Provisions	4.0	41.6	45.6
Cash expenditures	(7.0)	(57.8)	(64.8)
Non-cash items	0.3	(0.3)	—
Accrual balance at September 30, 2020	\$ 3.9	\$ 6.3	\$ 10.2
Provisions	5.7	4.6	10.3
Cash expenditures	(4.7)	(5.4)	(10.1)
Non-cash items	(0.3)	0.1	(0.2)
Accrual balance at September 30, 2021	\$ 4.6	\$ 5.6	\$ 10.2

Effective October 1, 2019, the Company adopted ASU 842 resulting in the recognition of ROU operating lease liabilities for outstanding payments on operating leases. Amounts previously recognized as a restructuring accrual associated with lease termination costs were recognized as a reduction of the ROU operating lease asset realized upon adoption of ASU 842 for the respective lease and the outstanding lease payments are captured as ROU operating lease liabilities.

The following summarizes restructuring and related charges by segment for the years ended September 30, 2021, 2020, and 2019, cumulative costs of restructuring initiatives as of September 30, 2021 and future expected costs to be incurred by segment:

(in millions)	HPC	GPC	H&G	Corporate	Total
For the year ended September 30, 2021	\$ 9.1	\$ 15.2	\$ 0.4	\$ 15.6	\$ 40.3
For the year ended September 30, 2020	4.6	20.8	0.5	45.7	71.6
For the year ended September 30, 2019	8.1	7.6	1.8	43.5	61.0
Cumulative costs through September 30, 2021	20.6	30.3	2.7	98.6	152.2
Future costs to be incurred	1.3	12.5	—	13.9	27.7

NOTE 6 - REVENUE RECOGNITION

The Company generates all of its revenue from contracts with customers. The following table disaggregates our revenue for the year ended September 30, 2021, by the Company's key revenue streams, segments and geographic region (based upon destination):

(in millions)	September 30, 2021			
	HPC	GPC	H&G	Total
Product Sales				
NA	\$ 493.5	\$ 699.9	\$ 598.6	\$ 1,792.0
EMEA	512.1	359.8	—	871.9
LATAM	170.6	15.8	7.0	193.4
APAC	72.7	38.9	—	111.6
Licensing	11.2	9.8	2.5	23.5
Other	—	5.7	—	5.7
Total Revenue	\$ 1,260.1	\$ 1,129.9	\$ 608.1	\$ 2,998.1

The following table disaggregates our revenue for the year ended September 30, 2020, by the Company's key revenue streams, segments and geographic region (based upon destination):

(in millions)	September 30, 2020			
	HPC	GPC	H&G	Total
Product Sales				
NA	\$ 458.7	\$ 667.4	\$ 543.1	\$ 1,669.2
EMEA	447.3	232.6	—	679.9
LATAM	126.8	14.4	6.7	147.9
APAC	65.8	35.7	—	101.5
Licensing	9.0	8.3	2.1	19.4
Other	—	4.2	—	4.2
Total Revenue	\$ 1,107.6	\$ 962.6	\$ 551.9	\$ 2,622.1

SPECTRUM BRANDS HOLDINGS, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – REVENUE RECOGNITION (continued)

The following table disaggregates our revenue for the year ended September 30, 2019, by the Company’s key revenue streams, segments and geographic region (based upon destination):

(in millions)	September 30, 2019			
	HPC	GPC	H&G	Total
Product Sales				
NA	\$ 428.6	\$ 586.1	\$ 502.0	\$ 1,516.7
EMEA	429.3	222.6	—	651.9
LATAM	139.5	13.4	4.4	157.3
APAC	61.0	36.6	—	97.6
Licensing	9.7	6.8	1.7	18.2
Other	—	4.7	—	4.7
Total Revenue	<u>\$ 1,068.1</u>	<u>\$ 870.2</u>	<u>\$ 508.1</u>	<u>\$ 2,446.4</u>

The Company has a broad range of customers including many large mass retail customers. During the year ended September 30, 2021, there were two large retail customers each exceeding 10% of consolidated Net Sales and representing 31.4% of consolidated Net Sales. During the year ended September 30, 2020, there were two large retail customers each exceeding 10% of consolidated Net Sales and representing 31.8% of consolidated Net Sales. During the year ended September 30, 2019, there was one large retail customer exceeding 10% of consolidated Net Sales and representing 20.9% of consolidated Net Sales.

A significant portion of our product sales from our HPC segment, primarily in the NA and LATAM regions, are subject to the continued use and access of the Black and Decker® brand (B&D) through a license agreement with Stanley Black and Decker, and its continued renewal. Net sales from B&D product sales consist of \$400.2 million, \$337.7 million, and \$324.6 million for the years ended September 30, 2021, 2020 and 2019, respectively. All other significant brands and tradenames used in the Company’s commercial operations are directly owned and not subject to further restrictions.

In the normal course of business, the Company may allow customers to return product or take credit for product returns per the provisions in a sale agreement. Estimated product returns are recorded as a reduction in reported revenues at the time of sale based upon historical product return experience, adjusted for known trends, to arrive at the amount of consideration expected to receive. The following is a rollforward of the allowance for product returns for the years ended September 30, 2021, 2020 and 2019:

(in millions)	Beginning Balance	Charged to Profit & Loss	Deductions	Other Adjustments	Ending Balance
September 30, 2021	\$ 12.8	\$ 1.5	\$ (2.9)	\$ 0.4	\$ 11.8
September 30, 2020	9.8	6.0	(3.3)	0.3	12.8
September 30, 2019	12.1	1.7	(3.6)	(0.4)	9.8

NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Company’s financial assets and liabilities are defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Fair value measurements are classified using a fair value hierarchy that is based upon the observability of inputs used in measuring fair value. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed assumptions about hypothetical transactions in the absence of market data. The Company utilizes valuation techniques that attempt to maximize the use of observable inputs and minimize the use of unobservable inputs. Fair value measurements are classified under the following hierarchy:

- Level 1 - Unadjusted quoted prices for identical instruments in active markets.
- Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 - Significant inputs to the valuation model are unobservable.

The carrying values and estimated fair values for financial instruments as of September 30, 2021 and 2020 are as follows:

(in millions)	September 30, 2021					September 30, 2020				
	Level 1	Level 2	Level 3	Fair Value	Carrying Amount	Level 1	Level 2	Level 3	Fair Value	Carrying Amount
Investments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 66.9	\$ —	\$ —	\$ 66.9	\$ 66.9
Derivative Assets	—	6.8	—	6.8	6.8	—	0.4	—	0.4	0.4
Derivative Liabilities	—	2.5	—	2.5	2.5	—	13.5	—	13.5	13.5
Debt	—	2,628.2	—	2,628.2	2,506.3	—	2,538.7	—	2,538.7	2,419.5

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Investments consist of our investment in Energizer common stock and is valued at quoted market prices for identical instruments in an active market. As part of consideration received for the GAC divestiture, the Company received 5.3 million shares of Energizer common stock, valued at \$242.1 million on January 28, 2019, the effective close date of the GAC divestiture. Unrealized income or loss from changes in fair value, realized income or loss from sale of equity investments, plus dividend income from equity investments, are recognized as components of Other Non-Operating (Income) Expense, Net on the Consolidated Statements of Income. During the year ended September 30, 2021, the Company sold 1.7 million shares of Energizer common stock for cash proceeds of \$73.1 million. During the year ended September 30, 2020, the Company sold 3.6 million shares of Energizer common stock for cash proceeds of \$147.1 million. The Company sold its remaining investment in Energizer common stock in January 2021 and as of September 30, 2021, the company holds no shares of Energizer common stock.

The following is a summary of income recognized from equity investments included in Other Non-Operating (Income) Expense, Net on the Company's Consolidated Statements of Income for the years ended September 30, 2021, 2020, and 2019:

(in millions)	2021	2020	2019
Unrealized loss on equity investments held	\$ —	\$ (7.5)	\$ (12.1)
Realized gain (loss) on equity investments sold	6.9	(9.3)	—
Gain (loss) on equity investments	6.9	(16.8)	(12.1)
Dividend income from equity investments	0.2	5.0	4.8
Gain (loss) from equity investments	\$ 7.1	\$ (11.8)	\$ (7.3)

The Company's derivative instruments are valued on a recurring basis using internal models, which are based on market observable inputs including interest rate curves and both forward and spot prices for currencies and commodities, which are generally based on quoted or observed market prices (Level 2). The fair value of certain derivative financial instruments is estimated using pricing models based on contracts with similar terms and risks. Modeling techniques assume market correlation and volatility, such as using prices of one delivery point to calculate the price of the contract's different delivery point. In addition, by applying a credit reserve which is calculated based on credit default swaps or published default probabilities for the actual and potential asset value, the fair value of the Company's derivative financial instrument assets reflects the risk that the counterparties to these contracts may default on the obligations. Likewise, by assessing the requirements of a reserve for non-performance which is calculated based on the probability of default by the Company, the Company adjusts its derivative contract liabilities to reflect the price at which a potential market participant would be willing to assume the Company's liabilities. The Company has not changed the valuation techniques used in measuring the fair value of any financial assets and liabilities during the year. See *Note 14 – Derivatives* for additional detail.

The fair value measurements of the Company's debt represent non-active market exchange-traded securities which are valued at quoted input prices that are directly observable or indirectly observable through corroboration with observable market data (Level 2). See *Note 12 – Debt* for additional detail.

The carrying values of goodwill, intangible assets and other long-lived assets are tested annually or more frequently if an event occurs that indicates an impairment loss may have been incurred, using fair value measurements with unobservable inputs (Level 3). See *Note 4 – Acquisitions* for additional detail.

The carrying values of cash and cash equivalents, receivables, accounts payable and short term debt approximate fair value based on the short-term nature of these assets and liabilities.

NOTE 8 – RECEIVABLES

The allowance for uncollectible receivables as of September 30, 2021 and 2020 was \$6.7 million and \$5.3 million, respectively. The following is a rollforward of the allowance for doubtful accounts for the years ended 2021, 2020 and 2019:

(in millions)	Beginning Balance	Charged to Profit & Loss	Deductions	Other Adjustments	Ending Balance
September 30, 2021	\$ 5.3	\$ 1.9	\$ (0.4)	\$ (0.1)	\$ 6.7
September 30, 2020	3.5	2.3	(0.5)	—	5.3
September 30, 2019	3.0	1.3	(1.6)	0.8	3.5

The Company has a broad range of customers including many large retail outlet chains, some of which exceed 10% of consolidated Net Trade Receivables. There was one customer that exceeds 10% of the Company's consolidated Net Trade Receivables representing 14.7% and two customers representing 33.2% of the Company's Trade Receivables as of September 30, 2021 and 2020, respectively.

We have entered into various factoring agreements and early pay programs with our customers to sell our trade receivables under non-recourse agreements in exchange for cash proceeds. A loss on sale is recognized for any discount and factoring fees associated with the transfer. We utilize factoring arrangements as an integral part of our financing for working capital. These transactions are treated as a sale and are accounted for as a reduction in trade receivables because the agreements transfer effective control over and risk related to the receivables to buyers. In some instances, we may continue to service the transferred receivable after the factoring has occurred, but in most cases we do not service any factored accounts. Any servicing of the trade receivable does not constitute significant continuing involvement or preclude the recognition of a sale. We do not carry any material servicing assets or liabilities. Cash proceeds from these arrangements are reflected as operating activities. The aggregate gross amount factored under these facilities was \$1,328.7 million, \$1,206.5 million and \$1,222.3 million for the years ended September 30, 2021, 2020 and 2019, respectively. The cost of factoring such trade receivables was \$3.5 million, \$4.8 million, and \$7.4 million for the years ended September 30, 2021, 2020, and 2019, respectively, and are reflected in the Consolidated Statements of Income as General and Administrative Expense.

NOTE 9 - INVENTORY

Inventories as of September 30, 2021 and 2020 consist of the following:

(in millions)	2021	2020
Raw materials	\$ 66.1	\$ 41.8
Work-in-process	8.3	6.8
Finished goods	488.4	270.0
	<u>\$ 562.8</u>	<u>\$ 318.6</u>

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of September 30, 2021 and 2020 consist of the following:

(in millions)	2021	2020
Land, buildings and improvements	\$ 83.5	\$ 80.2
Machinery, equipment and other	383.0	344.4
Finance leases	146.1	145.4
Construction in progress	28.8	20.5
Property, plant and equipment	\$ 641.4	\$ 590.5
Accumulated depreciation	(381.2)	(334.9)
Property, plant and equipment, net	<u>\$ 260.2</u>	<u>\$ 255.6</u>

Depreciation expense from property, plant and equipment for the years ended September 30, 2021, 2020 and 2019 was \$51.9 million, \$59.3 million, and \$76.4 million, respectively. During the year ended September 30, 2019 the Company recognized incremental depreciation of \$13.5 million attributable to cumulative depreciation on property plant and equipment of HPC assets that were previously deferred when classified as held for sale.

NOTE 11 - GOODWILL AND INTANGIBLE ASSETS

Goodwill, by segment, consists of the following:

(in millions)	GPC	H&G	Total
As of September 30, 2019	\$ 430.4	\$ 195.6	\$ 626.0
Omega Sea acquisition (Note 4)	8.6	—	8.6
Allocated to Coevorden Operations divestiture (Note 3)	(10.6)	—	(10.6)
Foreign currency impact	3.2	—	3.2
As of September 30, 2020	\$ 431.6	\$ 195.6	\$ 627.2
Rejuvenate acquisition (Note 4)	—	147.0	147.0
Armitage acquisition (Note 4)	90.7	—	90.7
Foreign currency impact	2.3	—	2.3
As of September 30, 2021	<u>\$ 524.6</u>	<u>\$ 342.6</u>	<u>\$ 867.2</u>

There were no impairments recognized during the years ended September 30, 2021 and 2020. During the year ended September 30, 2019, the Company recognized an impairment loss on goodwill from the HPC reporting unit of \$116.0 million as a result of HPC being previously held for sale in addition to competitive market pressures, reduced margin realization and decline in operating results during the year ended September 30, 2019. There are no reporting units that were deemed at risk of impairment as of September 30, 2021 as all reporting units have significant excess of fair value over carrying value.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - GOODWILL AND INTANGIBLE ASSETS (continued)

The carrying value of indefinite lived intangible and definite lived intangible assets subject to amortization and accumulated amortization are as follows:

(in millions)	2021			2020		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Amortizable Intangible Assets						
Customer relationships	\$ 619.6	\$ (352.3)	\$ 267.3	\$ 596.5	\$ (319.1)	\$ 277.4
Technology assets	75.3	(25.8)	49.5	124.7	(59.6)	65.1
Tradenames	158.4	(141.9)	16.5	156.8	(128.5)	28.3
Total Amortizable Intangible Assets	853.3	(520.0)	333.3	878.0	(507.2)	370.8
Indefinite-lived Intangible Assets - Tradenames	870.8	—	870.8	675.9	—	675.9
Total Intangible Assets	\$ 1,724.1	\$ (520.0)	\$ 1,204.1	\$ 1,553.9	\$ (507.2)	\$ 1,046.7

There were no impairments recognized for intangible assets during the year ended September 30, 2021. During the year ended September 30, 2020, the Company recognized an impairment loss of \$16.6 million on indefinite-lived intangible assets and an impairment of \$7.6 million on definite lived intangible assets due to the incremental cash flow risk associated with the commercial DCF business following the divestiture of the Coevorden Operations. During the year ended September 30, 2019, the Company recognized an impairment loss of \$18.8 million and \$16.6 million on indefinite life intangible assets associated with the with the HPC and GPC segments, respectively, due to the reduction in value on certain tradenames primarily due to reduced sales volume and response to changes in management's strategy. As of September 30, 2021, there were no material intangible assets that would be deemed at risk of future impairment due to limited excess fair value.

Amortization expense from intangible assets for the years ended September 30, 2021, 2020 and 2019 was \$65.1 million, \$55.3 million and \$70.8 million, respectively. During the year ended September 30, 2019, there was an incremental amortization expense of \$15.5 million recognized attributable to cumulative amortization expense on intangible assets of HPC that were previously deferred when classified as held for sale.

Excluding the impact of any future acquisitions or changes in foreign currency, the Company anticipates the annual amortization expense of intangible assets for the next five fiscal years will be as follows:

(in millions)	Amortization
2022	\$ 49.2
2023	40.2
2024	40.2
2025	38.1
2026	36.5

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 12 - DEBT

Debt as of September 30, 2021 and 2020 consists of the following:

(in millions)	2021		2020	
	Amount	Rate	Amount	Rate
<i>Spectrum Brands, Inc.</i>				
Revolver Facility, variable rate, expiring June 30, 2025	\$ —	— %	\$ —	— %
Term Loan Facility, variable rate, due March 3, 2028	398.0	2.5 %	—	— %
6.125% Notes, due December 15, 2024	—	— %	250.0	6.1 %
5.75% Notes, due July 15, 2025	450.0	5.8 %	1,000.0	5.8 %
4.00% Notes, due October 1, 2026	492.9	4.0 %	499.1	4.0 %
5.00% Notes, due October 1, 2029	300.0	5.0 %	300.0	5.0 %
5.50% Notes, due July 15, 2030	300.0	5.5 %	300.0	5.5 %
3.875% Notes, due March 15, 2031	500.0	3.9 %	—	— %
Other notes and obligations	—	— %	3.2	7.6 %
Obligations under finance leases	101.9	4.9 %	103.7	5.3 %
Total Spectrum Brands, Inc. debt	2,542.8		2,456.0	
Unamortized discount on debt	(0.9)		—	
Debt issuance costs	(35.6)		(36.5)	
Less current portion	(12.0)		(13.9)	
Long-term debt, net of current portion	\$ 2,494.3		\$ 2,405.6	

The Company's aggregate scheduled maturities of debt obligations are as follows, excluding obligations under capital leases. See *Note 13 - Leases* for scheduled maturities of obligations under capital leases:

(in millions)	Amount
2022	\$ 4.0
2023	4.0
2024	4.0
2025	454.0
2026	4.0
Thereafter	1,970.9
Total long-term debt	\$ 2,440.9

Revolver Facility

On June 30, 2020, SBI entered into the Amended and Restated Credit Agreement ("Credit Agreement"), dated June 30, 2020, which refinances the previously existing credit facility, and includes certain modified terms from the previously existing revolving credit facility. The maturity date was extended to June 30, 2025, and the facility was reduced from \$890.0 million to \$600.0 million (with a U.S. dollar tranche and a multicurrency tranche). The interest rate margins applicable to the facility were changed and a LIBOR floor of 0.75% was installed. As of September 30, 2021, the Revolver Facility is subject to either adjusted LIBOR plus margin ranging from 1.75% to 2.75% per annum, or base rate plus margin ranging from 0.75% to 1.75% per annum. The LIBOR borrowings are subject to a 0.75% LIBOR floor. Our Revolver Facility allows for the LIBOR rate to be phased out and replaced with the Secured Overnight Financing Rate and therefore we do not anticipate a material impact by the expected upcoming LIBOR transition. The Credit Agreement was otherwise provided on the same terms and conditions as the previously existing Revolver Facility. The Company incurred \$3.5 million in connection with the Credit Agreement, which have been capitalized as debt issuance costs and amortized over the remaining term of the Credit Agreement.

The Credit Agreement, solely with respect to the Revolver Facility, contains a financial covenant test on the last day of each fiscal quarter on the maximum total leverage ratio. This is calculated as the ratio of (i) the principal amount of third-party debt for borrowed money (including unreimbursed letter of credit drawings), capital leases and purchase money debt, at period-end, less cash and cash equivalents, to (ii) adjusted EBITDA for the trailing twelve months. The maximum total leverage ratio should be no greater than 6.0 to 1.0. As of September 30, 2021, we were in compliance with all covenants under the Credit Agreement.

Pursuant to a guarantee agreement, SB/RH and the material wholly-owned domestic subsidiaries of SBI have guaranteed SBI's obligations under the Credit Agreement and related loan documents. Pursuant to a security agreement, SBI and such subsidiary guarantors have pledged substantially all of their respective assets to secure such obligations and, in addition, SB/RH has pledged the capital stock of SBI to secure such obligations. The Credit Agreement also provides for customary events of default including payment defaults and cross-defaults to other material indebtedness.

As a result of borrowings and payments under the Revolver Facility, at September 30, 2021, the Company had borrowing availability of \$575.4 million, net outstanding letters of credit of \$24.6 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - DEBT (continued)***Term Loan Facility***

On March 3, 2021, SBI entered into the first amendment (the "Amended Credit Agreement") to the Credit Agreement. The Amended Credit Agreement includes certain modified terms from the existing Credit Agreement to provide for a new term loan facility (the "Term Loan Facility"). The Term Loan Facility is in an aggregate principal amount of \$400.0 million and will mature on March 3, 2028. The Term Loan Facility is subject to a rate per annum equal to either (1) the LIBO Rate (as defined in the Amended Credit Agreement), subject to a 0.50% floor, adjusted for statutory reserves, plus a margin of 2.00% per annum or (2) the Alternate Base Rate (as defined in the Amended Credit Agreement), plus a margin of 1.00% per annum. The Term Loan Facility allows for the LIBO rate to be phased out and replaced with the Secured Overnight Financing Rate and therefore we do not anticipate a material impact to the expected upcoming LIBOR transition. The Term Loan Facility was issued net of a \$1.0 million discount and the Company incurred \$5.1 million of debt issuance costs, which is being amortized with a corresponding charge to interest expense over the remaining life of the loan.

Pursuant to a guarantee agreement, SB/RH and the direct and indirect wholly-owned material domestic subsidiaries of SBI have guaranteed SBI's obligations under the Amended Credit Agreement and related loan documents. Pursuant to the Security Agreement, dated as of June 23, 2015, SBI and such subsidiary guarantors have pledged substantially all of their respective assets to secure such obligations and, in addition, SB/RH has pledged the capital stock of SBI to secure such obligations.

Subject to certain mandatory prepayment events, the Term Loan Facility is subject to repayment according to scheduled amortizations, with the final payment of amount outstanding, plus accrued and unpaid interest, due at maturity. The Amended Credit Agreement contains customary affirmative and negative covenants, including, but not limited to, restrictions on SBI and its restricted subsidiaries' ability to incur indebtedness, create liens, make investments, pay dividends or make certain other distributions, and merge or consolidate or sell assets, in each case subject to certain exceptions set forth in the Amended Credit Agreement.

3.875% Notes

On March 3, 2021, SBI issued \$500.0 million aggregate principal amount of 3.875% Senior Notes due 2031 (the "3.875% Notes") and entered into the indenture governing the 3.875% Notes (the "2031 Indenture"). The 3.875% Notes mature on March 15, 2031 and are unconditionally guaranteed, on a senior unsecured basis, by SB/RH and by SBI's existing and future domestic subsidiaries that guarantee indebtedness under the Amended Credit Agreement.

SBI may redeem all or part of the 3.875% Notes at any time on or after March 15, 2026 at certain fixed redemption prices as set forth in the 2031 Indenture. In addition, prior to March 15, 2026, SBI may redeem the Notes at a redemption price equal to 100% of the principal amount plus a "make-whole" premium, plus accrued and unpaid interest. Before March 15, 2024, the Company may redeem up to 35% of the aggregate principal notes with cash equal to the net proceeds that SBI raises in equity offerings at specified redemption price as set forth in the 2031 Indenture. Further, the 2031 Indenture requires SBI to make an offer to repurchase all outstanding 3.875% Notes upon the occurrence of a change of control of SBI, as defined in the 2031 Indenture.

The 2031 Indenture contains covenants limiting, among other things, the ability of the Company and its direct and indirect restricted subsidiaries to incur additional indebtedness, create liens, engage in sale-leaseback transactions, pay dividends or make distributions in respect of capital stock, purchase or redeem capital stock, make investments or certain other restricted payments, sell assets, issue or sell stock of restricted subsidiaries, enter in transactions with affiliates, or effect a merger or consolidation.

In addition, the 2031 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments when due or an acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency.

The Company recorded \$7.6 million of fees in connection with the offering of the 3.875% Notes, which have been capitalized as debt issuance costs and are being amortized over the remaining life of the 3.875% Notes.

Spectrum 5.50% Notes

On June 30, 2020, SBI issued \$300.0 million aggregate principal amount of 5.50% Senior Notes due 2030 (the "5.50% Notes") and entered into the indenture governing the 5.50% Notes (the "2030 Indenture"). The 5.50% Notes mature on July 15, 2030 and are unconditionally guaranteed, on a senior unsecured basis, by SB/RH and by SBI's existing and future domestic subsidiaries that guarantee indebtedness under the Credit Agreement. The proceeds from the 5.50% Notes were used for repayment of the Revolver Facility obligation.

SBI may redeem all or part of the 5.50% Notes at any time on or after July 15, 2025 at certain fixed redemption prices as set forth in the 2030 Indenture. In addition, prior to July 15, 2025, SBI may redeem the Notes at a redemption price equal to 100% of the principal amount plus a "make-whole" premium, plus accrued and unpaid interest. Before July 15, 2023, the Company may redeem up to 35% of the aggregate principal notes with cash equal to the net proceeds that SBI raises in equity offerings at specified redemption price as set forth in the 2030 Indenture. Further, the 2030 Indenture requires SBI to make an offer to repurchase all outstanding 5.50% Notes upon the occurrence of a change of control of SBI, as defined in the 2030 Indenture.

The 2030 Indenture contains covenants limiting, among other things, the incurrence of additional indebtedness, payments of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2030 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments when due or an acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency.

The Company recorded \$6.2 million of fees in connection with the offering of the 5.50% Notes, which have been capitalized as debt issuance costs and amortized over the remaining life of the 5.50% Notes.

Spectrum 5.00% Notes

On September 24, 2019, SBI issued \$300.0 million aggregate principal amount of 5.00% Senior Notes due October 1, 2029. The 5.00% Notes are guaranteed by SB/RH as well as by SBI's existing and future domestic subsidiaries.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - DEBT (continued)

On or after October 1, 2024, SBI may redeem some or all of the Notes at certain fixed redemption prices. In addition, prior to October 1, 2024, SBI may redeem the Notes at a redemption price equal to 100% of the principal amount plus a “make-whole” premium. SBI may redeem up to 35% of the Notes, including additional notes, with an amount of cash equal to the net proceeds of equity offerings at specified redemption prices. Further, the indenture governing the 5.00% Notes (the “2029 Indenture”) requires SBI to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of SBI, as defined in the 2029 Indenture.

The 2029 Indenture contains covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2029 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments when due or on acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2029 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 5.00% Notes. If any other event of default under the 2029 Indenture occurs and is continuing, the trustee for the 2029 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 5.00% Notes, may declare the acceleration of the amounts due under those notes. As of September 30, 2021, we were in compliance with all covenants under the indentures governing the 5.00% Notes.

The Company recorded \$4.1 million of fees in connection with the offering of the 5.00% Notes, which have been capitalized as debt issuance costs and are being amortized over the remaining life of the 5.00% Notes.

Spectrum 4.00% Notes

On September 20, 2016, SBI issued €425 million aggregate principal amount of 4.00% Notes at par value, due October 1, 2026. The 4.00% Notes are guaranteed by SB/RH as well as by SBI’s existing and future domestic subsidiaries.

SBI may redeem all or a part of the 4.00% Notes, at any time on or after October 1, 2021 at specified redemption prices. In addition, prior to October 1, 2021, SBI may redeem the notes at a redemption price equal to 100% of the principal amounts plus a “make-whole” premium. SBI is also entitled to redeem up to 35% of the aggregate principal amount of the notes before October 1, 2019 with an amount of cash equal to the net proceeds that SBI raises in equity offerings at specified redemption prices. Further, the indenture governing the 4.00% Notes (the “2026 Indenture”) requires SBI to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of SBI, as defined in the 2026 Indenture.

The 2026 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2026 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments when due or on acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2026 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 4.00% Notes. If any other event of default under the 2026 Indenture occurs and is continuing, the trustee for the 2026 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 4.00% Notes, may declare the acceleration of the amounts due under those notes. As of September 30, 2021, we were in compliance with all covenants under the indentures governing the 4.00% Notes.

The Company recorded \$7.7 million of fees in connection with the offering of the 4.00% Notes, which have been capitalized as debt issuance costs and are being amortized over the remaining life of the 4.00% Notes.

Spectrum 5.75% Notes

On May 20, 2015, SBI issued \$1,000 million aggregate principal amount of 5.75% Notes at par value, due July 15, 2025 (the “5.75% Notes”). The 5.75% Notes are guaranteed by SB/RH as well as by SBI’s existing and future domestic subsidiaries.

SBI may redeem all or a part of the 5.75% Notes, at any time on or after July 15, 2020, at specified redemption prices. In addition, prior to July 15, 2020, SBI may redeem the notes at a redemption price equal to 100% of the principal amount plus a “make-whole” premium. SBI is also entitled to redeem up to 35% of the aggregate principal amount of the notes before July 15, 2018 with an amount of cash equal to the net proceeds that SBI raises in equity offerings at specified redemption prices. Further, the indenture governing the 5.75% Notes (the “2025 Indenture”) requires SBI to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of SBI, as defined in the 2025 Indenture.

The 2025 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2025 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments when due or on acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2025 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 5.75% Notes. If any other event of default under the 2025 Indenture occurs and is continuing, the trustee for the 2025 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 5.75% Notes, may declare the acceleration of the amounts due under those notes. As of September 30, 2021, we were in compliance with all covenants under the indentures governing the 5.75% Notes.

The Company recorded \$19.7 million of fees in connection with the offering of the 5.75% Notes, which have been capitalized as debt issuance costs and are being amortized over the remaining life of the 5.75% Notes. Using the proceeds received from the Term Loan Facility and 3.875% Notes, the Company redeemed \$550.0 million aggregate principal amount of the 5.75% Notes in a cash tender offer, with a make whole premium of \$17.7 million and a write-off of unamortized debt issuance costs of \$5.7 million recognized as Interest Expense on the Company’s Consolidated Statements of Income for the year ended September 30, 2021.

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NOTE 12 - DEBT (continued)

Spectrum 6.125% Notes

On December 4, 2014, SBI issued \$250 million aggregate principal amount of 6.125% Notes at par value, due December 15, 2024 (the "6.125% Notes"). The 6.125% Notes are guaranteed by SB/RH, as well as by SBI's existing and future domestic subsidiaries.

SBI may redeem all or a part of the 6.125% Notes, at any time on or after December 15, 2019, at specified redemption prices. Prior to December 15, 2019, SBI may redeem the notes at a redemption price equal to 100% of the principal amount plus a "make-whole" premium. SBI is also entitled to redeem up to 35% of the aggregate principal amount of the notes before December 15, 2017 with an amount of cash equal to the net proceeds that SBI raises in equity offerings at specified redemption prices. Further, the indenture governing the 6.125% Notes (the "2024 Indenture") requires SBI to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of SBI, as defined in the 2024 Indenture.

The 2024 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2024 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments when due or on acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2024 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 6.125% Notes. If any other event of default under the 2024 Indenture occurs and is continuing, the trustee for the 2024 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 6.125% Notes, may declare the acceleration of the amounts due under those notes. As of September 30, 2021, we were in compliance with all covenants under the indentures governing the 6.125% Notes.

The Company recorded \$4.6 million of fees in connection with the offering of the 6.125% Notes, which have been capitalized as debt issuance costs and are being amortized over the remaining life of the 6.125% Notes. Using the proceeds received from the Term Loan Facility and 3.875% Notes, the Company redeemed \$250.0 million aggregate principal amount of the 6.125% Notes in a cash tender offer, with a make whole premium of \$5.7 million and a write-off of unamortized debt issuance costs of \$2.1 million recognized as Interest Expense on the Company's Consolidated Statements of Income for the year ended September 30, 2021.

Salus CLO

In February 2013, September 2013 and February 2015, Salus Capital Partners completed a collateralized loan obligation ("CLO") securitization of up to \$578.5 million notional aggregate principal amount. The outstanding notional aggregate principal amount of was taken up by unaffiliated entities, including a former subsidiary of HRG Group, Inc. and consisted entirely of subordinated debt. The obligations of the Salus CLO securitization were secured by the assets of the variable interest entity (the "VIE"), which primarily consisted of asset-based loan receivables and carry residual interest subject to maintenance of certain covenants. The obligations of the CLO were non-recourse to the Company. The CLO has effectively distributed the remaining assets and as of June 3, 2020, the CLO was discharged of its obligation under the indentures as there were no assets that remained with the CLO to service the outstanding debt and no recourse to the Company. Following the discharge of the debt, there are no substantial net assets remaining with the VIE and the CLO realized a non-cash gain on extinguishment of debt of \$76.2 million attributable to the discharge of the debt, consisting of \$77.0 million for the carrying value of the outstanding debt upon discharge, and \$0.1 million for the unamortized discount on the associated debt and \$0.7 million for debt issuance costs for the year ended September 30, 2020.

NOTE 13 - LEASES

The Company has leases primarily pertaining to manufacturing facilities, distribution centers, office space, warehouses, automobiles, machinery, computers, and office equipment that expire at various times through June 2035. We have identified embedded operating leases within certain third-party logistic agreements for warehouses and information technology services arrangements and recognized right of use assets identified in the arrangements as part of Operating Lease Assets on the Company's Consolidated Statement of Financial Position. We elected to exclude certain supply chain contracts that contain embedded leases for manufacturing facilities or dedicated manufacturing lines from our ROU asset and liability calculation based on the insignificant impact to our consolidated financial statements.

The following is a summary of the Company's leases recognized on the Company's Consolidated Statement of Financial Position as of September 30, 2021 and 2020:

(in millions)	Line Item	2021	2020
Assets			
Operating	Operating lease assets	\$ 56.5	\$ 58.0
Finance	Property, plant and equipment, net	84.2	89.1
	Total leased assets	<u>\$ 140.7</u>	<u>\$ 147.1</u>
Liabilities			
Current			
Operating	Other current liabilities	\$ 17.4	\$ 15.1
Finance	Current portion of long-term debt	7.9	10.8
Long-term			
Operating	Long-term operating lease liabilities	44.5	49.6
Finance	Long-term debt, net of current portion	94.0	92.9
	Total lease liabilities	<u>\$ 163.8</u>	<u>\$ 168.4</u>

As of September 30, 2021, the Company had no significant commitments related to leases executed that have not yet commenced.

SPECTRUM BRANDS HOLDINGS, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - LEASES (continued)

The Company records its operating lease and amortization of finance lease ROU assets within Cost of Goods Sold or Operating Expenses in the Consolidated Statement of Income depending on the nature and use of the underlying asset. The Company records its finance interest cost within interest expense in the Consolidated Statement of Income.

The components of lease costs recognized in the Consolidated Statement of Income for the year ended September 30, 2021 and 2020 are as follows:

(in millions)	2021	2020
Operating lease cost	\$ 19.8	\$ 15.6
Finance lease cost		
Amortization of leased assets	11.3	11.8
Interest on lease liability	5.3	5.7
Variable lease cost	9.8	9.8
Total lease cost	<u>\$ 46.2</u>	<u>\$ 42.9</u>

During the year ended September 30, 2021 and 2020 the Company recognized income attributable to leases and sub-leases of \$2.3 million and \$2.1 million, respectively. Income from leases and sub-leases is recognized as Other Non-Operating Income on the Consolidated Statement of Income.

The following is a summary of the Company's cash paid for amounts included in the measurement of lease liabilities recognized in the Consolidated Statement of Cash Flow, including supplemental non-cash activity related to operating leases, for the year ended September 30, 2021 and 2020:

(in millions)	2021	2020
Operating cash flow from operating leases	\$ 20.7	\$ 16.1
Operating cash flows from finance leases	5.4	5.7
Financing cash flows from finance leases	12.0	10.6
Supplemental non-cash flow disclosure		
Acquisition of operating lease asset through lease obligations	15.3	23.6

The following is a summary of weighted-average lease term and discount rate at September 30, 2021 and 2020:

	2021	2020
Weighted average remaining lease term		
Operating leases	4.6 years	5.5 years
Finance leases	10.4 years	10.4 years
Weighted average discount rate		
Operating leases	4.3 %	4.6 %
Finance leases	4.9 %	5.3 %

At September 30, 2021, future lease payments under operating and finance leases were as follows:

(in millions)	Finance Leases	Operating Leases
2022	\$ 13.0	\$ 19.9
2023	13.7	18.2
2024	13.4	9.8
2025	11.9	7.0
2026	14.9	12.1
Thereafter	66.5	2.0
Total lease payments	<u>133.4</u>	<u>69.0</u>
Amount representing interest	(31.5)	(7.1)
Total minimum lease payments	<u>\$ 101.9</u>	<u>\$ 61.9</u>

NOTE 14 - DERIVATIVES

Derivative financial instruments are used by the Company principally in the management of its foreign currency exchange rate, raw material price and interest rate exposures. The Company does not hold or issue derivative financial instruments for trading purposes.

Cash Flow Hedges

Foreign exchange contracts. The Company periodically enters into forward foreign exchange contracts to hedge a portion of the risk from forecasted foreign currency denominated third-party and intercompany sales or payments. These obligations generally require the Company to exchange foreign currencies for Australian Dollars, Canadian Dollars, Euros, Japanese Yen, Pound Sterling or U.S. Dollars. These foreign exchange contracts are cash flow hedges of fluctuating foreign exchange related to sales of product or raw material purchases. Until the sale or purchase is recognized, the fair value of the related hedge is recorded in AOCI and as a derivative hedge asset or liability, as applicable. At the time the sale or purchase is recognized, the fair value of the related hedge is reclassified as an adjustment to Net Sales or purchase price variance in Cost of Goods Sold on the Consolidated Statements of Income. At September 30, 2021, the Company had a series of foreign exchange derivative contracts outstanding through March 31, 2023. The derivative net gain estimated to be reclassified from AOCI into earnings over the next 12 months is \$3.7 million, net of tax. At September 30, 2021 and 2020, the Company had foreign exchange derivative contracts designated as cash flow hedges with a notional value of \$279.9 million and \$231.2 million, respectively.

For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the effective portion of the derivative is reported as a component of Accumulated Other Comprehensive Income ("AOCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The following table summarizes the impact of the effective and ineffective portions of designated hedges and the gain (loss) recognized in the Consolidated Statement of Income for the years ended September 30, 2021, 2020 and 2019:

(in millions)	Gain (Loss) in OCI			Reclassified to Continuing Operations			
	2021	2020	2019	Line Item	2021	2020	2019
Foreign exchange contracts	\$ 0.1	\$ 0.1	\$ (0.4)	Net sales	\$ 0.1	\$ (0.1)	\$ (0.2)
Foreign exchange contracts	(2.0)	(7.2)	14.7	Cost of goods sold	(9.3)	4.7	10.6
Total	\$ (1.9)	\$ (7.1)	\$ 14.3		\$ (9.2)	\$ 4.6	\$ 10.4

Derivative Contracts Not Designated As Hedges for Accounting Purposes

Foreign exchange contracts. The Company periodically enters into forward and swap foreign exchange contracts to economically hedge a portion of the risk from third-party and intercompany payments resulting from existing obligations. These obligations generally require the Company to exchange foreign currencies for, among others, Australian Dollars, Canadian Dollars, Euros, Japanese Yen, Mexican Pesos, Philippine Pesos, Polish Zlotys, Pounds Sterling, Taiwanese Dollars or U.S. Dollars. These foreign exchange contracts are fair value hedges of a related liability or asset recorded in the accompanying Consolidated Statements of Financial Position. The gain or loss on the derivative hedge contracts is recorded in earnings as an offset to the change in value of the related liability or asset at each period end. At September 30, 2021, the Company had a series of forward exchange contracts outstanding through July 20, 2022. At September 30, 2021 and 2020, the Company had \$198.4 million and \$752.0 million, respectively, of notional value for such foreign exchange derivative contracts outstanding.

The following table summarizes the gain (loss) associated with derivative contracts not designated as hedges in the Consolidated Statements of Income for the years ended September 30, 2021, 2020 and 2019.

(in millions)	Line Item	2021	2020	2019
Foreign exchange contracts	Other non-operating (income) expense	\$ (3.2)	\$ (10.8)	\$ 45.5

Fair Value of Derivative Instruments

The fair value of the Company's outstanding derivative instruments in the Consolidated Statements of Financial Position are as follows:

(in millions)	Line Item	2021	2020
Derivative Assets			
Foreign exchange contracts - designated as hedge	Other receivables	\$ 5.2	\$ —
Foreign exchange contracts - designated as hedge	Deferred charges and other	0.9	—
Foreign exchange contracts - not designated as hedge	Other receivables	0.7	0.4
Total Derivative Assets		\$ 6.8	\$ 0.4
Derivative Liabilities			
Foreign exchange contracts - designated as hedge	Accounts payable	\$ 0.1	\$ 3.3
Foreign exchange contracts - designated as hedge	Other long term liabilities	—	0.3
Foreign exchange contracts - not designated as hedge	Accounts payable	2.4	9.9
Total Derivative Liabilities		\$ 2.5	\$ 13.5

SPECTRUM BRANDS HOLDINGS, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - DERIVATIVES (continued)

The Company is exposed to the risk of default by the counterparties with which it transacts and generally does not require collateral or other security to support financial instruments subject to credit risk. The Company monitors counterparty credit risk on an individual basis by periodically assessing each counterparty's credit rating exposure. The maximum loss due to credit risk equals the fair value of the gross asset derivatives that are concentrated with certain domestic and foreign financial institution counterparties. The Company considers these exposures when measuring its credit reserve on its derivative assets, which were not significant for the years ended September 30, 2021 and 2020.

The Company's standard contracts do not contain credit risk related contingent features whereby the Company would be required to post additional cash collateral because a credit event. However, the Company is typically required to post collateral in the normal course of business to offset its liability positions. As of September 30, 2021, and 2020, there was no cash collateral outstanding. In addition, as of September 30, 2021 and 2020, the Company had no posted standby letters of credit related to such liability positions.

Net Investment Hedge

SBI has €425.0 million aggregate principle amount of 4.00% Notes designated as a non-derivative economic hedge, or net investment hedge, of the translation of the Company's net investments in Euro denominated subsidiaries at the time of issuance. The hedge effectiveness is measured on the beginning balance of the net investment and re-designated every three months. Any gains and losses attributable to the translation of the Euro denominated debt designated as net investment hedge are recognized as a component of foreign currency translation within AOCI, and gains and losses attributable to the translation of the undesignated portion are recognized as foreign currency translation gains or losses within Other Non-Operating Expense (Income). As of September 30, 2021 and September 30, 2020 the full principal amount was designated as a net investment hedge and considered fully effective. The following summarizes the gain (loss) from the net investment hedge recognized in Other Comprehensive Income for the year ended September 30, 2021, 2020 and 2019, pre-tax:

Gain (Loss) in OCI (in millions)	2021		2020		2019	
Net investment hedge	\$	6.2	\$	(33.0)	\$	29.8

Net gains or losses from the net investment hedge are reclassified from AOCI into earnings upon a liquidation event or deconsolidation of Euro denominated subsidiaries. During the year ended September 30, 2020, the Company recognized a pre-tax loss of \$1.2 million in earnings related to the translation of the undesignated portion of debt obligation. No pre-tax gain (loss) related to the translation of the undesignated portion of debt obligation was recognized in earnings during the year ended September 30, 2021.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - EMPLOYEE BENEFIT PLANS
Defined Benefit Plans

The Company has various defined benefit pension plans covering some of its employees. Plans generally provide benefits of stated amounts for each year of service. The Company funds its pension plans in accordance with the requirements of the defined benefit pension plans and, where applicable, in amounts sufficient to satisfy the minimum funding requirements of applicable laws. Additionally, in compliance with the Company's funding policy, annual contributions to defined benefit plans are equal to the actuarial recommendations or statutory requirements in the respective countries. The Company sponsors or participates in a number of other non-U.S. pension arrangements, including various retirement and termination benefit plans, some of which are covered by local law or coordinated with government-sponsored plans, which are not significant in the aggregate. The following tables provide additional information on the pension plans as of September 30, 2021 and 2020:

(in millions)	U.S. Plans		Non U.S. Plans	
	2021	2020	2021	2020
Changes in benefit obligation:				
Benefit obligation, beginning of year	\$ 76.0	\$ 80.2	\$ 158.7	\$ 153.4
Obligations assumed from acquisition	—	—	19.0	—
Service cost	0.5	0.7	1.5	1.7
Interest cost	1.8	2.2	2.1	1.9
Actuarial (gain) loss	(2.6)	2.3	(3.4)	(2.5)
Settlements and curtailments	—	(4.6)	—	(1.6)
Plan Amendments	—	—	0.1	—
Benefits paid	(4.3)	(4.8)	(5.0)	(3.5)
Foreign currency exchange rate changes	—	—	3.1	9.3
Benefit obligation, end of year	71.4	76.0	176.1	158.7
Changes in plan assets:				
Fair value of plan assets, beginning of year	64.6	68.6	120.5	112.1
Assets assumed from acquisition	—	—	17.2	—
Actual return on plan assets	9.0	5.1	4.6	0.8
Employer contributions	0.3	0.3	6.6	4.7
Settlements and curtailments	—	(4.6)	—	—
Benefits paid	(4.3)	(4.8)	(5.0)	(3.5)
Foreign currency exchange rate changes	—	—	3.5	6.4
Fair value of plan assets, end of year	69.6	64.6	147.4	120.5
Funded Status	\$ (1.8)	\$ (11.4)	\$ (28.7)	\$ (38.2)
Amounts recognized in statement of financial position				
Deferred charges and other	\$ —	\$ —	\$ 12.4	\$ 3.0
Other accrued expenses	0.1	0.3	—	—
Other long-term liabilities	1.7	11.1	41.1	41.3
Accumulated other comprehensive loss	9.4	18.8	43.2	50.1
Weighted average assumptions				
Discount rate	2.70%	2.46%	1.00 - 2.00%	0.85 - 1.75%
Rate of compensation increase	N/A	N/A	2.50%	2.25%

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NOTE 15 - EMPLOYEE BENEFIT PLANS (continued)

The following table summarizes the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for defined benefit plans with projected benefit obligations in excess of plan assets:

(in millions)	U.S. Plans		Non U.S. Plan	
	2021	2020	2021	2020
Projected benefit obligation	\$ 71.4	\$ 76.1	\$ 106.2	\$ 86.8
Accumulated benefit obligation	71.4	76.1	100.6	81.3
Fair value of plan assets	69.6	64.6	65.1	45.5

The following table contains the components of net periodic benefit cost from defined benefit plans for the years ended September 30, 2021, 2020 and 2019:

(in millions)	U.S. Plans			Non U.S. Plans		
	2021	2020	2019	2021	2020	2019
Service cost	\$ 0.5	\$ 0.7	\$ 0.4	\$ 1.5	\$ 1.7	\$ 1.4
Interest cost	1.8	2.2	2.8	2.1	1.9	2.9
Expected return on assets	(3.7)	(4.1)	(4.4)	(4.0)	(3.8)	(3.8)
Settlements and curtailments	—	0.9	—	—	—	—
Recognized net actuarial loss	1.4	0.9	0.2	3.4	3.7	1.9
Net periodic benefit cost	\$ —	\$ 0.6	\$ (1.0)	\$ 3.0	\$ 3.5	\$ 2.4
Weighted average assumptions						
Discount rate	2.46%	3.04%	4.10%	0.70 - 1.75%	0.75 - 1.80%	1.85 - 4.07%
Expected return on plan assets	6.00%	6.50%	6.50%	0.70 - 3.40%	3.07 - 3.40%	3.40 - 4.01%
Rate of compensation increase	N/A	N/A	N/A	2.25%	2.25%	2.25 - 2.50%

The discount rate is used to calculate the projected benefit obligation. The discount rate used is based on the rate of return on government bonds as well as current market conditions of the respective countries where the plans are established. The expected return on plan assets is based on the Company's expectation of the long-term average rate of return of the capital market in which the plans invest. The expected return reflects the target asset allocations and considers the historical returns earned for each asset category. The components of net periodic benefit cost other than the service cost component are recognized as Other Non-Operating (Income) Expense, Net on the Statement of Income.

The Company established formal investment policies for the assets associated with these plans. Policy objectives include maximizing long-term return at acceptable risk levels, diversifying among asset classes, if appropriate, and among investment managers, as well as establishing relevant risk parameters within each asset class. Specific asset class targets are based on the results of periodic asset/liability studies. The investment policies permit variances from the targets within certain parameters. The plan assets currently do not include holdings of the Company's common stock.

Below is a summary allocation of defined benefit plan assets as of September 30, 2021 and 2020:

Asset Type	U.S. Plans		Non U.S. Plans	
	2021	2020	2021	2020
Equity Securities	30 %	46 %	— %	— %
Fixed Income Securities	70 %	51 %	16 %	21 %
Other	— %	3 %	84 %	79 %
Total	100 %	100 %	100 %	100 %

The fair value of defined benefit plan assets by asset category as of September 30, 2021 and 2020 are as follows:

(in millions)	September 30, 2021				September 30, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash & cash equivalents	\$ 0.6	\$ —	\$ —	\$ 0.6	\$ 0.6	\$ —	\$ —	\$ 0.6
Equity	8.1	8.3	—	16.4	11.9	10.7	—	22.6
Fixed income securities	29.6	9.9	—	39.5	22.3	6.4	—	28.7
Foreign equity	4.8	—	—	4.8	7.2	—	—	7.2
Foreign fixed income securities	—	23.6	—	23.6	1.3	24.7	—	26.0
Life insurance contracts	—	42.6	—	42.6	—	42.1	—	42.1
Annuity policy	—	—	18.8	18.8	—	—	—	—
Other	—	70.7	—	70.7	1.7	56.2	—	57.9
Total plan assets	\$ 43.1	\$ 155.1	\$ 18.8	\$ 217.0	\$ 45.0	\$ 140.1	\$ —	\$ 185.1

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NOTE 15 - EMPLOYEE BENEFIT PLANS (continued)

Subsequent to the Armitage acquisition and in accordance with the purchase agreement, the Company purchased a group annuity contract using plan assets and escrow funds withheld as part of the acquisition to cover the projected benefit obligation assumed in the purchase. The transaction represents an annuity buy-in, in accordance with U.K. pension regulations, where the assets of the plan were invested in a bulk-purchase annuity policy with an insurance company, under which the Company retains both the fair value of the annuity contract and the pension benefit obligations related to this plan. Following the buy-in, individual policies will replace the bulk annuity policy in a buy-out transaction, which is expected to be completed during the year ending September 30, 2022 where the Company would de-recognize the assets and liabilities of the pension plan and realize a settlement gain or loss as a component of the net periodic pension cost. As of September 30, 2021, the fair value of the annuity contract is based on the calculated pension benefit obligation covered (Level 3).

The following benefit payments are expected to be paid:

(in millions)	U.S. Plans	Non U.S. Plans
2022	\$ 4.5	\$ 3.9
2023	4.1	4.3
2024	4.1	4.8
2025	4.1	4.9
2026	4.2	5.3
2027-2031	20.5	31.5

Defined Contribution Plans

The Company sponsored defined contribution plans in which eligible participants may defer a fixed amount or a percentage of their eligible compensation, subject to limitations, pursuant to Section 401(k) of the Internal Revenue Code. The Company made discretionary matching contributions of eligible compensation. The Company also sponsors defined contribution plans for eligible employees of certain foreign subsidiaries. Contributions are discretionary and evaluated annually. Aggregate contributions charged to operations, including discretionary amounts, for the years ended September 30, 2021, 2020 and 2019, were \$6.0 million, \$7.1 million, and \$7.5 million, respectively.

NOTE 16 - INCOME TAXES

Income tax expense was calculated based upon the following components of income (loss) from operations before income taxes for the years ended September 30, 2021, 2020 and 2019:

(in millions)	SBH			SB/RH		
	2021	2020	2019	2021	2020	2019
United States	\$ (147.2)	\$ (42.0)	\$ (369.7)	\$ (143.8)	\$ (110.8)	\$ (312.9)
Outside the United States	136.1	16.9	15.5	136.1	16.9	15.5
Loss from continuing operations before income taxes	\$ (11.1)	\$ (25.1)	\$ (354.2)	\$ (7.7)	\$ (93.9)	\$ (297.4)

The components of income tax expense for the years ended September 30, 2021, 2020 and 2019 are as follows:

(in millions)	SBH			SB/RH		
	2021	2020	2019	2021	2020	2019
Current tax expense (benefit):						
U.S. Federal	\$ 3.0	\$ 0.3	\$ (47.6)	\$ 3.0	\$ 0.3	\$ (47.6)
Foreign	32.6	2.2	29.2	32.6	2.2	29.2
State and local	2.4	0.2	2.4	2.4	0.2	2.4
Total current tax expense (benefit)	38.0	2.7	(16.0)	38.0	2.7	(16.0)
Deferred tax (benefit) expense:						
U.S. Federal	(64.8)	9.1	(19.6)	(63.4)	(5.1)	(7.1)
Foreign	5.9	1.1	(3.2)	5.9	1.1	(3.2)
State and local	(5.5)	14.4	(13.2)	(5.5)	15.8	(9.8)
Total deferred tax (benefit) expense	(64.4)	24.6	(36.0)	(63.0)	11.8	(20.1)
Income tax (benefit) expense	\$ (26.4)	\$ 27.3	\$ (52.0)	\$ (25.0)	\$ 14.5	\$ (36.1)

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NOTE 16 - INCOME TAXES (continued)

The following reconciles the total income tax expense, based on the U.S. Federal statutory income tax rate of 21% with the Company's recognized income tax expense:

(in millions)	SBH			SB/RH		
	2021	2020	2019	2021	2020	2019
U.S. Statutory federal income tax benefit	\$ (2.3)	\$ (5.3)	\$ (74.4)	\$ (1.6)	\$ (19.7)	\$ (62.4)
Permanent items	13.9	13.6	2.6	13.9	13.6	2.7
Goodwill impairment	—	2.8	12.2	—	2.8	12.2
Foreign statutory rate vs. U.S. statutory rate	(6.2)	(13.8)	(9.2)	(6.2)	(13.8)	(9.2)
State income taxes, net of federal effect	(8.7)	(0.6)	(17.6)	(8.7)	(3.1)	(14.7)
State effective rate change	2.6	7.2	4.6	2.6	7.8	4.6
UK effective rate change	8.2	—	—	8.2	—	—
GILTI	4.9	3.7	2.6	4.9	3.7	2.6
GILTI impact of retroactive law changes	(18.1)	—	—	(18.1)	—	—
Foreign dividend received deduction tax law change	—	—	95.9	—	—	95.9
Tax reform act - mandatory repatriation	—	—	(48.0)	—	—	(48.0)
Residual tax on foreign earnings	2.6	6.0	0.2	2.6	6.0	0.2
Change in valuation allowance	(27.1)	9.9	(29.9)	(27.1)	9.8	(30.0)
Unrecognized tax expense (benefit)	0.2	(8.5)	7.5	0.2	(8.5)	7.5
Share based compensation adjustments	(0.7)	0.1	4.3	0.1	0.5	4.3
Research and development tax credits	(2.4)	(1.6)	(3.1)	(2.4)	(1.6)	(3.1)
Foreign rate differential on intercompany transfer of intangibles	—	4.6	—	—	4.6	—
Partnership outside basis adjustment	5.5	5.9	2.1	5.5	5.9	2.4
Return to provision adjustments and other, net	1.2	3.3	(1.8)	1.1	6.5	(1.1)
Income tax (benefit) expense	<u>\$ (26.4)</u>	<u>\$ 27.3</u>	<u>\$ (52.0)</u>	<u>\$ (25.0)</u>	<u>\$ 14.5</u>	<u>\$ (36.1)</u>

SPECTRUM BRANDS HOLDINGS, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - INCOME TAXES (continued)

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities as of September 30, 2021 and 2020 are as follows:

(in millions)	SBH		SB/RH	
	2021	2020	2021	2020
Deferred tax assets				
Employee benefits	\$ 36.7	\$ 34.8	\$ 36.6	\$ 33.2
Inventories and receivables	25.1	18.3	25.1	18.3
Marketing and promotional accruals	17.0	14.9	17.0	14.9
Property, plant and equipment	0.6	2.3	0.6	2.3
Unrealized losses	19.1	19.1	19.1	19.1
Intangibles	10.0	13.6	10.0	13.6
Operating lease liabilities	25.9	23.1	25.9	23.1
Net operating loss and other carry forwards	563.5	511.7	245.5	186.5
Other	36.1	39.1	32.9	38.1
Total deferred tax assets	734.0	676.9	412.7	349.1
Deferred tax liabilities				
Property, plant and equipment	9.4	8.2	9.4	8.2
Unrealized gains	10.5	13.6	10.5	13.6
Intangibles	287.9	287.1	287.9	287.2
Operating lease assets	23.5	20.5	23.5	20.5
Investment in partnership	69.6	63.3	69.3	63.0
Taxes on unremitted foreign earnings	1.8	1.4	1.8	1.4
Other	24.1	16.6	24.0	16.6
Total deferred tax liabilities	426.8	410.7	426.4	410.5
Net deferred tax liabilities	307.2	266.2	(13.7)	(61.4)
Valuation allowance	(349.4)	(302.5)	(245.1)	(198.2)
Net deferred tax liabilities, net valuation allowance	\$ (42.2)	\$ (36.3)	\$ (258.8)	\$ (259.6)
Reported as:				
Deferred charges and other	\$ 17.3	\$ 18.9	\$ 13.6	\$ 18.9
Deferred taxes (noncurrent liability)	59.5	55.2	272.4	278.5

On November 20, 2020, the U.S. Treasury and the Internal Revenue Service issued Final Regulations (“November 2020 Regulations”) under Internal Revenue Code Sections 245A and 951A related to the treatment of previously disqualified basis under the GILTI regime. The November 2020 Regulations are effective for Fiscal 2022, but the Company can elect to apply them to Fiscal 2018 through Fiscal 2021. The Company expects that the sale of the HHI segment will allow use of tax benefits for years prior to Fiscal 2020 that would have been subject to federal and state tax limitations on the use of carryforwards absent the HHI sale. The Company expects to satisfy the requirements necessary to apply the Regulations retroactively and has therefore estimated and recorded a benefit of \$11.4 million for the impact on years prior to Fiscal 2021 in the year ended September 30, 2021, with a benefit of \$5.8 million recorded in the fourth quarter ended September 30, 2021 due to the HHI sale. The Company also expects to apply the Regulations to Fiscal 2021 and has included the impact in Fiscal 2021 income tax expense.

On July 20, 2020, Final Regulations were issued under Internal Revenue Code Section 951A relating to the treatment of income that is subject to a high rate of tax under the global intangible low taxed income (“GILTI”) regime (“July 2020 Regulations”). The July 2020 Regulations are effective for Fiscal 2021, but the Company can elect to apply them to Fiscal 2019 and Fiscal 2020. The Company has applied the July 2020 Regulations to Fiscal 2020 and recorded a Fiscal 2020 benefit of \$4.4 million. The Company expects that the sale of the HHI segment will allow use of tax benefits for years prior to Fiscal 2020 that would have been subject to federal and state tax limitations on the use of carryforwards absent the HHI sale. The Company expects to apply the July 2020 Regulations to Fiscal 2019 by filing an amended return. Therefore a benefit of \$6.7 million has been recorded for the year ended September 30, 2021.

On June 14, 2019, the U.S. Department of the Treasury and the Internal Revenue Service issued Regulations (“June 2019 Regulations”) related to the foreign dividends received deduction and GILTI. The June 2019 Regulations contained language that modified certain provisions of the Tax Cuts and Jobs Act (the “Tax Reform Act”) and previously issued guidance. The June 2019 Regulations were retroactive to January 1, 2018 and caused certain distributions made by the Company’s non-U.S. subsidiaries during Fiscal 2018 to be taxable as Subpart F income on its Fiscal 2018 federal income tax return. The impacts of the Regulations were recorded in the year ended September 30, 2019. The Company used an additional \$454.6 million in net operating losses and recognized \$95.9 million in federal and state tax expense due to the impact on prior distributions among subsidiaries. The Company also recognized a \$48.0 million tax benefit from recalculating its liability for one-time deemed mandatory repatriation of post-1986 undistributed foreign subsidiary earnings and profits after application of the June 2019 Regulations and the final calculations for its Fiscal 2018 federal income tax returns, including the ability for the Company to offset the liability in part by foreign tax credits. The Company also recorded \$70.7 million of foreign tax credits, but concluded it is more likely than not these credits will expire unused and therefore recorded a \$70.7 million valuation allowance against the deferred tax assets.

The Tax Reform Act of December 22, 2017 included a tax on deemed repatriated accumulated earnings of foreign subsidiaries. The Company’s \$25.1 million mandatory repatriation tax is payable over 8 years. The first payment was due January 2019. As of September 30, 2021, \$18.9 million of the mandatory repatriation liability is still outstanding and \$2.0 million is due and payable in the next 12 months but will be offset by previous payments and credits.

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NOTE 16 - INCOME TAXES (continued)

During the year ended September 30, 2019, the Company recorded an increase of \$12.2 million to tax expense from impairment of \$116.0 million of book goodwill. A portion of the impairment resulted in a tax benefit since the goodwill had previously been amortized for income tax purposes and the Company therefore reversed a deferred tax liability.

To the extent necessary, the Company intends to utilize free cash flow from foreign subsidiaries in order to support management's plans to voluntarily accelerate pay down of U.S. debt, fund distributions to shareholders, fund U.S. acquisitions and satisfy ongoing U.S. operational cash flow requirements. The Company annually estimates the available earnings, permanent reinvestment classification and the availability of and management's intent to use alternative mechanisms for repatriation for each jurisdiction in which the Company does business. Accordingly, the Company is providing residual U.S. and foreign deferred taxes on these earnings to the extent they cannot be repatriated in a tax-free manner.

As of September 30, 2021, and 2020, the Company provided \$1.8 million and \$1.4 million, respectively, of residual foreign taxes on undistributed foreign earnings.

As a result of the June 2019 Regulations and the deemed mandatory repatriation, the Company does not have significant prior year untaxed, undistributed earnings from its foreign operations at September 30, 2021. There were \$500.6 million of the Company's undistributed earnings taxed in the U.S. as a result of the mandatory deemed repatriation that was part of the Tax Reform Act, and the remaining earnings were taxed as a result of the June 2019 Regulations. The Company recorded GILTI inclusions for the tax year ended September 30, 2021 of \$23.4 million. The Company estimates it generated untaxed, undistributed foreign earnings due to high-tax exceptions to GILTI inclusions under the Tax Reform Act for the year ended September 30, 2021 of \$23.2 million and has cumulative untaxed, undistributed foreign earnings due to high-tax exceptions as of September 30, 2021 of \$62.1 million.

As of September 30, 2021, the Company has U.S. federal net operating and capital loss carryforwards ("NOLs") of \$1,389.3 million with a federal tax benefit of \$291.7 million and tax benefits related to state NOLs of \$69.6 million. These NOLs expire through years ending in 2041. As of September 30, 2021, the Company has \$27.4 million of federal research and development credit carryforwards. \$0.4 million of the credits expire Fiscal 2023 and the remainder begin expiring in the Company's fiscal year ending September 30, 2031. As of September 30, 2021, the Company has foreign NOLs of \$398.0 million and tax benefits of \$97.7 million, which will expire beginning in the Company's fiscal year ending September 30, 2022. During the fiscal year ending September 30, 2021, the Company recorded \$324.2 million of additional foreign net operating losses due to a tax-deductible impairment in Luxembourg of subsidiary stock but recorded a full valuation allowance on the tax benefits of those losses since they are expected to expire unused. Certain of the foreign NOLs have indefinite carryforward periods.

A valuation allowance is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of the deferred tax assets depends on the ability of the Company to generate sufficient taxable income of the appropriate character in the future and in the appropriate taxing jurisdictions.

The Company has had multiple changes of ownership, as defined under Section 382 of the Internal Revenue Code of 1986, as amended, that subject the Company's U.S. federal and state NOLs and other tax attributes to certain limitations. The annual limitation is based on a number of factors including the value of the Company's stock (as defined for tax purposes) on the date of the ownership change, its net unrealized gain position on that date, the occurrence of realized gains in years subsequent to the ownership change and the effects of subsequent ownership changes (as defined for tax purposes), if any. Due to these limitations, the Company estimates, as of September 30, 2021, that \$660.5 million of the total U.S. federal NOLs with a federal tax benefit of \$138.7 million and \$10.0 million of the tax benefit related to state NOLs will expire unused even if the Company generates sufficient income to otherwise use all of its NOLs. The Company also projects, as of September 30, 2021, that \$96.1 million of tax benefits related to foreign NOLs will not be used. The Company has provided a full valuation allowance against these deferred tax assets.

The expected gain from the sale of the HHI segment increases the likelihood that the Company can use certain deferred tax assets including federal net operating losses subject to certain limits, state net operating losses previously expected to expire unused, and state research and development credits also previously expected to expire unused; therefore, the Company released \$29.2 million of valuation allowance on these deferred tax assets in Fiscal 2021.

The income recognized for the year ended September 30, 2019 as a result of the June 2019 Regulations, the U.S. gain on the sale of the battery business, and the Fiscal 2019 U.S. operating results increased the likelihood that the Company can use federal net operating losses subject to certain limits; therefore, the Company released the \$36.7 million of valuation allowance on these losses in Fiscal 2019.

As of September 30, 2021, the valuation allowance is \$349.4 million, of which \$253.0 million is related to U.S. net deferred tax assets and \$96.4 million is related to foreign net deferred tax assets. As of September 30, 2020, the valuation allowance was \$302.5 million, of which \$283.6 million was related to U.S. net deferred tax assets and \$18.9 million is related to foreign net deferred tax assets. As of September 30, 2019, the valuation allowance was \$302.7 million, of which \$273.5 million is related to U.S. net deferred tax assets and \$29.2 million is related to foreign net deferred tax assets. During the year ended September 30, 2021, the Company increased its valuation allowance for deferred tax assets by \$46.9 million of which \$30.6 million is related to a decrease in valuation allowance against U.S. net deferred tax assets and \$77.5 million related to an increase in the valuation allowance against foreign net deferred tax assets. During the year ended September 30, 2020, the Company decreased its valuation allowance for deferred tax assets by \$0.2 million, of which \$10.1 million was related to an increase in valuation allowance against U.S. net deferred tax assets and \$10.3 million related to a decrease in the valuation allowance against foreign net deferred tax assets.

As of September 30, 2021, the Company has recorded \$39.2 million of valuation allowance against its U.S. state net operating losses.

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NOTE 16 - INCOME TAXES (continued)

The total amount of unrecognized tax benefits at September 30, 2021 and 2020 are \$18.0 million and \$13.8 million, respectively. If recognized in the future, \$18.0 million of the unrecognized tax benefits as of September 30, 2021 will impact the effective tax rate. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of September 30, 2021, and 2020 the Company had \$1.5 million, of accrued interest and penalties related to uncertain tax positions. There was no impact on income tax expense related to interest and penalties for the years ended September 30, 2021. The impact during the years ended September 30, 2020 and 2019 was a net decrease of \$1.0 million and a net increase of \$0.2 million, respectively. The following table summarizes the changes to the amount of unrecognized tax benefits for the years ended September 30, 2021, 2020 and 2019:

(in millions)	2021	2020	2019
Unrecognized tax benefits, beginning of year	\$ 13.8	\$ 20.7	\$ 13.8
Gross increase – tax positions in prior period	4.1	1.0	5.2
Gross decrease – tax positions in prior period	(0.2)	(4.4)	(0.4)
Gross increase – tax positions in current period	1.2	2.4	3.5
Settlements	(0.2)	(1.6)	—
Lapse of statutes of limitations	(0.7)	(4.3)	(1.4)
Unrecognized tax benefits, end of year	<u>\$ 18.0</u>	<u>\$ 13.8</u>	<u>\$ 20.7</u>

The September 30, 2021 Consolidated Statement of Financial Position for SB/RH Holdings, LLC contains \$8.0 million of income taxes payable to its parent company, calculated as if SB/RH Holdings, LLC were a separate taxpayer.

The Company files income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions and is subject to ongoing examination by the various taxing authorities. The Company's major taxing jurisdictions are the U.S., United Kingdom and Germany. In the U.S., federal tax filings for years prior to and including the Company's fiscal year ended September 30, 2017 are closed. However, the federal NOLs from the Company's fiscal years ended September 30, 2012 through December 31, 2015 are subject to Internal Revenue Service examination until the year that such net operating loss carryforwards are utilized, and those years are closed for audit. In addition, certain losses from 2002 to 2010 of entities acquired by the Company were able to be used in Fiscal 2019 and are subject to Internal Revenue Service examination until Fiscal 2019 is closed to audit. Filings in various U.S. state and local jurisdictions are also subject to audit and to date no significant audit matters have arisen. As of September 30, 2021, certain of the Company's legal entities are undergoing income tax audits. The Company cannot predict the ultimate outcome of the examinations; however, it is reasonably possible that during the next twelve months some portion of previously unrecognized tax benefits could be recognized.

NOTE 17 - RELATED PARTIES

Effective the close of the GBL divestiture on January 2, 2019, and GAC divestiture on January 28, 2019, the Company and Energizer entered into a series of TSAs and reverse TSAs that support various shared administrative functions including finance, sales and marketing, information technology, human resources, real estate and supply chain, customer service and procurement; to support both the divested business operations and the continuing operations of the Company, within the various regions in which they operate. Charges associated with TSAs and reverse TSAs are recognized as bundled service costs under a fixed fee structure by the respective service or function and geographic location and one-time pass-through charges, including warehousing, freight, among others, to and from Energizer that settle on a net basis between the two parties. Charges to Energizer for TSA services are recognized as a reduction of the respective operating costs incurred by the Company and recognized as a component of operating expense or cost of goods sold depending upon the functions being supported by the Company. Charges from Energizer for reverse TSA services are recognized as operating expenses or cost of goods sold depending upon the functions supported by Energizer. Effective January 2, 2020, Energizer closed its divestiture of the European based Varta® consumer battery business to Varta AG, which also transferred TSAs and reverse TSAs associated with the divested entities to be assumed by Varta AG. As a result, a portion of the TSA and reverse TSA charges with Energizer were transferred to Varta AG. The TSAs and reverse TSAs have an overall expected time period of 12 months following the close of the transaction with some variability in expiration dependent upon the completed transition of the respective service or function and its geographic location and provide up to 12 additional months for a total duration of up to 24 months. The Company had exited all outstanding TSAs with Energizer and Varta by January 2021. The following table summarizes the TSA income and expenses during the years ended September 30, 2021, 2020 and 2019:

(in millions)	2021	2020	2019
TSA income	\$ 0.9	\$ 9.6	\$ 19.1
TSA expense	2.6	13.5	13.9
Net TSA (loss) income	<u>\$ (1.7)</u>	<u>\$ (3.9)</u>	<u>\$ 5.2</u>

Additionally, the Company, Energizer, and Varta AG receive cash and/or make payments on behalf of the respective counterparty's operations as part of the shared operating activity, resulting in cash flow being commingled with the operating cash flow of the Company. The Company recognizes a net payable or receivable with Energizer and Varta AG for any outstanding TSA charges and net working capital attributable to the commingled operations and cash flow. As of September 30, 2021 and 2020, the Company had net payable of \$2.9 million with Energizer included in Other Current Liabilities and net receivable of \$5.4 million included in Other Receivables on the Company's Statement of Financial Position, respectively. As of September 30, 2021 and 2020, the Company had net receivable of \$1.7 million with Varta AG included in Other Receivables and net payable \$1.0 million included in Other Current Liabilities on the Company's Statement of Financial Position.

The Company's H&G segment continued to manufacture certain GAC related products at its facilities and sell the products to Energizer as a third-party supplier on an ongoing basis, at inventory cost plus contracted markup, as agreed upon in the supply agreement. The supply agreement had a contracted term of 24 months and expired in January 2021 with no renewal. Material and inventory on hand to support the supply agreement was recognized as inventory of the Company. During the years ended September 30, 2021, 2020 and 2019, the Company recognized \$6.0 million, \$18.9 million, and \$12.5 million, respectively, of revenue attributable to the Energizer supply agreement as a component of H&G revenue after completion of the GAC divestiture. As of September 30, 2021 the Company had no outstanding receivables from Energizer associated with the H&G supply agreement. As of September 30, 2020, the Company had outstanding receivable of \$4.4 million from Energizer in Trade Receivables, Net on the Company's Statement of Financial Position associated with the H&G supply agreement.

NOTE 18 – SHAREHOLDER’S EQUITY

Share Repurchases

SBH has a share repurchase program that is executed through purchases made from time to time either in the open market or otherwise. On May 4, 2021, the Board of Directors approved a \$1.0 billion common stock repurchase program. The authorization is effective for 36 months. As part of the share repurchase program, SBH purchased treasury shares in open market purchases at market fair value, in private purchases from employees or significant shareholders at fair value, and through an accelerated share repurchase (“ASR”) agreement with a third-party financial institution. The following summarizes the activity of common stock repurchases under the program for the year ended September 30, 2021 and 2020:

(in millions except per share data)	2021			2020		
	Number of Shares Repurchased	Average Price Per Share	Amount	Number of Shares Repurchased	Average Price Per Share	Amount
Open Market Purchases	0.9	\$ 93.13	\$ 80.3	4.1	\$ 56.97	\$ 230.6
Private Purchases	0.7	66.63	45.5	0.1	62.30	9.2
ASR	—	—	—	2.0	61.47	124.8
Total Purchases	1.6	\$ 81.43	\$ 125.8	6.2	\$ 58.57	\$ 364.6

On November 18, 2019, SBH entered into an ASR to repurchase \$125.0 million of the Company’s common stock. At inception, pursuant to the agreement, the Company paid \$125.0 million to the financial institution using cash on hand and took delivery of 1.7 million shares, which represented approximately 85% of the total shares the Company expected to receive based on the market price at the time of the initial delivery. The transaction was accounted for as an equity transaction. The fair value of shares received initially of \$106.3 million was recorded as a treasury stock transaction, with the remainder of \$18.7 million recorded as a reduction to additional paid-in capital. Upon initial receipt of the shares, there was an immediate reduction in the weighted average common shares calculation for basic and diluted earnings per share. On February 24, 2020, the Company closed and settled the ASR resulting in an additional delivery of 0.3 million shares, with a fair value of \$18.5 million. The total number of shares repurchased under the ASR program was 2.0 million at an average cost per share of \$61.59, based on the volume-weighted average share price of the Company’s common stock during the calculation period of the ASR program, less the applicable contractual discount.

NOTE 19 – SHARE BASED COMPENSATION

Equity based incentive and performance compensation awards provided to employees, directors, officers and consultants were issued pursuant to the Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Awards Plan as approved and amended by the Spectrum Legacy stockholders, (the "Spectrum Equity Plan") and the Spectrum Brands Holdings, Inc. 2020 Omnibus Equity Plan, as approved by the Spectrum stockholders (the "New 2020 Equity Plan"). The following is a summary of the authorized and available shares per the respective plans:

(number of shares, in millions)	Authorized	Available
Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Awards Plan	7.1	0.3
Spectrum Brands Holdings, Inc. 2020 Omnibus Equity Plan	1.2	1.2

Share based compensation expense is recognized as General and Administrative Expenses on the Consolidated Statements of Income. The following is a summary of the share based compensation expense for the years ended September 30, 2021, 2020 and 2019:

(in millions)	2021	2020	2019
SBH	\$ 28.9	\$ 31.8	\$ 44.2
SB/RH	\$ 27.2	\$ 30.5	\$ 42.6

Restricted Stock Units ("RSUs")

The Company recognizes share based compensation expense from the issuance of its RSUs, primarily under its Long-Term Incentive Plan ("LTIP"), based on the fair value of the awards, as determined by the market price of the Company’s shares of common stock on the designated grant date and recognized on a straight-line basis over the requisite service period of the awards. Certain RSUs are time-based grants that provide for either 3-year cliff vesting or graded vesting depending upon the vesting conditions and forfeitures provided by the grant. Certain RSUs are performance-based awards that are dependent upon achieving specified financial metrics (adjusted EBITDA, return on adjusted equity, and adjusted free cash flow) over a designated period of time. Additionally, the Company regularly issues individual RSU awards under its equity plan to its Board members and individual employees for recognition, incentive, or retention purposes, when needed, which are primarily conditional upon time-based service conditions and included as a component of share-based compensation.

During the year ended September 30, 2019, the Company also provided for bridge awards, that are special awards to certain employees, for transitioning to the LTIP from previous equity incentive compensation plans. Bridge awards have both performance conditions dependent upon achieving specified financial targets (adjusted EBITDA and adjusted free cash flow) in fiscal years ended September 30, 2019 and 2020, and time-based service conditions. All Bridge awards were fully vested during the year ended September 30, 2021 and paid in either RSUs or cash, or both, based upon an employee election when granted. Bridge awards elected to be payable in RSU were recognized as equity awards and included as a component of share-based compensation expense. Bridge awards elected to be payable in cash were not recognized as equity awards and excluded from share-based compensation expense.

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NOTE 19 – SHARE BASED COMPENSATION (continued)

Additionally, in prior years, the Company provided for a portion of its annual management incentive compensation plan ("MIP") to be paid in restricted stock units with immediate vesting, in lieu of cash payment. During the year ended September 30, 2020, the Company changed its MIP payout policy that previously provided for the issuance of stock for a designated pool of recipients to be fully funded through cash distribution with no stock issuance. As a result, there was no portion of annual MIP paid in common stock for the years ended September 30, 2021 and 2020. Share based compensation expense associated with the annual MIP was \$15.2 million for the year ended September 30, 2019.

The Company measures share based compensation expense of its Restricted Stock Units ("RSUs") based on the fair value of the awards, as determined based on the market price of the Company's shares of common stock on the grant date and recognized these costs on a straight-line basis over the requisite period of the awards. Certain RSUs are performance-based awards that are dependent upon achieving specified financial metrics over a designated period of time. As of September 30, 2021, the remaining unrecognized pre-tax compensation cost for SBH and SB/RH is \$34.6 million.

The following is a summary of the RSU activity for the years ended September 30, 2021, 2020 and 2019:

(in millions, except per share data)	SBH			SB/RH		
	Shares	Weighted Average Grant Date Fair Value	Fair Value at Grant Date	Shares	Weighted Average Grant Date Fair Value	Fair Value at Grant Date
At September 30, 2018	0.6	\$ 107.71	\$ 69.0	0.6	\$ 108.75	\$ 67.2
Granted	1.5	53.11	81.4	1.5	52.82	79.8
Forfeited	(0.7)	92.76	(63.7)	(0.7)	93.05	(63.5)
Vested	(0.2)	83.47	(19.7)	(0.2)	82.37	(18.5)
At September 30, 2019	1.2	53.58	67.0	1.2	53.22	65.0
Granted	0.9	61.72	55.6	0.9	61.68	54.3
Forfeited	(0.1)	60.79	(4.0)	(0.1)	60.79	(3.9)
Vested	(0.6)	57.80	(39.3)	(0.6)	57.29	(37.7)
At September 30, 2020	1.4	56.41	79.3	1.4	56.33	77.7
Granted	0.6	76.78	44.9	0.6	76.83	43.3
Forfeited	(0.2)	65.52	(13.2)	(0.2)	65.52	(13.2)
Vested	(0.3)	53.53	(17.8)	(0.3)	52.82	(16.2)
At September 30, 2021	1.5	\$ 64.00	\$ 93.2	1.5	\$ 63.85	\$ 91.6

(in millions, except per share data)	SBH			SB/RH		
	Units	Weighted Average Grant Date Fair Value	Fair Value at Grant Date	Units	Weighted Average Grant Date Fair Value	Fair Value at Grant Date
Time-based grants						
Vesting in less than 24 months	0.1	\$ 77.25	\$ 9.6	0.1	\$ 77.65	\$ 8.0
Vesting in more than 24 months	0.1	74.57	7.8	0.1	74.57	7.8
Total time-based grants	0.2	76.04	17.4	0.2	76.11	15.8
Performance-based grants						
Vesting in less than 24 months	0.1	93.08	4.9	0.1	93.08	4.9
Vesting in more than 24 months	0.3	74.54	22.6	0.3	74.54	22.6
Total performance-based grants	0.4	\$ 77.26	\$ 27.5	0.4	\$ 77.26	\$ 27.5
Total grants	0.6	\$ 76.78	\$ 44.9	0.6	\$ 76.83	\$ 43.3

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NOTE 19 – SHARE BASED COMPENSATION (continued)

Stock Options

All stock options awards are fully vested and exercisable, with no new awards being granted during the years ended September 30, 2021, 2020 and 2019, and no remaining unrecognized pre-tax compensation as of September 30, 2021. The following is a summary of outstanding stock option awards during the years ended September 30, 2021, 2020, and 2019:

(in millions, except per share data)	Stock Options		
	Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Vested and exercisable at September 30, 2018	\$ 0.24	\$ 73.29	\$ 4.78
Forfeited	(0.01)	67.83	4.94
Vested and exercisable at September 30, 2019	0.23	73.51	4.79
Exercised	(0.01)	52.83	3.55
Vested and exercisable at September 30, 2020	0.22	73.96	4.82
Exercised	(0.06)	52.83	3.55
Vested and exercisable at September 30, 2021	\$ 0.16	\$ 82.36	\$ 5.32

The intrinsic value of share options exercised during the years ended September 30, 2021 and 2020 was \$2.5 million and \$0.1 million, respectively. Cash received from the options exercises during the years ended September 30, 2021 and 2020 was \$3.4 million and \$0.3 million, respectively.

NOTE 20 - ACCUMULATED OTHER COMPREHENSIVE INCOME

The changes in the components of accumulated other comprehensive income (loss), net of taxes, was as follows:

(in millions)	Foreign Currency Translation	Derivative Instruments	Defined Benefit Pension	Total
Balance at September 30, 2018	\$ (192.5)	\$ 7.4	\$ (50.7)	\$ (235.8)
Other comprehensive (loss) income before reclassification	(30.8)	12.6	(27.6)	(45.8)
Net reclassification for (gain) loss to income from continuing operations	—	(10.4)	2.1	(8.3)
Net reclassification for (gain) loss to income from discontinued operations	—	(0.2)	0.1	(0.1)
Other comprehensive (loss) income before tax	(30.8)	2.0	(25.4)	(54.2)
Deferred tax effect	(4.7)	(5.4)	4.1	(6.0)
Other comprehensive loss, net of tax	(35.5)	(3.4)	(21.3)	(60.2)
Sale and deconsolidation of GBL and GAC discontinued operations (Note 3)	11.6	0.9	9.4	21.9
Less: other comprehensive loss from continuing operations attributable to non-controlling interest	(0.2)	—	—	(0.2)
Less: other comprehensive loss from discontinued operations attributable to non-controlling interest	(0.3)	—	—	(0.3)
Other comprehensive loss attributable to controlling interest	(23.4)	(2.5)	(11.9)	(37.8)
Balance as of September 30, 2019	(215.9)	4.9	(62.6)	(273.6)
Other comprehensive loss before reclassification	(18.5)	(6.2)	(5.2)	(29.9)
Net reclassification for (gain) loss to income from continuing operations	—	(4.6)	4.6	—
Net reclassification for gain to income from discontinued operations	—	(0.4)	(0.3)	(0.7)
Other comprehensive loss before tax	(18.5)	(11.2)	(0.9)	(30.6)
Deferred tax effect	0.1	11.7	(0.3)	11.5
Other comprehensive (loss) income, net of tax	(18.4)	0.5	(1.2)	(19.1)
Adoption of ASU 2018-02 (Note 2)	—	(1.8)	2.1	0.3
Sale and deconsolidation of Coevorden operations (Note 3)	8.1	—	—	8.1
Less: other comprehensive income from continuing operations attributable to non-controlling interest	0.1	—	—	0.1
Less: other comprehensive income from discontinued operations attributable to non-controlling interest	0.3	—	—	0.3
Other comprehensive (loss) income attributable to controlling interest	(10.7)	(1.3)	0.9	(11.1)
Balance as of September 30, 2020	(226.6)	3.6	(61.7)	(284.7)
Other comprehensive income before reclassification	32.2	0.1	11.7	44.0
Net reclassification for loss to income from continuing operations	—	9.2	4.8	14.0
Net reclassification for loss (gain) to income from discontinued operations	—	0.1	(0.1)	—
Other comprehensive income before tax	32.2	9.4	16.4	58.0
Deferred tax effect	—	(6.6)	(1.6)	(8.2)
Other comprehensive income, net of tax	32.2	2.8	14.8	49.8
Less: other comprehensive income from discontinued operations attributable to non-controlling interest	0.4	—	—	0.4
Other comprehensive income attributable to controlling interest	31.8	2.8	14.8	49.4
Balance as of September 30, 2021	\$ (194.8)	\$ 6.4	\$ (46.9)	\$ (235.3)

See Note 14 - Derivatives for further detail on the Company's hedging activity. See Note 15 - Employee Benefit Plans for further detail over the Company's defined benefit plans.

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NOTE 21 - COMMITMENTS AND CONTINGENCIES

The Company is a defendant in various litigation matters generally arising out of the ordinary course of business. Based on information currently available, the Company does not believe that any of the matters or proceedings presently pending will have a material adverse effect on its results of operations, financial condition, liquidity or cash flows.

Shareholder Litigation. On July 12, 2019, an amended consolidated class action complaint filed earlier in 2018 was filed in the United States District Court for the Western District of Wisconsin (the "Court") by the Public School Teachers' Pension & Retirement Fund of Chicago and the Cambridge Retirement against Spectrum Brands' Legacy, Inc. ("Spectrum Legacy"). The complaint alleges that the defendants violated the Securities Exchange Act of 1934. The amended complaint added HRG Group, Inc. ("HRG"), the predecessor to the Company, as a defendant and asserted additional claims against the Company on behalf of a purported class of HRG shareholders. The class period of the consolidated amended complaint is from January 26, 2017 to November 19, 2018, and the plaintiffs seek an unspecified amount of compensatory damages, interest, attorneys' and expert fees and costs. During the year ended September 30, 2020, the Company reached a proposed settlement resulting in an insignificant loss, net of third-party insurance coverage and payment, pending final approval by the Court. In February 2021, the Court declined to approve the proposed settlement without prejudice because the Court determined that as a procedural matter the plaintiff's counsel had not taken the appropriate actions to be appointed to represent the purported class of HRG shareholders. The court subsequently appointed separate counsel to represent the HRG shareholder class. In August 2021, the Company reached an agreement in principle, subject to final documentation and approval of the Court, to settle the claims of the Spectrum Legacy class, the cost of which will be defrayed by third-party insurance. In October 2021, the Company reached an agreement in principle, subject to final documentation and approval of the Court, to settle the claims of the HRG class, the cost of which will be defrayed by third-party insurance.

Environmental. The Company has provided for an estimated cost of \$11.3 million and \$11.6 million, as of September 30, 2021 and 2020, respectively, associated with environmental remediation activities primarily with some of its former manufacturing sites, included in Other Long-Term Liabilities on the Consolidated Statement of Financial Position. The Company believes that any additional liability in excess of the amounts provided that may result from resolution of these matters, will not have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company.

Product Liability. The Company may be named as a defendant in lawsuits involving product liability claims. The Company has recorded and maintains an estimated liability in the amount of management's estimate for aggregate exposure for such liabilities based upon probable loss from loss reports, individual cases, and losses incurred but not reported. As of September 30, 2021, and 2020, the Company recognized \$3.0 million and \$3.9 million in product liability, respectively, included in Other Current Liabilities on the Consolidated Statement of Financial Position. The Company believes that any additional liability in excess of the amounts provided that may result from resolution of these matters will not have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company.

Product Warranty. The Company recognizes an estimated liability for standard warranty on certain products when we recognize revenue on the sale of the warranted products. Estimated warranty costs incorporate replacement parts, products and delivery, and are recorded as a cost of goods sold at the time of product shipment based on historical and projected warranty claim rates, claims experience and any additional anticipated future costs on previously sold products. The Company recognized \$0.4 million of warranty accruals as of September 30, 2021 and 2020, included in Other Current Liabilities on the Consolidated Statement of Financial Statement.

Other. During the year ended September 30, 2021, the Company recognized legal reserves at our H&G division of approximately \$3.2 million attributable to significant and unusual non-recurring claims with no previous history or precedent, included in Other Current Liabilities on the Consolidated Statement of Financial Position.

NOTE 22 - SEGMENT INFORMATION

The Company identifies its segments based upon the internal organization that is used by management for making operating decisions and assessing performance as the source of its reportable segments. The Company manages its continuing operations in three vertically integrated, product-focused reporting segments: (i) GPC, which consists of the Company's worldwide pet care business; (ii) H&G, which consists of the Company's home and garden and insect control business and (iii) HPC, which consists of the Company's worldwide small kitchen and personal care appliances businesses. Global strategic initiatives and financial objectives for each reportable segment are determined at the corporate level. Each segment is responsible for implementing defined strategic initiatives and achieving certain financial objectives and has a president responsible for the sales and marketing initiatives and financial results for product lines within the segment. The segments are supported through center-led corporate shared service operations consisting of finance and accounting, information technology, legal and human resource, supply chain and commercial operations.

Net sales relating to the segments for the years ended September 30, 2021, 2020 and 2019 are as follows:

(in millions)	2021	2020	2019
HPC	\$ 1,260.1	\$ 1,107.6	\$ 1,068.1
GPC	1,129.9	962.6	870.2
H&G	608.1	551.9	508.1
Net sales	<u>\$ 2,998.1</u>	<u>\$ 2,622.1</u>	<u>\$ 2,446.4</u>

The Chief Operating Decision Maker of the Company uses Adjusted EBITDA as the primary operating metric in evaluating the business and making operating decisions. EBITDA is calculated by excluding the Company's income tax expense, interest expense, depreciation expense and amortization expense (from intangible assets) from net income. Adjusted EBITDA further excludes:

- Stock based and other incentive compensation costs that consist of costs associated with long-term compensation arrangements and other equity based compensation based upon achievement of long-term performance metrics under the Company's Long-Term Incentive Plan ("LTIP"); and generally consist of non-cash, stock-based compensation. During the years ended September 30, 2021, 2020, and 2019, other incentive compensation also includes incentive bridge awards issued due to changes in the Company's LTIP that allowed for cash based payment upon employee election but does not qualify for share-based compensation. All bridge awards fully vested in November 2020. See Note 19 - Share Based Compensation for further details.

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NOTE 22 - SEGMENT INFORMATION (continued)

- Restructuring and related charges, which consist of project costs associated with the restructuring initiatives across the Company's segments. See *Note 5 - Restructuring and Related Charges* for further details;
- Transaction related charges that consist of (1) transaction costs from acquisitions or subsequent project costs directly associated with integration of an acquired business with the consolidated group; and (2) transaction costs from divestitures and subsequent project costs to facilitate separation of shared operations, including development of transferred shared service operations, platforms and personnel transferred and exiting of transition service arrangements (TSAs) and reverse TSAs. See *Note 2 - Significant Accounting Policies and Practices* for further details;
- Unallocated shared costs associated with discontinued operations from certain shared and center-led administrative functions supporting the Company's business units excluded from income from discontinued operations as they are not a direct cost of the discontinued business but a result of indirect allocations, including but not limited to, information technology, human resources, finance and accounting, supply chain, and commercial operations. Amounts attributable to unallocated shared costs would be mitigated through subsequent strategic or restructuring initiatives, TSAs, elimination of extraneous costs or re-allocation or absorption by existing continuing operations following the completed sale of the discontinued operations. See *Note 3 - Divestitures* for further details;
- Gains and losses attributable to the Company's investment in Energizer common stock. During the year ended September 30, 2021, the Company sold its remaining shares in Energizer common stock. See *Note 7 - Fair Value of Financial Instruments* for further details;
- Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations;
- Non-cash purchase accounting inventory adjustments recognized in earnings from continuing operations after an acquisition;
- Incremental reserves for non-recurring litigation or environmental remediation activity including (1) proposed settlement on outstanding litigation matters at our H&G division attributable to significant and unusual nonrecurring claims with no previous history or precedent recognized during the year ended September 30, 2021, (2) environmental remediation reserves realized during the year ended September 30, 2019 on legacy properties and former manufacturing sites assumed by the organization which had previously been exited by the Company, and (3) legal settlement costs associated with retained litigation from the Company's divested GAC operations realized during the year ended September 30, 2019. See *Note 21 - Commitments and Contingencies* for further details;
- Incremental costs realized under a three-year tolling agreement entered into with the buyer in consideration with the divestiture of the Coevorden Operations on March 29, 2020, for the continued production of dog and cat food products purchased to support GPC commercial operations and distribution in Europe. See *Note 3 - Divestitures* for further details;
- Gain on extinguishment of the Salus CLO debt due to the discharge of the obligation during the year ended September 30, 2020. See *Note 12 - Debt* for further details;
- Foreign currency gains and losses attributable to multicurrency loans for the years ended September 30, 2020 and 2019, that were entered into with foreign subsidiaries in exchange for the receipt of divestiture proceeds by the parent company and the distribution of the respective foreign subsidiaries' net assets as part of the GBL and GAC divestitures; and
- Other adjustments primarily consisting of costs attributable to (1) incremental fines and penalties realized for delayed shipments following the transition of a third-party logistics service provider in GPC during the year ended September 30, 2021; (2) costs associated with Salus operations during the years ended September 30, 2021, 2020 and 2019 as they are not considered a component of continuing commercial products company; (3) expenses and cost recovery for flood damage at the Company's facilities in Middleton, Wisconsin recognized during the years ended September 30, 2020 and 2019; (4) incremental costs for separation of a key executives during the years ended September 30, 2020 and 2019; (5) costs associated with a safety recall in GPC during the year ended September 30, 2019; (6) operating margin on H&G sales to GAC discontinued operations during the year ended September 30, 2019; and (7) certain fines and penalties for delayed shipments following the completion of a GPC distribution center consolidation in EMEA during the year ended September 30, 2019.

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NOTE 22 - SEGMENT INFORMATION (continued)

Segment Adjusted EBITDA in relation to the Company's reportable segments for SBH and SB/RH for the years ended September 30, 2021, 2020, and 2019, is as follows:

SBH (in millions)	2021	2020	2019
HPC	\$ 102.6	\$ 92.2	\$ 87.2
GPC	212.1	172.0	142.6
H&G	124.0	112.1	105.5
Total Segment Adjusted EBITDA	438.7	376.3	335.3
Corporate	46.9	52.4	22.0
Interest expense	116.5	93.7	158.4
Depreciation and amortization	117.0	114.7	147.3
Share and incentive based compensation	29.4	36.1	47.6
Restructuring and related charges	40.3	71.6	61.0
Transaction related charges	56.3	23.1	20.9
Unallocated shared costs	26.9	17.4	15.7
(Gain) loss on Energizer investment	(6.9)	16.8	12.1
Inventory acquisition step-up	7.3	—	—
Loss on sale of Coevorden operations	—	26.8	—
Write-off from impairment of goodwill	—	—	116.0
Write-off from impairment of intangible assets	—	24.2	35.4
Legal and environmental remediation reserves	6.0	—	10.0
Foreign currency loss on multicurrency divestiture loans	—	3.8	36.2
Salus CLO debt extinguishment	—	(76.2)	—
Coevorden tolling related charges	6.2	—	—
Other	3.9	(3.0)	6.9
Loss from operations before income taxes	\$ (11.1)	\$ (25.1)	\$ (354.2)

SB/RH (in millions)	2021	2020	2019
HPC	\$ 102.6	\$ 92.2	\$ 87.2
GPC	212.1	172.0	142.6
H&G	124.0	112.1	105.5
Total Segment Adjusted EBITDA	438.7	376.3	335.3
Corporate	44.9	47.5	20.7
Interest expense	116.8	93.2	106.1
Depreciation and amortization	117.0	114.7	147.3
Share and incentive based compensation	27.7	34.8	47.2
Restructuring and related charges	40.3	71.6	61.0
Transaction related charges	56.3	23.1	20.9
Unallocated shared costs	26.9	17.4	15.7
(Gain) loss on Energizer investment	(6.9)	16.8	12.1
Inventory acquisition step-up	7.3	—	—
Loss on sale of Coevorden operations	—	26.8	—
Write-off from impairment of goodwill	—	—	116.0
Write-off from impairment of intangible assets	—	24.2	35.4
Legal and environmental remediation reserves	6.0	—	10.0
Foreign currency loss on multicurrency divestiture loans	—	3.8	36.2
Coevorden tolling related charges	6.2	—	—
Other	3.9	(3.7)	4.1
Loss from operations before income taxes	\$ (7.7)	\$ (93.9)	\$ (297.4)

**SPECTRUM BRANDS HOLDINGS INC.
SB/RH HOLDINGS, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 22 - SEGMENT INFORMATION (continued)

Other financial information relating to the segments of SBH and SB/RH are as follows for the years ended September 30, 2021, 2020 and 2019 and as of September 30, 2021 and 2020:

Depreciation and amortization (in millions)	2021	2020	2019
HPC	\$ 44.0	\$ 35.2	\$ 64.6
GPC	39.3	44.4	48.8
H&G	19.2	20.4	19.3
Total segments	102.5	100.0	132.7
Corporate and shared operations	14.5	14.7	14.6
Total depreciation and amortization	<u>\$ 117.0</u>	<u>\$ 114.7</u>	<u>\$ 147.3</u>

Capital expenditures (in millions)	2021	2020	2019
HPC	\$ 9.3	\$ 10.7	\$ 11.0
GPC	18.6	14.5	16.0
H&G	3.6	3.5	5.9
Total segment capital expenditures	31.5	28.7	32.9
Corporate and shared operations	12.1	15.4	7.5
Total capital expenditures	<u>\$ 43.6</u>	<u>\$ 44.1</u>	<u>\$ 40.4</u>

Segment total assets (in millions)	SBH		SB/RH	
	2021	2020	2021	2020
HPC	\$ 879.4	\$ 824.6	\$ 879.4	\$ 824.6
GPC	1,456.9	1,200.3	1,456.9	1,200.3
H&G	853.1	546.5	853.1	546.5
Total segment assets	3,189.4	2,571.4	3,189.4	2,571.4
Corporate and shared operations	341.0	742.1	418.3	819.1
Total assets	<u>\$ 3,530.4</u>	<u>\$ 3,313.5</u>	<u>\$ 3,607.7</u>	<u>\$ 3,390.5</u>

Net sales SBH and SB/RH for the years ended September 30, 2021, 2020 and 2019 and long-lived asset information as of September 30, 2021 and 2020 by geographic area are as follows:

Net sales to external parties - Geographic Disclosure (in millions)	2021	2020	2019
United States	\$ 1,750.8	\$ 1,627.4	\$ 1,478.8
Europe/MEA	877.8	683.9	655.8
Latin America	193.4	147.9	157.2
Asia-Pacific	112.0	101.8	97.9
North America - Other	64.1	61.1	56.7
Net sales	<u>\$ 2,998.1</u>	<u>\$ 2,622.1</u>	<u>\$ 2,446.4</u>

Long-lived assets - Geographic Disclosure (in millions)	2021	2020
United States	\$ 234.3	\$ 236.4
Europe/MEA	64.4	58.3
Latin America	3.8	3.1
Asia-Pacific	14.2	15.8
Total long-lived assets	<u>\$ 316.7</u>	<u>\$ 313.6</u>

SPECTRUM BRANDS HOLDINGS INC.
SB/RH HOLDINGS, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 - EARNINGS PER SHARE – SBH

Basic earnings per share is computed by dividing net income attributable to controlling interest by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the dilution that would occur if share-based awards were converted into common shares that then shared in the net income of the entity available to common shareholders, as long as their effect is not antidilutive. In computing diluted earnings per share, basic earnings per share is adjusted for the assumed issuance of potentially diluted share-based awards. The Company uses the treasury stock method to reflect dilution of restricted stock units. Performance based restricted stock units are excluded if the performance targets upon which the issuance of the shares is contingent have not been achieved and the respective performance period has not been completed as of the end of the current period. The reconciliation of the numerator and denominator of the basic and diluted earnings per share calculation and the anti-dilutive shares for the years ended September 30, 2021, 2020 and 2019, are as follows:

(in millions, except per share amounts)	2021	2020	2019
Numerator			
Net income (loss) from continuing operations attributable to controlling interest	\$ 15.1	\$ (52.7)	\$ (303.0)
Income from discontinued operations attributable to controlling interest	174.5	150.5	797.5
Net income attributable to controlling interest	<u>\$ 189.6</u>	<u>\$ 97.8</u>	<u>\$ 494.5</u>
Denominator			
Weighted average shares outstanding - basic	42.7	44.7	50.7
Dilutive shares	0.5	—	—
Weighted average shares outstanding - diluted	<u>43.2</u>	<u>44.7</u>	<u>50.7</u>
Earnings per share			
Basic earnings per share from continuing operations	\$ 0.35	\$ (1.18)	\$ (5.98)
Basic earnings per share from discontinued operations	4.09	3.37	15.74
Basic earnings per share	<u>\$ 4.44</u>	<u>\$ 2.19</u>	<u>\$ 9.76</u>
Diluted earnings per share from continuing operations	\$ 0.35	\$ (1.18)	\$ (5.98)
Diluted earnings per share from discontinued operations	4.04	3.37	15.74
Diluted earnings per share	<u>\$ 4.39</u>	<u>\$ 2.19</u>	<u>\$ 9.76</u>
Weighted average number of anti-dilutive shares excluded from denominator	—	0.2	0.2

SPECTRUM BRANDS HOLDINGS INC.
SB/RH HOLDINGS, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 24 - QUARTERLY RESULTS (UNAUDITED)
Spectrum Brands Holdings, Inc.

SBH 2021 (in millions, except per share)	Quarter Ended			
	September 30, 2021	July 4, 2021	April 4, 2021	January 3, 2021
Revenue	\$ 757.8	\$ 743.8	\$ 760.3	\$ 736.2
Gross profit	258.2	262.6	261.0	252.8
Net income (loss) from continuing operations attributable to controlling interest	6.0	(1.8)	(3.7)	14.7
Net income from discontinued operations attributable to controlling interest	44.2	32.5	40.4	57.4
Net income attributable to controlling interest	\$ 50.2	\$ 30.7	\$ 36.7	\$ 72.1
Basic earnings per share from continuing operations	\$ 0.14	\$ (0.04)	\$ (0.09)	\$ 0.34
Basic earnings per share from discontinued operations	1.04	0.76	0.95	1.34
Basic earnings per share	\$ 1.18	\$ 0.72	\$ 0.86	\$ 1.68
Diluted earnings per share from continuing operations	\$ 0.14	\$ (0.04)	\$ (0.09)	\$ 0.34
Diluted earnings per share from discontinued operations	1.02	0.76	0.95	1.34
Diluted earnings per share	\$ 1.16	\$ 0.72	\$ 0.86	\$ 1.68

SBH 2020 (in millions, except per share)	Quarter Ended			
	September 30, 2020	June 28, 2020	March 29, 2020	December 29, 2019
Revenue	\$ 736.9	\$ 702.7	\$ 608.7	\$ 573.8
Gross profit	254.2	252.4	200.2	171.4
Net (loss) income from continuing operations attributable to controlling interest	(9.6)	126.1	(107.6)	(61.6)
Net income from discontinued operations attributable to controlling interest	55.0	19.0	50.7	25.8
Net income (loss) attributable to controlling interest	\$ 45.4	\$ 145.1	\$ (56.9)	\$ (35.8)
Basic earnings per share from continuing operations	\$ (0.22)	\$ 2.93	\$ (2.39)	\$ (1.29)
Basic earnings per share from discontinued operations	1.27	0.44	1.13	0.54
Basic earnings per share	\$ 1.05	\$ 3.37	\$ (1.26)	\$ (0.75)
Diluted earnings per share from continuing operations	\$ (0.22)	\$ 2.92	\$ (2.39)	\$ (1.29)
Diluted earnings per share from discontinued operations	1.27	0.44	1.13	0.54
Diluted earnings per share	\$ 1.05	\$ 3.36	\$ (1.26)	\$ (0.75)

SB/RH Holdings, LLC

SB/RH 2021 (in millions)	Quarter Ended			
	September 30, 2021	July 4, 2021	April 4, 2021	January 3, 2021
Revenue	\$ 757.8	\$ 743.8	\$ 760.3	\$ 736.2
Gross profit	258.2	262.6	261.0	252.8
Net loss attributable to controlling interest from continuing operations	6.2	(0.9)	(3.2)	15.1
Net income attributable to controlling interest from discontinued operations	44.0	32.6	40.4	57.4
Net income attributable to controlling interest	\$ 50.2	\$ 31.7	\$ 37.2	\$ 72.5

SB/RH 2020 (in millions)	Quarter Ended			
	September 30, 2020	June 28, 2020	March 29, 2020	December 29, 2019
Revenue	\$ 736.9	\$ 702.7	\$ 608.7	\$ 573.8
Gross profit	254.2	252.4	200.2	171.4
Net (loss) income attributable to controlling interest from continuing operations	(13.5)	70.1	(106.0)	(59.3)
Net income attributable to controlling interest from discontinued operations	55.9	18.7	51.6	24.4
Net income (loss) income attributable to controlling interest	\$ 42.4	\$ 88.8	\$ (54.4)	\$ (34.9)

Signatures

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

SPECTRUM BRANDS HOLDINGS, INC.

By: /s/ David M. Maura
David M. Maura
Chief Executive Officer and Chairman of the Board

DATE: November 23, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the above-stated date.

<u>Signature</u>	<u>Title</u>
<u>/s/ David M. Maura</u> David M. Maura	Chief Executive Officer and Chairman of the Board <i>(Principal Executive Officer)</i>
<u>/s/ Jeremy W. Smeltser</u> Jeremy W. Smeltser	Executive Vice President, Chief Financial Officer <i>(Principal Financial Officer)</i>
<u>/s/ Daniel L. Karpel</u> Daniel L. Karpel	Vice President, Corporate Controller and Chief Accounting Officer <i>(Principal Accounting Officer)</i>
<u>/s/ Leslie L. Campbell</u> Leslie L. Campbell	Director
<u>/s/ Joan Chow</u> Joan Chow	Director
<u>/s/ Sherianne James</u> Sherianne James	Director
<u>/s/ Gautam Patel</u> Gautam Patel	Director
<u>/s/ Terry L. Polistina</u> Terry L. Polistina	Director
<u>/s/ Hugh R. Rovit</u> Hugh R. Rovit	Director

EXHIBIT INDEX

Exhibit 2.1	Agreement and Plan of Merger, dated as of February 24, 2018, by and among Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.), Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.), HRG SPV Sub I, Inc. and HRG SPV Sub II, LLC (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on February 26, 2018 (File No. 001-4219)). (Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC a copy of any omitted schedule upon request.)
Exhibit 2.2	Amendment No. 1 to Agreement and Plan of Merger, dated as of June 8, 2018, by and among Spectrum Brands Holdings, Inc., HRG Group, Inc., HRG SPV Sub I, Inc. and HRG SPV Sub II, LLC (incorporated herein by reference to Exhibit 2.2 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on July 13, 2018 (File No. 001-4219)).
Exhibit 2.3	Acquisition Agreement, dated as of November 15, 2018, by and among Spectrum Brands Holdings, Inc. and Energizer Holdings, Inc. (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on November 19, 2018 (File No. 001-4219)). (Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC a copy of any omitted schedule upon request.)
Exhibit 2.4	Amended and Restated Acquisition Agreement, dated as of November 15, 2018, by and between Energizer Holdings, Inc. and Spectrum Brands Holdings, Inc. (incorporated herein by reference to Exhibit 2.2 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on November 19, 2018 (File No. 001-4219)). (Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC a copy of any omitted schedule upon request.)
Exhibit 2.5*	Asset and Stock Purchase Agreement, dated as of September 8, 2021, by and between Spectrum Brands, Inc. and ASSA ABLOY AB (Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC a copy of any omitted schedule upon request.)
Exhibit 3.1*	Amended and Restated Certificate of Incorporation of Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.)
Exhibit 3.2	Third Restated By-Laws of Spectrum Brands Holdings, Inc. (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on May 17, 2019 (File No. 001-04219)).
Exhibit 3.3	Certificate of Formation of SB/RH Holdings, LLC (incorporated herein by reference to Exhibit 3.29 to the Registration Statement on Form S-4 filed with the SEC by Spectrum Brands, Inc. on December 3, 2013 (File No. 333-192634)).
Exhibit 3.4	Operating Agreement of SB/RH Holdings, LLC (incorporated herein by reference to Exhibit 3.30 to the Registration Statement on Form S-4 filed with the SEC by Spectrum Brands, Inc. on December 3, 2013 (File No. 333-192634)).
Exhibit 3.5	Certificate of Designation of Series B Preferred Stock of Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.), as filed with the Secretary of State of Delaware on February 26, 2018, (incorporated herein by reference to Exhibit 3.3 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on July 13, 2018 (File No. 001-4219)).
Exhibit 4.1	Indenture governing Spectrum Brands, Inc.'s 6.125% Senior Notes due 2024, dated as of December 4, 2014, among Spectrum Brands, Inc., the guarantors named therein and US Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) on December 8, 2014 (File No. 001-34757)).
Exhibit 4.2	Indenture governing Spectrum Brands, Inc.'s 5.750% Senior Notes due 2025, dated as of May 20, 2015, among Spectrum Brands, Inc., the guarantors named therein and US Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) on May 20, 2015 (File No. 001-34757)).
Exhibit 4.3	Indenture governing Spectrum Brands, Inc.'s 4.000% Senior Notes due 2026, dated as of September 20, 2016, among Spectrum Brands, Inc., the guarantors named therein, U.S. Bank National Association, as trustee, Elavon Financial Services DAC, UK Branch, as paying agent and Elavon Financial Services DAC, as registrar and transfer agent (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) on December 8, 2014 (File No. 001-34757)).
Exhibit 4.4	Indenture governing Spectrum Brands, Inc.'s 5.00% Senior Notes due 2029, dated as of September 24, 2019, among Spectrum Brands, Inc., the guarantors named therein and US Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on September 24, 2019 (File No. 001-4219)).
Exhibit 4.5	Rights Agreement, dated as of February 24, 2018, between Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) and American Stock Transfer & Trust Company, LLC, as Rights Agent, which includes the Form of Certificate of Designation of Series B Preferred Stock of Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) as Exhibit A, the Form of Right Certificate as Exhibit B and the Summary of Terms of the Rights Agreement as Exhibit C (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on February 26, 2018 (File No. 001-4219)).
Exhibit 4.6	Description of Capital Stock of Spectrum Brands, Holdings, Inc. (incorporated herein by reference to Exhibit 4.8 to Amendment No. 1 to the Annual Report on Form 10-K/A filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on January 28, 2020 (File No. 001-4219)).
Exhibit 4.7	Indenture governing the 3.875% Senior Notes due 2031, dated as of March 3, 2021, among Spectrum Brands, Inc., the guarantors party thereto and US Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on March 3, 2021 (File No. 001-4219)).
Exhibit 10.1	Amended and Restated Credit Agreement, dated as of June 30, 2020 among the Company, SB/RH Holdings, the guarantors party thereto, the lenders party thereto from time to time, and Royal Bank of Canada, as the administrative agent (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on June 30, 2020 (File No. 001-4219)).
Exhibit 10.2	First Amendment to Amended and Restated Credit Agreement, dated as of March 3, 2021 (to the Amended and Restated Credit Agreement dated as of June 30, 2020), by and among the Company, SB/RH Holdings, Royal Bank of Canada, as the administrative agent and the lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands
Exhibit 10.3	Security Agreement, dated as of June 23, 2015, by and among Spectrum Brands, Inc., SB/RH Holdings, LLC, the subsidiary guarantors party thereto from time to time and Deutsche Bank AG New York Branch, as collateral agent (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) on June 23, 2015 (File No. 001-34757)).
Exhibit 10.4	Loan Guaranty, dated as of June 23, 2015, by and among SB/RH Holdings, LLC, the subsidiary guarantors party thereto from time to time and Deutsche Bank AG New York Branch, as administrative agent and collateral agent (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) on June 23, 2015 (File No. 001-34757)).

Exhibit 10.5+	Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Award Plan, as amended on January 28, 2014 (incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) on February 3, 2014 (File No. 001-34757)).
Exhibit 10.6+	Amended & Restated Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Award Plan (incorporated herein by reference to Exhibit 4.8 to the Registration Statement filed on Form S-8 with the SEC by Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) on February 1, 2017 (File No. 333-215850)).
Exhibit 10.7+	Form of Restricted Stock Unit Agreement under the Amended & Restated Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Award Plan (incorporated herein by reference to Exhibit 4.9 to the Registration Statement filed on Form S-8 with the SEC by Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) on February 1, 2017 (File No. 333-215850)).
Exhibit 10.8+	Form of Performance Compensation Award Agreement under the Amended & Restated Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Award Plan (incorporated herein by reference to Exhibit 4.10 to the Registration Statement filed on Form S-8 filed with the SEC by Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) on February 1, 2017 (File No. 333-215850)).
Exhibit 10.9+	Spectrum Brands Holdings, Inc. 2020 Omnibus Equity Plan (incorporated herein by reference to Exhibit 4.1 to the Registration Statement on Form S-8 filed with the SEC by Spectrum Brands Holdings, Inc.) on August 7, 2020 (File No. 333- 242343).
Exhibit 10.10+	Employment Agreement dated January 20, 2016 by and among Spectrum Brands, Inc. and David M. Maura (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) on January 21, 2016 (File No. 001-34757)).
Exhibit 10.11+	Amended and Restated Employment Agreement dated as of September 26, 2017 by and between Spectrum Brands, Inc., Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) and David M. Maura (filed by incorporated by reference to Exhibit 10.1 to a Current Report on Form 8-K filed with the SEC by Spectrum Brands Legacy, Inc. (f.k.a. Spectrum Brands Holdings, Inc.) on September 29, 2017 (File No. 001-3757)).
Exhibit 10.12+	Release Agreement, dated as of July 13, 2018, by and between Ehsan Zargar and Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on July 13, 2018 (File No. 001-4219)).
Exhibit 10.13+	Employment Agreement, dated as of September 13, 2018, by and among Ehsan Zargar, Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) and Spectrum Brands, Inc. (incorporated herein by reference to Exhibit 10.41 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on November 23, 2018 (File NO. 001-4219)).
Exhibit 10.14+	Severance Agreement, dated February 1, 2016, by and among Randal Lewis and Spectrum Brands, Inc. (incorporated herein by reference to Exhibit 10.42 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on November 23, 2018 (File NO. 001-4219)).
Exhibit 10.15+	Form of Agreement with David Maura and Ehsan Zargar Regarding Certain Provisions of Such Executive's Respective Prior Separation Agreements with HRG Group, Inc. (incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on February 7, 2019 (File No. 001-4219)).
Exhibit 10.16+	Employment Agreement, dated as of September 9, 2019, by and between Spectrum Brands Holdings, Inc. and Jeremy W. Smeltser. (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on September 9, 2019 (File No. 001-4219)).
Exhibit 10.17+	Employment Agreement, dated as of September 9, 2019, by and between Spectrum Brands Holdings, Inc. and Randal D. Lewis. (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on September 9, 2019 (File No. 001-4219)).
Exhibit 10.18+	Letter Agreement, dated as of September 9, 2019, by and between Spectrum Brands Holdings, Inc. and Rebeckah Long. (incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on September 9, 2019 (File No. 001-4219)).
Exhibit 10.19+	Severance Agreement, dated as of September 9, 2019, by and between Spectrum Brands Holdings, Inc. and Rebeckah Long. (incorporated herein by reference to Exhibit 10.5 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. (f.k.a. HRG Group, Inc.) on September 9, 2019 (File No. 001-4219)).
Exhibit 10.20+	Form of Restricted Stock Unit Award Agreement effective as of December 22, 2020 (incorporated herein by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands Holdings, Inc. on May 7, 2021 (File No. 001-4219)).
Exhibit 10.21+	Form of Performance Based Restricted Stock Unit Agreement effective as of December 22, 2020 (incorporated herein by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands Holdings, Inc. on May 7, 2021 (File No. 001-4219)).
Exhibit 10.22+	Form of Service Based Restricted Stock Unit Agreement effective as of December 22, 2020 (incorporated herein by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands Holdings, Inc. on May 7, 2021 (File No. 001-4219)).
Exhibit 21.1***	Subsidiaries of Registrant
Exhibit 21.2*	List of Guarantor Subsidiaries
Exhibit 23.1*	Consent of Independent Registered Public Accounting Firm
Exhibit 31.1*	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Spectrum Brands Holdings, Inc.
Exhibit 31.2*	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Spectrum Brands Holdings, Inc.
Exhibit 31.3*	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. SB/RH Holdings, LLC
Exhibit 31.4*	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. SB/RH Holdings, LLC
Exhibit 32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Spectrum Brands Holdings, Inc.
Exhibit 32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Spectrum Brands Holdings, Inc.
Exhibit 32.3*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. SB/RH Holdings, LLC
Exhibit 32.4*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. SB/RH Holdings, LLC

* Filed herewith

** In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Annual Report on Form 10-K shall be deemed to be furnished and not filed.

*** Filed herewith, with respect to Spectrum Brands Holdings, Inc. SB/RH Holdings, LLC meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and has therefore omitted the list of subsidiaries exhibit otherwise required by Item 601 of Regulation S-K as allowed under General Instruction I(2)(b).

+ Denotes a management contract or compensatory plan or arrangement.

ASSET AND STOCK PURCHASE AGREEMENT

dated as of

September 8, 2021

between

SPECTRUM BRANDS, INC.

and

ASSA ABLOY AB

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EXHIBIT F Form of Foreign Acquisition Agreement (Acquired Entities)

ASSET AND STOCK PURCHASE AGREEMENT

This ASSET AND STOCK PURCHASE AGREEMENT (this “**Agreement**”) dated as of September 8, 2021 is being entered into by and between Spectrum Brands, Inc., a Delaware corporation (“**Seller**”), and ASSA ABLOY AB, an *aktieföretag* duly incorporated under the laws of Sweden with corporate identity number 556059-3575 (“**Buyer**”).

WITNESSETH:

WHEREAS, Seller, together with its Subsidiaries (as defined below), owns and operates the Business (as defined below);

WHEREAS, Buyer desires to purchase the Purchased Shares (as defined below) and the Purchased Assets (as defined below) and assume the Assumed Liabilities (as defined below), in each case, from Seller and certain Retained Subsidiaries (as defined below), and Seller desires to sell (or cause to be sold) the Purchased Shares and the Purchased Assets and transfer the Assumed Liabilities to Buyer, upon the terms and subject to the conditions hereinafter set forth; and

WHEREAS, prior to the Closing, Seller intends to undertake a series of transactions, as further described on Schedule I hereto (the transactions set forth on such Schedule I, the “**Pre-Closing Reorganization**”).

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein (the receipt and sufficiency of which is hereby acknowledged and agreed), the parties hereto agree as follows:

ARTICLE 1 Definitions

Section 1.01. *Definitions.* As used herein, the following terms have the following meanings:

“**Accounting Policies**” means the rules and principles set forth on Schedule II.

“**Accounting Referee**” mean an independent accounting firm of recognized national standing as Buyer and Seller may mutually agree, which agreement shall not be unreasonably withheld; *provided, however*, in the event Buyer and Seller are unable to mutually agree on such Person, Buyer, on the one hand, and Seller, on the other hand, will each select an independent accounting firm of recognized national standing and both such selected accounting firms will select a third independent accounting firm of recognized national standing to be deemed to be the independent accounting firm selected by the parties, which firm may not be the regular auditing firm of Buyer or Seller; *provided, further*, that if either Buyer, on the one hand, or Seller, on the other hand, fails to select such independent accounting firm within ten (10) days following notice of a party that it is unable to agree with the other party on a substitute independent accounting firm, then the parties agree that the independent accounting firm selected by the other party is deemed to be the independent accounting firm selected by the parties.

“**Acquired Entities**” means the Purchased Entities and each of their Subsidiaries.

“**Acquired Entity Benefit Plan**” means each Business Benefit Plan that is sponsored or maintained, or required to be contributed to, by any Acquired Entity.

“**Acquired Entity Securities**” shall have the meaning given to such term in Section 3.06(b).

“**Action**” means any action, suit, investigation or proceeding, in each case by or before any arbitrator or Governmental Authority.

“**Actual Fraud**” means, with respect to a party hereto, the making by such party to another party hereto of an express representation or warranty contained in this Agreement; *provided* that at the time such representation or warranty was made by such party, (i) such representation or warranty was inaccurate, (ii) such party had actual knowledge (and not imputed or constructive knowledge), without any duty of inquiry or investigation, of the inaccuracy of such representation or warranty, (iii) in making such representation or warranty such party had the intent to deceive such other party and to induce such other party to enter into this Agreement, and (iv) such other party acted in reasonable reliance on such representation or warranty and suffered damages as a result of such reliance. For the avoidance of doubt, “Actual Fraud” does not include equitable fraud, promissory fraud, unfair dealings fraud, or any torts (including fraud) based on negligence or recklessness.

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such first Person. For purposes of this definition, “**control**” (including, for the avoidance of doubt, its correlative meanings “controlled by” and “under common control with”), when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Agreement, (i) each Acquired Entity shall be an Affiliate of Seller prior to the Closing, but shall cease to be an Affiliate of Seller as of and after the Closing, (ii) the Acquired Entities shall not be Affiliates of Buyer prior to the Closing, but shall be Affiliates of Buyer as of and after the Closing, and (iii) Affiliates of Seller and the Retained Subsidiaries shall only include entities that, as of the applicable time, are controlled Affiliates of Spectrum Brands Holdings, Inc. where Seller has the right to cause the entity to take the required action.

“**Agreement**” shall have the meaning given to such term in the Preamble.

“**Anti-Corruption Law**” means: (i) the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997; (ii) the Foreign Corrupt Practices Act of 1977 of the United States of America, as amended from time to time; (iii) the UK Bribery Act 2010; and (iv) any other Applicable Law which prohibits the conferring of any gift, payment or other benefit on any Person or any officer, employee, agent or advisor of such Person or is broadly equivalent to the laws referred to in (ii) and (iii) or was intended to enact the provisions of the OECD Convention or which has as a primary objective the prevention of corruption.

“Applicable Law” means, with respect to any Person, any federal, state, territorial, provisional, foreign or local law (including common law), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority that is binding upon or applicable to such Person.

“Apportioned Obligations” shall have the meaning given to such term in Section 8.06(a).

“Assigned Contracts” shall have the meaning given to such term in Section 2.02(a).

“Assigned Permits” shall have the meaning given to such term in Section 2.02(g).

“Assignment and Assumption Agreement” shall have the meaning given to such term in Section 2.09(a)(iii).

“Assumed Benefit Plans” shall have the meaning given to such term in Section 9.09.

“Assumed Liabilities” shall have the meaning given to such term in Section 2.04.

“Automatic Transfer Employee” shall have the meaning given to such term in Section 9.01(a).

“Base Purchase Price” means four billion, three hundred million dollars (\$4,300,000,000).

“Benefit Plan” means each material written (i) “employee benefit plan” as defined in Section 3(3) of ERISA, (ii) compensation, severance, change in control, transaction bonus, retention or similar plan, agreement, arrangement, program or policy or (iii) other plan, agreement, arrangement, program or policy providing for compensation, bonuses, profit-sharing, equity or equity-based compensation or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangement), medical, dental, vision, prescription or fringe benefits, life insurance, expatriate benefits, perquisites, disability or sick leave benefits, employee assistance program, workers’ compensation, supplemental unemployment benefits or post-employment or retirement benefits (including compensation, pension, health, medical or insurance benefits); *provided* that a Benefit Plan shall not include any governmental plan or program requiring the mandatory payment of social insurance taxes or similar contributions to a governmental fund with respect to the wages of an employee or any other plan, agreement, arrangement, program or policy administered or maintained by a Governmental Authority.

“Business” means the Hardware and Home Improvement business of Seller and its Affiliates as reported in the Annual Report filed on Form 10-K of Spectrum Brands Holdings, Inc. for the fiscal year ended September 30, 2020, including the Kwikset®, Weiser®, Baldwin®, Tell Manufacturing®, EZSET®, Pfister®, National Hardware®, FORTIS® and FANAL® brand businesses conducted by Seller and its Subsidiaries (including through the Acquired Entities); provided that for the avoidance of doubt, the Business shall not include the Retained Business.

“Business Benefit Plan” means each Benefit Plan that is contributed to, required to be contributed to, sponsored, maintained or entered into by Seller, an Acquired Entity, a Retained Subsidiary or any Affiliate of any of them under which any Business Employees, Former Business Employee or their eligible dependents have a present or future right to benefits.

“Business Day” means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York or Stockholm, Sweden are authorized or required by Applicable Law to close.

“Business Employee” means the employees of the Business set forth under the heading “Business Employees” on Section 1.01(b) of the Disclosure Schedule, which may be updated by Seller from time to time (i) with Buyer’s consent (not to be unreasonably withheld, conditioned or delayed) or (ii) without Buyer’s consent, in the event the employment of any Business Employee is terminated after the date hereof or Seller hires a new employee for the Business in the Ordinary Course.

“Business Financial Information” shall have the meaning given to such term in Section 3.07(a).

“Business Intellectual Property” means (i) the Transferred Intellectual Property and (ii) the Intellectual Property owned by the Acquired Entities, including the Patents and Trademarks set forth in Section 1.01(f) of the Disclosure Schedule.

“Business Intercompany Contract” shall have the meaning given to such term in Section 5.02.

“Business Records” shall have the meaning given to such term in Section 2.02(h).

“Buyer” shall have the meaning given to such term in the Preamble.

“Buyer FSA Plan” shall have the meaning given to such term in Section 9.05.

“Buyer Indemnified Parties” shall have the meaning given to such term in Section 11.02(a).

“Buyer Related Parties” shall have the meaning given to such term in Section 13.01(a).

“Buyer Released Claims” shall have the meaning given to such term in Section 11.09(a).

“Buyer Released Parties” shall have the meaning given to such term in Section 11.09(b).

“Buyer Releasing Parties” shall have the meaning given to such term in Section 11.09(a).

“Cash” means, with respect to any Person as of any time, the cash and cash equivalents (including marketable securities in accordance with GAAP) and security deposits

held by or on behalf of such Person at such time, and shall include checks, ACH transactions and other wire transfers and drafts deposited or available for deposit for the account of such Person at such time (net of issued but uncleared checks and drafts written or issued by or to such Person), in each case calculated and determined in accordance with GAAP.

“**Chinese Tax Amount**” shall have the meaning given to such term in Section 8.01(c).

“**Chinese Tax Authorities**” shall have the meaning given to such term in Section 8.01(c).

“**Chinese Tax Filings**” means the Tax reporting package(s) required to be filed with the appropriate Governmental Authorities of the People’s Republic of China in respect of the reporting of Chinese Tax Amount (if any) that may be due on the China-related transactions contemplated by this Agreement; provided that, for the avoidance of doubt, Chinese Tax Filings do not include any Chinese stamp duty filings required to be filed with a Governmental Authority.

“**Closing**” shall have the meaning given to such term in Section 2.09.

“**Closing Cash**” means an amount equal to the aggregate amount of Cash held by the Acquired Entities as of the Measurement Time (but after giving effect to the settlement of intercompany accounts to the extent set forth in Section 5.02), calculated in accordance with the Accounting Policies.

“**Closing Date**” means the date on which the Closing occurs.

“**Closing Indebtedness**” means the aggregate amount of (i) Indebtedness of the Acquired Entities *plus* (ii) Indebtedness that is included in the Assumed Liabilities, in each case as of the Measurement Time (but after giving effect to the settlement of intercompany accounts to the extent set forth in Section 5.02) and calculated in accordance with the Accounting Policies; *provided* that Closing Indebtedness shall exclude any amounts taken into account in the calculation of Closing Net Working Capital.

“**Closing Net Working Capital**” means (i) the Current Assets of the Acquired Entities or included in the Purchased Assets *minus* (ii) the Current Liabilities of the Acquired Entities or included in the Assumed Liabilities, in each case as of the Measurement Time (but after giving effect to the settlement of intercompany accounts to the extent set forth in Section 5.02) and calculated in accordance with the Accounting Policies; *provided* that Closing Net Working Capital shall not take into account any amounts taken into account in computing Retained Tax Liabilities or Tax Assets that are treated as Excluded Assets.

“**Closing Net Working Capital Adjustment Amount**” means an amount, which may be positive or negative, equal to (i) Closing Net Working Capital *minus* (ii) Closing Net Working Capital Target.

“**Closing Net Working Capital Target**” means one hundred eighty-six million, nine hundred fifty-eight thousand dollars (\$186,958,000).

“**COBRA**” shall have the meaning given to such term in Section 9.12(c).

“**Code**” means the Internal Revenue Code of 1986.

“**Competition Laws**” means statutes, rules, regulations, orders, decrees, administrative and judicial doctrines, and other laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization, lessening of competition or restraint of trade.

“**Confidentiality Agreement**” means the confidentiality agreement between Buyer and Seller, or its applicable Affiliate, dated as of June 24, 2021.

“**Continuation Period**” shall have the meaning given to such term in Section 9.02(a).

“**Continuing Employees**” means Automatic Transfer Employees and Non-Automatic Transfer Continuing Employees.

“**Controlled Group Liability**” shall have the meaning given to such term in Section 9.12(b).

“**Copyrights**” shall have the meaning given to such term in the definition of “Intellectual Property” in this Section 1.01.

“**Covered Income Tax Return**” means any Tax Return for Income Taxes that is both (i) required to be filed by any Acquired Entity for a taxable period that ends on or before the Closing Date and (ii) due (taking into account extensions) after the Closing Date.

“**COVID-19**” means SARS-CoV-2 or COVID-19, and any variants or evolutions thereof or related or associated epidemics, pandemic or disease outbreaks.

“**COVID-19 Events**” means any quarantine, “shelter in place”, “stay at home”, workforce reduction, social distancing, shut down, closure, sequester, change of habit or behavior of individuals (or groups of individuals) or any other Applicable Law, Order, directive, guideline or recommendation by any Governmental Authority, including the Center for Disease Control and Prevention, and any other similar health or safety organization, agency, institute or group or any industry organization, agency, institute or group in connection with or related to COVID-19 (or any worsening or escalation thereof).

“**Credit Support**” shall have the meaning given to such term in Section 7.07.

“**Current Assets**” shall have the meaning given to such term in Schedule II.

“**Current Liabilities**” shall have the meaning given to such term in Schedule II.

“**Current Representation**” shall have the meaning given to such term in Section 7.05(a).

“**D&O Indemnitees**” shall have the meaning given to such term in Section 6.03(a).

“**D&O Tail Policy**” shall have the meaning given to such term in Section 6.03(b).

“**Damages**” shall have the meaning given to such term in Section 11.02(a).

“Debt Financing” shall have the meaning given to such term in Section 13.17.

“Debt Financing Sources” shall mean any entity providing or arranging or otherwise entering into agreements (including any joinder agreements pursuant to the Debt Financing or relating thereto) in connection with all or any part of the Debt Financing together with their respective Affiliates, and their, as well as their respective Affiliates’ equityholders, members, employees, officers, directors, representatives, attorneys, agents or advisors.

“Deeds” means special warranty deeds with respect to each Owned Real Property in recordable form in the jurisdiction where such Owned Real Property is located and, in each case, in a form reasonably satisfactory to Seller and Buyer.

“Deferred Assets and Liabilities” shall have the meaning given to such term in Section 2.09(c).

“Deferred Consent” shall have the meaning given to such term in Section 2.06(b).

“Deferred Transfer Closing” shall have the meaning given to such term in Section 2.09(d).

“Deferred Item” shall have the meaning given to such term in Section 2.06(b).

“Deferred Jurisdiction” shall have the meaning given to such term in Section 2.09(c).

“Deferred Purchase Price” shall have the meaning given to such term in Section 2.09(e).

“Definitive Debt Financing Agreements” shall have the meaning given to such term in Section 13.17.

“Designated Person” shall have the meaning given to such term in Section 7.05(a).

“Disclosure Schedule” means the disclosure schedule delivered by Seller to Buyer concurrently with the execution and delivery of this Agreement.

“Dispute Notice” shall have the meaning given to such term in Section 2.10(c).

“Disputed Items” shall have the meaning given to such term in Section 2.10(c).

“End Date” shall have the meaning given to such term in Section 12.01(b).

“Enforceability Exceptions” shall have the meaning given to such term in Section 3.02.

“Environmental Laws” means any Applicable Law relating to protection of human health and safety, natural resources or the environment, including Applicable Laws relating to contamination and the use, generation, management, handling transport, treatment, disposal, storage, Release or threatened Release of hazardous or toxic substances.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“**ERISA Affiliate**” with respect to an entity means any other entity that, together with such first entity, would be treated as a single employer under Section 414 of the Code.

“**Estimated Closing Cash**” shall have the meaning given to such term in Section 2.08(a).

“**Estimated Closing Indebtedness**” shall have the meaning given to such term in Section 2.08(a).

“**Estimated Closing Net Working Capital**” shall have the meaning given to such term in Section 2.08(a).

“**Estimated Deferred Purchase Price**” shall have the meaning given to such term in Section 2.08(a).

“**Estimated Net Working Capital Adjustment Amount**” means an amount, which may be positive or negative, equal to (i) Estimated Closing Net Working Capital *minus* (ii) Closing Net Working Capital Target.

“**Estimated Purchase Price**” means an amount in cash equal to (i) the Base Purchase Price, *plus* (ii) the Estimated Net Working Capital Adjustment Amount, *minus* (iii) Estimated Closing Indebtedness, *plus* (iv) Estimated Closing Cash, *minus* (v) any Estimated Deferred Purchase Price, each as initially determined pursuant to Section 2.08.

“**Estimated Transaction Expenses**” shall have the meaning given to such term in Section 2.08(a).

“**Excluded Assets**” shall have the meaning given to such term in Section 2.03.

“**Excluded Liabilities**” shall have the meaning given to such term in Section 2.05.

“**Final Closing Statement**” shall have the meaning given to such term in Section 2.10(a).

“**Final Determination**” means any final determination of liability in respect of a Tax that, under Applicable Law, is not subject to further appeal, review or modification through proceedings or otherwise (including the expiration of a statute of limitations or a period for the filing of claims for refunds, amended returns or appeals from adverse determinations).

“**Foreign Acquisition Agreement**” shall have the meaning given to such term in Section 2.14.

“**Former Business Employee**” means any individual formerly employed at any time prior to Closing by Seller or any of its Subsidiaries and whose employment therewith was primarily related to the Business.

“**Fundamental Representations**” means the representations and warranties contained in Sections 3.01 (solely the first sentence thereof), 3.02, 3.05, 3.06(a) and (b), 3.15, 3.19, 4.01, 4.02 and Section 4.09.

“**GAAP**” means generally accepted accounting principles in the United States.

“**Governmental Authority**” means any transnational, domestic or foreign federal, state, provincial or local, governmental authority, department, court, agency or official, including any political subdivision thereof, or any self-regulatory organization.

“**Hazardous Substances**” means any pollutant or contaminant or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substance, waste or material, including petroleum, its derivatives, by-products and other hydrocarbons, and any other substance, waste or material regulated as a pollutant or otherwise as “hazardous” under any Environmental Law.

“**HSR Act**” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

“**Indebtedness**” means (i) all indebtedness for borrowed money, including indebtedness evidenced by notes, bonds, debentures or other debt securities (together with any interest accrued thereon and any prepayment penalties in regard thereof payable solely as a result of the transactions contemplated hereby), (ii) all obligations relating to letters of credit, bankers’ acceptances, surety, performance bonds or other bonds or similar instruments, solely to the extent drawn, (iii) financing lease obligations that are required to be capitalized in accordance with Accounting Policies which, for the sake of clarity, shall not include operating lease obligations or real estate leases, (iv) the net termination value of any currency swap or interest swap, cap or collar arrangement or any other derivative instrument used to hedge any other item in this definition (which amount, if positive, shall be a reduction to Indebtedness), (v) an amount equal to the difference (which amount, if negative, shall be a reduction to Indebtedness) between (A) the aggregate accrued and unpaid Income Taxes of the Acquired Entities with respect to any Pre-Closing Tax Period for which the Tax Return has not yet been filed as of the Closing and (B) the sum of (x) any overpayment of Income Taxes of the Acquired Entities with respect to any Pre-Closing Tax Period and (y) any obligations (including payroll Taxes) attributable to employees of the Business that are deferred pursuant to the Coronavirus Aid, Relief, and Economic Security Act, Pub.L. 116–136 (03/27/2020), (vi) any unpaid severance obligations with respect to Former Business Employees (including the employer portion of any applicable payroll Taxes), (vii) all liabilities for deferred and unpaid purchase price of assets, property, securities or services, including all earn-out payments, seller notes, and other similar payments (whether contingent or otherwise), calculated in accordance with the Accounting Policies, (viii) any declared but unpaid dividends or amounts owed to Seller or its Affiliates (other than the Acquired Entities) that remain outstanding at the Closing and (ix) any accrued and payable amounts owed to Business Employees and Former Business Employees under any Assumed Incentive Plan; *provided*, that for purposes of calculating Closing Indebtedness, Indebtedness shall not include any of the foregoing to the extent taken into account as a Current Liability in Closing Net Working Capital or as a Transaction Expense and, without limiting the foregoing, shall be calculated without regard to any amounts Buyer or Seller has agreed to assume liability for otherwise in this Agreement; *provided, further*, that Indebtedness shall not include any obligations solely among the Acquired Entities or any trade payables.

“**Indemnified Party**” shall have the meaning given to such term in Section 11.03(a).

“Indemnifying Party” shall have the meaning given to such term in Section 11.03(a).

“Income Tax” means (i) any United States federal, state, local or non-U.S. Tax based on or measured by reference to net income and (ii) in the case of the Philippines, any Tax based on gross income.

“Insurance Obligations” means all obligations and liabilities relating to, arising under or out of, or in connection with payment, reimbursement, indemnification, collateral and other obligations related to claims, losses, retained amounts or allocated loss adjustment expenses, including deductible and loss reimbursement obligations and premiums payable due to carrier audits, with respect to the Business under policies of insurance held by Sellers and their Affiliates covering the Business and all agreements related to such policies.

“Intellectual Property” means (i) issued patents and pending patent applications, including provisionals, non-provisionals, priority applications, PCT applications, continuations, divisionals, continuations-in-part, reexaminations, reissues, renewals, patent term extensions and supplementary protection certificates (**“Patents”**), (ii) registered and unregistered trademarks, service marks, trade names, trade dress, internet domain names, logos and other source identifiers, including all applications and registrations of, and all goodwill associated with, the foregoing (**“Trademarks”**), (iii) copyrightable works and copyrights and moral rights, including registrations or applications for registrations thereof and all renewals, extensions, restorations and reversions of the foregoing (**“Copyrights”**), (iv) know-how and trade secrets, (v) computer software and mask works, (vi) other similar types of proprietary intellectual property rights, (vii) all copies and tangible embodiments thereof in whatever form or medium, and (viii) all rights to sue or recover and retain damages, costs and attorney’s fees for past, present and future infringement or violation of any of the foregoing.

“International Plan” means any Business Benefit Plan that covers Business Employees located primarily outside of the United States.

“Investment Laws” shall have the meaning given to such term in Section 3.03.

“IP Assignment Agreement” means the Intellectual Property Assignment Agreement to be entered into between Buyer and Seller, or their designated Affiliates, at the Closing in substantially the form attached hereto as Exhibit A.

“IP/IT Contracts” shall have the meaning given to such term in Section 2.02(a).

“IRS” means the United States Internal Revenue Service.

“IT Assets” means any and all computers, servers, workstations, routers, hubs, switches, data communications lines and all other information technology equipment, including all documentation related to the foregoing.

“knowledge of Seller,” “Seller’s knowledge” or any other similar knowledge qualification in this Agreement means the actual knowledge of the individuals set forth in Section 1.01(c) of the Disclosure Schedule under the heading “Seller Knowledge Parties”.

“Leased Real Property” shall have the meaning given to such term in Section 3.13(b).

“**Lien**” means, with respect to any property or asset, any mortgage, lien, pledge, charge, or security interest in respect of such property or asset.

“**Master Allocation Statement**” shall have the meaning given to such term in Section 2.07(b).

“**Material Adverse Effect**” means any fact, condition, circumstance, occurrence, effect, change, event or development that, individually or in the aggregate, has a material adverse effect on the business, financial condition or results of operations of the Business, taken as a whole, excluding any fact, condition, circumstance, occurrence, effect, change, event or development resulting from or relating to (i) any Excluded Asset or Excluded Liability or (ii) (a) changes in GAAP or changes in accounting requirements applicable to any industry in which the Business operates, (b) changes in the financial, securities, currency, capital or credit markets or in general economic, political or regulatory conditions in any jurisdiction in which the Business operates (including any state, federal or local government shutdown), (c) changes (or proposed changes) in Applicable Law or conditions generally affecting any industry in which the Business operates, (d) acts of war, sabotage or terrorism, cyberattacks or disasters (including hurricanes, tornadoes, floods, fires, earthquakes and weather-related events or other “acts of God”), pandemics, epidemics or other outbreaks of disease or public health events (including COVID-19) or any escalation or worsening thereof or any responses thereto, (e) the negotiation, execution or performance of this Agreement, the announcement, pendency or consummation of the transactions contemplated hereby, the identity of Buyer or any other facts or circumstances relating to Buyer or the announcement or other disclosure of Buyer’s plans or intentions with respect to the conduct of the Business after the Closing, including the effect of any of the foregoing on the relationships, contractual or otherwise, of the Business with clients, customers, partners, principals, employees, suppliers, vendors, service providers or Governmental Authorities or third parties, (f) changes in the composition, number or identity of the Business Employees not in breach of this Agreement, (g) any failure to meet any internal or analysts’ projections, forecasts or predictions in respect of financial performance (it being understood that any underlying facts giving rise or contributing to such failure that are not otherwise excluded from the definition of “Material Adverse Effect” may be taken into account in determining whether there has been a Material Adverse Effect), (h) any action taken (or omitted to be taken) at the request of or with the written consent of Buyer or (j) any action taken (or omitted to be taken) by Seller or any of its Affiliates that is required to be taken or omitted or are expressly contemplated pursuant to this Agreement or (k) any matter or other item disclosed on the Disclosure Schedule or any fact known to Buyer as of the date hereof, except, in the case of clauses (a), (b), and (c), to the extent the Business, taken as a whole, is materially and disproportionately affected thereby relative to other participants in the industry or industries in which the Business operates (in which case only the incremental material and disproportionate effect or effects may be taken into account in determining whether there has been a Material Adverse Effect).

“**Material Contract**” shall have the meaning given to such term in Section 3.10(b).

“**Measurement Time**” means 11:59 p.m. Eastern Time on the day immediately prior to the Closing.

“New Subsidiaries” shall have the meaning given to such term in Section 13.01(c).

“Non-Automatic Transfer Continuing Employee” means a Non-Automatic Transfer Employee who accepts an offer of employment, effective as of the Closing, from Buyer or one of its Subsidiaries, it being understood that, unless a written acceptance of an offer of employment is required by Applicable Law, any Non-Automatic Transfer Employee who does not expressly reject such offer of employment prior to the Closing shall be deemed for purposes of this Agreement to have accepted such offer as of the Closing.

“Non-Automatic Transfer Employee” shall have the meaning given to such term in Section 9.01(b).

“Notice Period” shall have the meaning given to such term in Section 11.04.

“Order” means any order, writ, injunction, decree, judgment, award, settlement or stipulation issued, promulgated, made, rendered or entered into by or with any Governmental Authority.

“Ordinary Course” means the ordinary course of business of Seller and its Subsidiaries, except as such conduct of business has been modified by Seller’s and its Subsidiaries’ current responses to the occurrence, continuation or worsening of COVID-19 or otherwise by Seller’s and its Subsidiaries’ compliance with any COVID-19 Events.

“Owned Real Property” shall have the meaning given to such term in Section 3.13(a).

“Patents” shall have the meaning given to such term in the definition of “Intellectual Property” in this Section 1.01.

“Parent Financial Statements” shall have the meaning given to such term in Section 3.07(a).

“Permits” shall have the meaning given to such term in Section 3.12(b).

“Permitted Liens” means (i) Liens disclosed in Section 1.01(d) of the Disclosure Schedule under the heading “Permitted Liens”; (ii) Liens for Taxes that are not yet due and payable (or, if due, not delinquent) or that are being contested in good faith and for which adequate reserves have been set aside in accordance with GAAP; (iii) mechanic’s, materialman’s, carrier’s, repairer’s, worker’s, warehouseman’s and other similar Liens arising or incurred in the Ordinary Course or that are not yet due and payable (or, if due, not delinquent) or that are being contested in good faith; (iv) statutory or contractual Liens of landlords or Liens on the landlord’s or prior landlord’s interests; (v) zoning, building codes and other land use laws regulating the use or occupancy of real property or the activities conducted thereon which are imposed by any Governmental Authority; (vi) purchase money Liens and Liens securing rental payments under capital lease arrangements; (vii) Liens on real property (including easements, covenants, rights of way and similar restrictions) that are (a) matters of record or (b) do not materially interfere with the present uses of such real property; (viii) Liens arising under workers’ compensation, unemployment insurance, social security, retirement or similar laws; (ix) transfer restrictions of general applicability as may be

provided under applicable securities laws); (x) Liens constituting non-exclusive licenses, sublicenses or covenants not to sue in respect of any Intellectual Property granted in the Ordinary Course; and (xi) Liens which will be extinguished and released in full as of the Closing.

“**Person**” means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a Governmental Authority.

“**Post-Closing Representation**” shall have the meaning given to such term in Section 7.05(a).

“**Post-Closing Tax Period**” means any Tax period beginning after the Closing Date and, with respect to a Straddle Tax Period, the portion of such Tax period beginning after the Closing Date.

“**Potential Contributor**” shall have the meaning given to such term in Section 11.06.

“**PRC**” means the People’s Republic of China.

“**Pre-Closing Occurrences**” shall have the meaning given to such term in Section 7.08(b).

“**Pre-Closing Reorganization**” shall have the meaning given to such term in the recitals.

“**Pre-Closing Tax Period**” means any Tax period ending on or before the Closing Date and, with respect to a Straddle Tax Period, the portion of such Tax period ending on the Closing Date.

“**Preliminary Closing Statement**” shall have the meaning given to such term in Section 2.08(c).

“**Purchase Price**” means an amount in cash equal to (a) the Base Purchase Price, *plus* (b) the Closing Net Working Capital Adjustment Amount *minus* (c) Closing Indebtedness *plus* (d) Closing Cash, each as finally determined pursuant to Section 2.10.

“**Purchased Assets**” shall have the meaning given to such term in Section 2.02.

“**Purchased Entities**” means the entities designated as “Purchased Entities” set forth in Section 1.01(a) of the Disclosure Schedule.

“**Purchased Shares**” means all issued and outstanding equity interests of the Purchased Entities as set forth on Section 3.06(b) of the Disclosure Schedule.

“**Qualifying Offer**” shall have the meaning given to such term in Section 9.01.

“**R&W Insurance Policy**” shall have the meaning given to such term in Section 11.08.

“**Real Property Lease**” shall have the meaning given to such term in Section 3.13.

“**Recovery Costs**” shall have the meaning given to such term in Section 7.08(c).

“**Reference Date**” means June 30, 2021.

“**Registered Business IP**” shall have the meaning given to such term in Section 3.14(a).

“**Release**” means any releasing, disposing, discharging, injecting, spilling, leaking, leaching, pumping, dumping, emitting, escaping, emptying, seeping, dispersal, migration, transporting, placing and the like, including the moving of any materials through, into or upon any land, soil, surface water, groundwater or air, or otherwise entering into the indoor or outdoor environment.

“**Representative**” means, with respect to any Person, such Person’s directors, officers, partners, principals, employees, counsel, financial advisors, auditors, agents and other authorized representatives.

“**Retained Business**” means any business now, previously or hereafter conducted by Seller or any of its Subsidiaries or Affiliates other than the Business, including the Home and Personal Care, Global Pet Care and Home and Garden businesses of Seller and its Affiliates as described in the Annual Report filed on Form 10-K of Spectrum Brands Holdings, Inc. for the fiscal year ended September 30, 2020.

“**Retained Subsidiaries**” means all of the direct and indirect Subsidiaries of Seller other than the Acquired Entities.

“**Retained Tax Liabilities**” means (i) Taxes imposed upon Seller or any of the Retained Subsidiaries, (ii) Taxes for which an Acquired Entity (or any successor) is liable by virtue of (a) being a member of a tax group prior to Closing, including any such liability under U.S. Treasury Regulation Section 1.1502-6 or (b) a contract, including any Taxes related to any indemnification, Tax Sharing Agreement or similar agreement, but excluding any commercial contract or agreement the primary purpose of which does not relate to Tax matters, (iii) Taxes imposed on any Acquired Entity as a result of the Pre-Closing Reorganization, (iv) U.S. federal income tax, if any, of an Acquired Entity imposed on income or gain recognized by such Acquired Entity for U.S. federal income tax purposes in the transactions deemed to occur by reason of the Section 338(g) election made with respect to such Acquired Entity pursuant to this Agreement, and (v) Income Taxes imposed on any Acquired Entity (or any successor) for a taxable period ending on or before the Closing Date or relating to the pre-Closing portion of any Straddle Tax Period (up to and including the Closing Date), provided that (A) Retained Tax Liabilities shall exclude any Taxes that would not arise but for any action, event, or transaction on the Closing Date but after the Closing that was taken by or at the direction of Buyer or any of its Affiliates (including, after the Closing, any Acquired Entity) outside the Ordinary Course and (B) any Transfer Taxes incurred in connection with the transactions contemplated by this Agreement and any Apportioned Obligations shall, in each case, be paid in the manner set forth in Article 8.

“**Seller**” shall have the meaning given to such term in the Preamble.

“Seller Benefit Plan” means each Benefit Plan contributed to, required to be contributed to, sponsored, maintained or entered into by Seller or its Affiliates (other than the Acquired Entities) in which Business Employees, Former Business Employees or their eligible dependents participate.

“Seller Credit Support Arrangements” shall have the meaning given to such term in Section 7.07.

“Seller Defined Contribution Plan” shall have the meaning given to such term in Section 9.03.

“Seller FSA Plan” shall have the meaning given to such term in Section 9.05.

“Seller Group” means any consolidated, combined, unitary or similar group of which Seller or any of its Subsidiaries (other than the Acquired Entities), on the one hand, and one or more of the Acquired Entities, on the other hand, are members for Tax purposes.

“Seller Indemnified Parties” shall have the meaning given to such term in Section 11.02(b).

“Seller Names and Marks” means, except for the Transferred Trademarks, any and all (i) Trademarks of Seller or any of its Retained Subsidiaries, including the Trademarks set forth on Section 6.04 of the Disclosure Schedule and (ii) Trademarks derived from, confusingly similar to or including any of the foregoing.

“Seller Policies” shall have the meaning given to such term in Section 7.08(b).

“Seller Related Parties” shall have the meaning given to such term in Section 13.01(a).

“Seller Released Claims” shall have the meaning given to such term in Section 11.09(b).

“Seller Released Parties” shall have the meaning given to such term in Section 11.09(a).

“Seller Releasing Parties” shall have the meaning given to such term in Section 11.09(b).

“Seller Tax Records” means any Tax Return, Tax schedules, work papers or other information of or with respect to Seller, any Retained Subsidiary, or any tax group that includes Seller or any Retained Subsidiary.

“Shared Contracts” shall have the meaning set forth in Section 2.15(c).

“Specified Jurisdictions” means the United States, Canada, Colombia, Mexico, the PRC and Taiwan.

“Straddle Income Tax Returns” means any Tax Return for Income Taxes imposed on any Acquired Entity for a Straddle Tax Period.

“**Straddle Tax Period**” means a Tax period that begins before, and ends after, the Closing Date.

“**Subsidiary**” means, with respect to any Person, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such first Person.

“**Tariff Receivable**” shall have the meaning set forth in Section 2.02.

“**Tax**” means (a) all federal, state, local or foreign taxes imposed by any Governmental Authority responsible for the imposition of any such tax (a “**Taxing Authority**”) and any other duties, fees, charges or assessments in the nature of a tax, including all net income, gross income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property, escheat / unclaimed property and estimated taxes; and (b) all interest, penalties, fines, additions to tax or additional amounts imposed in connection with any item described in clause (a) of this definition.

“**Tax Asset**” means any net operating loss, net capital loss, investment tax credit, foreign tax credit or any other credit or tax attribute that could be carried forward or back to reduce Taxes and losses or deductions deferred by Applicable Law.

“**Tax Proceeding**” means any proceeding, judicial or administrative, involving Taxes or any audit, examination, deficiency asserted or assessment made by the IRS or any other Taxing Authority.

“**Tax Return**” means any report, return, document, declaration, attachment or other information or filing required to be supplied to any Taxing Authority with respect to Taxes, including information returns and any documents with respect to or accompanying payments of estimated Taxes, or with respect to or accompanying requests for the extension of time in which to file any such report, return, document, declaration, attachment or other information.

“**Tax Sharing Agreements**” means all existing agreements or arrangements between Seller or a Retained Subsidiary, on the one hand, and one or more Acquired Entities, on the other hand, that provide for the allocation, apportionment, sharing or assignment of any Tax liability or benefit, or the transfer or assignment of income, revenues, receipts, or gains for the purpose of determining any Person’s Tax liability.

“**Termination Fee**” shall have the meaning given to such term in Section 12.02(b).

“**Third-Party Claim**” shall have the meaning given to such term in Section 11.03(a).

“**Third-Party Consent**” means: (i) in respect of an Assigned Contract or Real Property Lease, any consents or waivers required from the relevant third party counterparty (which does not include Seller, or the Retained Subsidiaries or their respective Affiliates) for the assignment or transfer of such Assigned Contract or assignment or sublease of such Real Property Lease to Buyer or its Affiliates; and (ii) in respect of an Assigned Permit, any

consent or waiver required from a Governmental Authority for the assignment or transfer of that Assigned Permit to Buyer or one of its Affiliates, in each case, as required pursuant to the terms of this Agreement.

“**Trademarks**” shall have the meaning given to such term in the definition of “Intellectual Property” in this Section 1.01.

“**Transaction Documents**” means, collectively, this Agreement, the Transition Services Agreement, the Assignment and Assumption Agreement, the IP Assignment Agreement, the Foreign Acquisition Agreements and any other documents or agreements delivered pursuant to Section 2.09(a)(iv) or Section 2.09(b)(vi).

“**Transaction Expenses**” means the following fees, costs and expenses incurred by an Acquired Entity prior to the Closing or subject to reimbursement by the Acquired Entities based on contracts entered into prior to the Closing, whether accrued for or not, in each case in connection with the transactions contemplated by this Agreement and payable by an Acquired Entity and not paid prior to the Closing: (a) any brokerage fees, commissions, finders’ fees, or financial advisory fees, and, in each case, related costs and expenses; (b) any fees, costs and expenses of counsel, accountants or other advisors or external service providers; and (c) other than otherwise provided in this Agreement (including Section 1.01(e) of the Disclosure Schedule), any cash payments payable by any of the Acquired Entities to Business Employees in respect of any transaction bonus, discretionary bonus, change-of-control payment (other than any payment (x) triggered by Buyer or triggered by a termination of employment that occurs following the Closing (e.g., a double-trigger termination); (y) triggered on account of Buyer’s failure to meet the requirements of Article 9; or (z) required to be paid by Applicable Law as a result of the transactions contemplated by this Agreement) or retention payments made to any Continuing Employee (other than due to any cash payable by Buyer or equity awards granted by Buyer to any Continuing Employee in connection with the transactions contemplated by this Agreement) solely as a result of the execution of this Agreement or in connection with the transactions contemplated by this Agreement, in each case, including the employer portion of any payroll, social security, unemployment or similar Taxes; *provided* that, without limiting the foregoing, Transaction Expenses shall be calculated without regard to any amounts Buyer or Seller has agreed to assume liability for otherwise in this Agreement.

“**Transfer Tax**” means any excise, sales, use, value added, registration, stamp, stamp duty, stamp duty reserve tax, stamp duty land tax, recording, documentary, conveyancing, franchise, property, real property, transfer and similar Taxes, duties, levies, charges and fees (including any penalties and interest).

“**Transferred FSA Balances**” shall have the meaning given to such term in Section 9.05.

“**Transferred Intellectual Property**” shall have the meaning given to such term in Section 2.02(b)(ii).

“**Transferred IT Assets**” shall have the meaning given to such term in Section 2.02(c).

“Transferred Trademarks” shall have the meaning given to such term in Section 2.02(b)(i).

“Transition Services Agreement” means a Transition Services Agreement to be entered into between Buyer and Seller (or any Affiliate thereof) at the Closing in substantially the form attached hereto as Exhibit B.

“Transportation Contracts” means contracts or agreements providing for or relating to the provision of transportation, transloading or shipping services.

“TSA Asset” shall have the meaning given to such term in Section 2.06(d).

“WARN” shall have the meaning given to such term in Section 9.11.

Section 1.02. *Other Definitional and Interpretative Provisions.* The words “hereof”, “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The headings and captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits, Annexes and Schedules are to Articles, Sections, Exhibits, Annexes and Schedules of this Agreement unless otherwise specified. All Exhibits, Annexes and Schedules (including the Disclosure Schedule) annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit, Annex or Schedule (including the Disclosure Schedule) but not otherwise defined therein shall have the meaning as defined in this Agreement. Where there is any inconsistency between the definitions set out in Section 1.01 and the definitions set out in any other Section or any Schedule (including the Disclosure Schedule), Exhibit or Annex, then, for the purposes of construing such Section, Schedule, Exhibit or Annex, the definitions set out in such Section, Schedule, Exhibit or Annex shall prevail. The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other theory extends and such phrase shall not mean “if”. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”, whether or not they are in fact followed by those words or words of like import. “Writing”, “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any statute, law or other Applicable Law shall be deemed to refer to such statute, law or other Applicable Law as amended from time to time and, if applicable, to any rules or regulations promulgated thereunder. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms thereof. References to any Person include the successors and permitted assigns of that Person. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” mean “to but excluding” and the word “through” means “to and including”. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. The word “or” shall not be exclusive (i.e., “or” shall mean “and/or”). The word “shall” shall have the same meaning as “will” and vice versa. A Contract, asset or right shall be deemed to be “primarily

related to” or “primarily used in” the Business only if, as of the date of this Agreement or the Closing, such Contract, asset or right is used in connection with the Business more than it is used in connection with the Retained Business. The parties hereto have participated jointly in the negotiation and drafting of this Agreement and each has been represented by counsel of its choosing and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by such parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

ARTICLE 2 Purchase and Sale

Section 2.01. *Purchased Shares.* Upon the terms and subject to the conditions of this Agreement, at the Closing, Seller shall sell (or cause to be sold) to Buyer, and Buyer shall purchase (or cause to be purchased) from Seller (or a Retained Subsidiary), the Purchased Shares.

Section 2.02. *Purchased Assets.* Upon the terms and subject to the conditions of this Agreement, and subject to the exclusions set forth in Section 2.03, at the Closing, Seller shall, sell, convey, transfer and assign (or cause to be sold, conveyed, transferred and assigned) to Buyer, and Buyer shall purchase, acquire and accept (or caused to be purchased, acquired and accepted) from Seller (and the Retained Subsidiaries), all of Seller’s and its Retained Subsidiaries’ right, title and interest in, to and under the following (and only the following) assets, properties and rights of Seller and its Retained Subsidiaries (other than the Purchased Shares and the assets, properties and rights held by the Acquired Entities) as the same shall exist immediately prior to the Closing, (collectively, the “**Purchased Assets**”):

(a) all transferable or assignable rights under all (i) contracts, agreements, licenses, commitments, sales and purchase orders and other instruments with respect to the licensing of, or provision of services relating to, Intellectual Property or IT Assets, that are exclusively related to or exclusively used in the Business as of the Closing (the “**IP/IT Contracts**”) and (ii) contracts, agreements, licenses, commitments, sales and purchase orders and other instruments (other than IP/IT Contracts), that are primarily related to or primarily used in the Business as of the Closing (collectively with the IP/IT Contracts, the “**Assigned Contracts**”);

(b) (i) the Trademarks set forth in Section 2.02(b)(i) of the Disclosure Schedule (the “**Transferred Trademarks**”) and (ii) all Intellectual Property (other than Trademarks) owned by Seller or any of the Retained Subsidiaries and exclusively related to or exclusively used in the Business as of the Closing, including the Intellectual Property identified on Section 2.02(b)(ii) of the Disclosure Schedule (collectively and together with the Transferred Trademarks, the “**Transferred Intellectual Property**”);

(c) All (i) IT Assets owned by Seller or its Retained Subsidiaries that are exclusively related to or exclusively used in the Business and (ii) physical IT Assets located on the premises of an Owned Real Property or Leased Real Property (the “**Transferred IT Assets**”);

- (d) all Current Assets;
- (e) all Owned Real Property, Real Property Leases and Leased Real Property;
- (f) all furniture, equipment (including machinery) and other tangible personal property (other than assets, properties and rights of a type expressly covered in a different section of this Section 2.02) that is located on the premises of an Owned Real Property or a Leased Real Property;
- (g) all transferable Permits that are exclusively related to or exclusively used in the Business or that exclusively relate to the Owned Real Property, Real Property Leases or Leased Real Property; *provided, however*, that Seller and the Retained Subsidiaries shall have the right to retain copies for their compliance records of any such Permits (the “**Assigned Permits**”);
- (h) the personnel records (including all human resources and other records, other than performance evaluations, disciplinary records or medical records) of Seller or a Retained Subsidiary to the extent relating to the Continuing Employees to the extent permitted under Applicable Law and all other books, records, files and papers (excluding e-mails) exclusively related to the Business (collectively, the “**Business Records**”); *provided*, that: (i) Seller shall be entitled to retain copies of any and all Business Records; (ii) Seller shall only be required to deliver such books, records, files and papers (whether electronic or otherwise) to the extent permitted by Applicable Law, and Seller shall not be required to, prior to the Closing, deliver to Buyer any books, records, files or papers that are not reasonably practicable to identify and extract, prior to the Closing; (iii) Seller shall reasonably determine the format in which Business Records are delivered to Buyer; and (iv) Seller shall be entitled to redact any portion of the Business Records to the extent related to any matter other than the Business; and
- (i) all other assets, properties and rights of a type not expressly covered in this Section 2.02 that are exclusively related to or exclusively used in the Business, including those assets, properties and rights listed in Section 2.02(i) of the Disclosure Schedule.

Section 2.03. *Excluded Assets.* Buyer expressly understands and agrees that, notwithstanding anything to the contrary set forth in Section 2.02, all of the following assets, properties and rights (the “**Excluded Assets**”) of Seller and its Retained Subsidiaries (and the Acquired Entities to the extent such assets, properties or rights would have been an Excluded Asset if held by Seller or one of its Retained Subsidiaries) shall be retained by, and remain the property of, Seller or a Retained Subsidiary, and shall be excluded from the Purchased Assets:

- (a) (x) all contracts, agreements, licenses, commitments, sales and purchase orders and other instruments (other than the Assigned Contracts), including enterprise software agreements, and (y) all Transportation Contracts;
- (b) all interests in the capital stock of, or any other equity interests in, Seller or any Retained Subsidiary (or securities convertible, exchangeable or exercisable therefor);
- (c) all Cash (other than any Cash of the Acquired Entities);

(d) all real property (including leases thereof), and all buildings, furniture, fixtures and improvements erected thereon, equipment (including machinery) and other tangible personal property (other than as provided by Section 2.02(e) or Section 2.02(f));

(e) all insurance policies, historical and in-force;

(f) except for the Transferred Intellectual Property, Intellectual Property owned by an Acquired Entity and any Intellectual Property licensed pursuant to an Assigned Contract, all other Intellectual Property owned by or licensed to Seller or any of its Affiliates or with respect to which Seller or any of its Affiliates otherwise has any right, title, or interest, including all Seller Names and Marks;

(g) except for the Transferred IT Assets, all other IT Assets;

(h) all rights of Seller or any of the Retained Subsidiaries arising under the Transaction Documents or the transactions contemplated hereby or thereby;

(i) all (i) books, records, files and papers (whether electronic or otherwise) prepared or received by or on behalf of Seller or any of its Affiliates in connection with the sale of the Business and the transactions contemplated hereby, including all analyses relating to the Business, Seller or any prospective purchaser of the Business or any of their Affiliates so prepared or received, (ii) confidentiality agreements with prospective purchasers of the Business or any portion thereof (except that Seller shall, to the extent it is able, assign to Buyer at the Closing all of Seller's rights under such agreements to confidential treatment and limited use of information with respect to the Business and with respect to solicitation and hiring of Continuing Employees) and all bids and expressions of interest received from third parties with respect thereto and (iii) all privileged materials, attorney work product, documents and records to the extent not related to the Business;

(j) all accounting goodwill related to the Business;

(k) all Seller Tax Records, Tax Assets, rights to Tax refunds, and tax credits;

(l) the tariff exclusions-related receivable referenced in Seller's management accounts as line item "Non-trade receivables #1155" (the "**Tariff Receivable**");

(m) any asset or class of assets excluded from Purchased Assets by virtue of the limitations expressed in the definition thereof;

(n) all assets used for purposes of providing the services, rights and support described in Section 7.10; and

(o) the other assets, properties and rights (including contracts) listed in Section 2.03(o) of the Disclosure Schedule;
and

(p) all insurance claims to the extent not relating to the Business.

Section 2.04. *Assumed Liabilities.* Upon the terms and subject to the conditions of this Agreement, Buyer hereby agrees, effective at the Closing, to assume and thereafter to

timely pay, discharge and perform in accordance with their terms, all of the following liabilities of Seller and the Retained Subsidiaries of whatever nature, whether presently in existence or arising hereafter (the “**Assumed Liabilities**”):

- (a) all Current Liabilities;
- (b) all liabilities to the extent arising out of or relating to any products manufactured, sold or and distributed by, or services provided, by Seller or any of its Affiliates with respect to the Business (including any such products or services that have been discontinued or that were manufactured, sold, distributed or provided by a predecessor entity prior to or after Seller’s ownership of such entity);
- (c) all liabilities that are expressly assumed by Buyer pursuant to Article 9;
- (d) all liabilities arising out of or in connection with any Applicable Law related to unclaimed or abandoned property related to or arising out of the Business or the Purchased Assets;
- (e) all liabilities arising out of or due to the failure of the parties to comply with “bulk sales” or “bulk transfer” laws;
- (f) all Insurance Obligations to the extent arising out of the conduct of the Business;
- (g) all liabilities that Buyer expressly assumes or agrees to bear under this Agreement;
- (h) all liabilities arising under contracts, agreements, licenses, commitments, sales and purchase orders and other instruments that are included in the Purchased Assets;
- (i) all liabilities set forth on Section 2.04(i) of the Disclosure Schedule; and
- (j) all other liabilities or obligations to the extent arising out of (i) the Purchased Assets or the Business (as currently or formerly operated or conducted, or as operated or conducted in the future), (ii) any activities occurring or conducted (currently or formerly) at the Real Property (including offsite disposal of any substance or material), or (iii) any activities occurring or conducted at any real property formerly owned, leased or operated to the extent related to the Business (including offsite disposal of any substance or material), including in each case of clauses (i) through (iii) liabilities or obligations which arise under Environmental Law except for Retained Tax Liabilities; *provided* that, any Transfer Taxes incurred in connection with the transactions contemplated by this Agreement and Apportioned Obligations shall be paid in the manner set forth in Article 8;

Buyer’s obligations under this Section 2.04 shall not be subject to offset or reduction, whether by reason of any actual or alleged breach of any representation, warranty or covenant contained in the Transaction Documents or any other agreement or document delivered in connection herewith or therewith or any right to indemnification hereunder or thereunder or otherwise.

Section 2.05. *Excluded Liabilities.* Buyer is assuming only the Assumed Liabilities from Seller and the Retained Subsidiaries and is not assuming any other liability of Seller or any of the Retained Subsidiaries of whatever nature, whether presently in existence or arising hereafter. All such other liabilities (collectively, the “**Excluded Liabilities**”) shall be retained by and remain liabilities of Seller or the Retained Subsidiaries.

Section 2.06. *Limitation on Assignment of Purchased Assets.*

(a) Prior to the Closing, Seller shall use its reasonable best efforts to obtain all applicable Third-Party Consents requested by Buyer or set forth on Section 3.04(iii) of the Disclosure Schedule in connection with the transfer and assignment of the Purchased Assets and Assumed Liabilities to Buyer in accordance with the terms hereof. Any fees, costs, payments or other liabilities incurred in connection with obtaining such Third-Party Consents shall be borne by Buyer; *provided* that (i) Seller shall cooperate in good faith to minimize the amount of any such fees, costs, payments or other liabilities, and (ii) if such fees, costs, payments or other liabilities are material, Buyer may instruct Seller in writing to cease seeking such Third-Party Consent with respect to a Purchased Asset if it acknowledges to Seller that the Purchased Asset that is the subject of such Third-Party Consent shall not be transferred hereunder. Buyer shall reasonably assist and cooperate with Seller in order to obtain any Third-Party Consent. Nothing in this Agreement shall require Seller or any of its Affiliates to pay any money or other consideration or grant any other accommodation or concession to any Person or to initiate any claim or proceeding against any Person (including in connection with obtaining any Third-Party Consent) or pursuant to Section 2.09.

(b) Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall not constitute an agreement to sell, convey, transfer, novate or assign any Purchased Asset or any claim, right or benefit arising thereunder, or any right thereunder if an attempted assignment, without the consent of, or other action by, any third party (including any Governmental Authority), including any prior approval, notification and/or consultation with any union, works council or other employee representative, would constitute a breach or default thereunder or would adversely affect the rights or obligations of Buyer or Seller or any of their respective Affiliates thereunder or violate any Applicable Law (any such Purchased Asset or any claim, right or benefit arising thereunder, a “**Deferred Item**”). If such consent is not obtained or such other action is not taken (each, a “**Deferred Consent**”) prior to the Closing then, in each such case, (i) the Deferred Item shall not be assigned or transferred to Buyer pursuant to this Agreement and there shall not be any reduction in the Purchase Price, (ii) Seller and Buyer will, for a period of six (6) months following the Closing Date, use their respective reasonable best efforts to seek to obtain such Deferred Consent as soon as practicable after the Closing and (iii) until such Deferred Consent is obtained, Seller and Buyer shall cooperate in a mutually agreeable arrangement under which Buyer will obtain the benefits and assume the obligations thereunder in accordance with this Agreement in a manner that would not require any Deferred Consent. Until such Deferred Consent is received, Seller or its Affiliate, as applicable, shall hold the applicable Purchased Asset(s) for Buyer’s benefit and account and manage and operate such Purchased Asset(s) for Buyer’s benefit and account, with all gains, income, losses, Damages, Taxes and Tax benefits or other items generated to be for Buyer’s account (including as an Assumed Liability).

(c) For the avoidance of doubt, neither Seller nor any of Seller's Affiliates shall have any obligation to obtain any Deferred Consent or to provide such an alternative arrangement (and the failure to do so shall not be deemed to be a breach of Seller's representations, warranties or covenants hereunder or to contribute to a Material Adverse Effect) other than the undertaking to use reasonable best efforts to obtain such consent as set forth in this Section 2.06. To the extent that, in connection with obtaining a third party's consent under any Purchased Asset, one or more of the parties hereto (or their respective Affiliates) enter into an agreement with such third party that provides for an allocation of liability among the parties hereto (or such Affiliates), with respect to such Purchased Asset that is inconsistent with the terms of this Agreement, the parties hereto agree that, as among themselves, the provisions of this Agreement shall control. In the event that the assignment of any Purchased Asset or the assumption of any Assumed Liability is required under Applicable Law to be effected pursuant to a separate agreement (including, as applicable, a Foreign Acquisition Agreement, the Assignment and Assumption Agreement, the IP Assignment Agreement, or any other similar transfer document or instrument), such separate agreement shall serve solely to effect the assignment or novation of the Purchased Assets and the assumption of the Assumed Liabilities and no such separate agreement shall have any effect on the value being given or received by Seller or Buyer, including the allocation of assets and liabilities as between them, all of which shall be determined solely in accordance with this Agreement and, in the event of any conflicts between such separate agreement and this Agreement, the terms of this Agreement shall control in all respects.

(d) Each of Seller and Buyer acknowledges and agrees that, to the extent necessary for a Purchased Asset or any claim, right or benefit arising thereunder (together, the "**TSA Assets**") to remain with Seller or its applicable Affiliate in order for Seller or its applicable Affiliate to provide services pursuant to the Transition Services Agreement in accordance with the terms thereof, without any reduction in the Purchase Price, legal title to the TSA Assets shall not be conveyed to Buyer at the Closing pursuant to this Agreement. Subject to the other provisions of this Section 2.06, upon expiration or termination of the applicable services pursuant to the Transition Services Agreement in accordance with the terms thereof, legal title to such TSA Asset shall be conveyed, transferred, novated and assigned to Buyer or its applicable Affiliate.

Section 2.07. *Purchase Price; Allocation of Purchase Price.* (a) The purchase price for the Purchased Shares and the Purchased Assets is equal to the Purchase Price. The Purchase Price shall be paid in accordance with Section 2.09 (subject to Section 2.13) and shall be subject to adjustment as provided in Section 2.11.

(e) The Purchase Price (together with the relevant Assumed Liabilities and other relevant amounts) shall be allocated to the Purchased Assets and the Purchased Shares as set forth in the statement attached hereto as Exhibit C (the "**Master Allocation Statement**"). Buyer and Seller shall, and shall cause their respective Affiliates to, file all Tax Returns (including amended returns and claims for refunds) and information reports relating to the Business or the transactions contemplated by Article 2 of this Agreement in a manner consistent with the Master Allocation Statement, absent a Final Determination that an alternative allocation is required by Applicable Law.

(f) Seller shall prepare and deliver to Buyer, within 90 days after the Purchase Price is finally determined pursuant to Section 2.10, a schedule (the “**Allocation Schedule**”) allocating the amount of purchase price (as determined for U.S. federal income tax purposes) that is allocated to the Purchased Assets under the Master Allocation Statement among the assets in accordance with Section 1060 of the Code and the Treasury Regulations thereunder (and any similar provision of state or local law, as appropriate). Buyer shall have the right to review the Allocation Schedule and shall notify Seller in writing of any objections within twenty (20) days after its receipt thereof (such notice of objection, the “Allocation Notice”). Seller and Buyer shall negotiate in good faith to attempt to resolve any disagreements with respect to the Allocation Schedule. In the event that Seller and Buyer are unable to agree upon the Allocation Schedule within 20 days after the date on which Buyer delivers the Allocation Notice to Seller, each party may, consistent with applicable Law (including Section 1060 the Code and the Treasury Regulations thereunder), allocate the purchase price (as determined for U.S. federal income tax purposes) among the Purchased Assets in a manner it deems appropriate.

(g) If an adjustment is made with respect to the Purchase Price pursuant to Section 2.11, the Master Allocation Statement shall be adjusted as mutually agreed by Buyer and Seller. In the event that an agreement is not reached within twenty (20) days after the determination of such adjustment, Buyer and Seller shall jointly retain an Accounting Referee to resolve the disputed items. Upon resolution of the disputed items, the allocations reflected on the Master Allocation Statement shall be adjusted to reflect such resolution. The costs, fees and expenses of the Accounting Referee shall be borne in the manner described in Section 2.10(c).

Section 2.08. *Estimated Closing Calculations.* Not less than four (4) Business Days prior to the Closing Date, Seller, shall deliver to Buyer a written statement setting forth in reasonable detail, (a) Seller’s good faith estimates of (i) Closing Net Working Capital (“**Estimated Closing Net Working Capital**”), (ii) Closing Indebtedness (“**Estimated Closing Indebtedness**”), (iii) Closing Cash (“**Estimated Closing Cash**”), (iv) Transaction Expenses (“**Estimated Transaction Expenses**”) and (v) Deferred Purchase Price (“**Estimated Deferred Purchase Price**”), (b) Seller’s calculation of the Estimated Net Working Capital Adjustment Amount, and (c) on the basis of the foregoing, Seller’s good-faith calculation of the Estimated Purchase Price (together with the calculations referred to in clauses (a) and (b) above, the “**Preliminary Closing Statement**”). Buyer shall be entitled to review and comment on the Preliminary Closing Statement until the date that is two (2) Business Days prior to the Closing Date, and Seller shall make any changes proposed by Buyer with which Seller agrees (in its sole discretion) to its calculations in the Preliminary Closing Statement not later than the Business Day prior to the Closing Date; *provided* that no disagreement between the parties with respect to any of the calculations in the Preliminary Closing Statement shall delay the Closing.

Section 2.09. *Closing.* Subject to the terms and conditions of this Agreement, the closing (the “**Closing**”) of the purchase and sale of the Purchased Shares and the Purchased Assets and the assumption of the Assumed Liabilities hereunder shall take place at the offices of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York, 10017 (or remotely by exchange of documents and signatures (or their electronic counterparts)), as

promptly as practicable and in any event within three (3) Business Days after the date on which all of the conditions set forth in Article 10 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions) have been satisfied or waived, or such other date and time as Buyer and Seller may agree in writing. The Closing shall be deemed effective as of 12:01 a.m. Eastern Time on the Closing Date. At the Closing, the following transactions will occur:

(a) Buyer shall deliver to Seller:

(i) a certificate, dated the Closing Date and signed by an executive officer of Buyer, pursuant to Section 10.03(c) hereof;

(ii) an amount equal to the Estimated Purchase Price in immediately available funds by wire transfer to an account or accounts designated by Seller, by written notice to Buyer;

(iii) an Assignment and Assumption Agreement substantially in the form attached hereto as Exhibit D (the “**Assignment and Assumption Agreement**”), the Transition Services Agreement and the IP Assignment Agreement, in each case duly executed by Buyer or its applicable Affiliate; and

(iv) any Foreign Acquisition Agreements, in each case duly executed by Buyer or its applicable Affiliate, as the parties hereto and their respective counsel shall deem reasonably necessary for (A) the assumption of the Assumed Liabilities and (B) to vest in Buyer or its applicable Affiliate all of Seller’s and the Retained Subsidiaries’ right, title and interest in, to and under the Purchased Assets and the Purchased Shares.

(b) Seller shall deliver, or cause to be delivered, to Buyer:

(i) a certificate, dated the Closing Date and signed by an executive officer of Seller, pursuant to Section 10.02(c) hereof;

(ii) delivery of a customary confirmation from the administrative agent under the credit agreement confirming the release of liens on the Purchased Assets and Purchased Shares by Seller’s lenders under the Amended and Restated Credit Agreement, dated June 23, 2015, as amended and restated on June 30, 2020, by and between Spectrum Brands, Inc., SB/RH Holdings, LLC and Deutsche Bank AG New York Branch, Deutsche Bank AG New York Branch, Credit Suisse AG Cayman Islands Branch, J.P. Morgan Chase Bank, N.A., and Bank of America, N.A., Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, and J.P. Morgan Securities LLC;

(iii) duly executed transfers in respect of the Purchased Shares in favor of Buyer or its applicable Affiliate and share certificates for such Purchased Shares in the name of the holders thereof and a copy of any power of attorney under which any transfer is executed on behalf of such holder or any nominee;

(iv) duly executed Deeds with respect to the transfer of the Owned Real Property to Buyer;

(v) the Assignment and Assumption Agreement, the Transition Services Agreement and the IP Assignment Agreement, in each case duly executed by Seller or its applicable Affiliate; and

(vi) any Foreign Acquisition Agreements, in each case duly executed by Seller or its applicable Affiliate, as the parties hereto and their respective counsel shall deem reasonably necessary for the assumption of the Assumed Liabilities or to vest in Buyer or its applicable Affiliate all of Seller's and the Retained Subsidiaries' right, title and interest in, to and under the Purchased Assets and the Purchased Shares.

(c) Notwithstanding anything to the contrary in this Agreement, if (i) any consent of, or other action by, a Governmental Authority required to consummate the sale and transfer of the Purchased Shares or Purchased Assets or the assumption of the Assumed Liabilities in any applicable jurisdiction has not been obtained at the time of the Closing, or (ii) Seller determines, in good faith, that it is not reasonably practicable to consummate the sale and transfer of the Purchased Shares or Purchased Assets or the assumption of the Assumed Liabilities in a particular jurisdiction on the Closing Date (each such jurisdiction in which the circumstances described in clauses (i) or (ii) apply, a "**Deferred Jurisdiction**"), then Buyer and Seller shall, subject to this Section 2.09(c) and Section 2.09(d), agree to defer (to the extent permitted under Applicable Law) the consummation of the portion of the transactions contemplated under this Agreement in such Deferred Jurisdiction solely with respect to the sale and transfer of the Purchased Shares or the Purchased Assets and the assumption of the Assumed Liabilities, as applicable, in respect of such Deferred Jurisdiction (such items for each Deferred Jurisdiction, the "**Deferred Assets and Liabilities**"); *provided* that notwithstanding anything else to the contrary contained herein, (x) none of the United States, the PRC or Canada shall be deemed to be a Deferred Jurisdiction, (y) without the written consent of the other party, such consent not to be unreasonably withheld, conditioned or delayed, in no event shall either party have the right to defer the consummation of the sale and transfer of the Purchased Shares or the Purchased Assets and the assumption of the Assumed Liabilities, as applicable, in Mexico or Colombia, and (z) if Taiwan is a Deferred Jurisdiction, the Philippines shall be deemed a Deferred Jurisdiction, and the Deferred Transfer Closing with respect to the Philippines shall not occur until (or simultaneous with) the Deferred Transfer Closing with respect to Taiwan.

(d) From and after the Closing, and until such time as the applicable Deferred Assets and Liabilities have been transferred to Buyer pursuant to Section 2.09(c) (each, a "**Deferred Transfer Closing**"), to the extent permitted under Applicable Law, such Deferred Assets and Liabilities will be held for Buyer's benefit and account and will be managed and operated by Seller and its Subsidiaries for the benefit and account of Buyer, with all gains, income, losses, Damages, Taxes and Tax benefits or other items generated thereby to be for the account of Buyer or its designated Affiliate (including as an Assumed Liability). Seller and Buyer will use their respective reasonable best efforts to allow Buyer or its designated Affiliate to receive the uninterrupted use and benefit of any Deferred Assets and Liabilities from the Closing Date to the date of its Deferred Transfer Closing. Except as otherwise

contemplated by this Section 2.09 or the other provisions of this Agreement, to the extent permitted under Applicable Law, until the applicable Deferred Transfer Closing occurs, Seller will conduct the Business in such Deferred Jurisdiction in accordance with the reasonable and lawful instructions of Buyer and, except to the extent resulting from or arising out of the bad faith or gross negligence by Seller or its Affiliates, Buyer shall defend and indemnify the Seller Indemnified Parties and save and hold each of them harmless against any Damages incurred, sustained or suffered by them arising out of or as a result of the performance by Seller and its Affiliates of its and their respective obligations under this Section 2.09 in respect of any Deferred Assets and Liabilities from and after the Closing until the applicable Deferred Transfer Closing in accordance with the terms and provisions of this Section 2.09.

(e) Subject to the last proviso of Section 2.09(c), the Deferred Transfer Closing of any Deferred Assets and Liabilities shall occur as promptly as is reasonably practicable after the resolution of the applicable circumstance described in clauses (i) through (ii) of the first sentence of Section 2.09(c) that caused such jurisdiction to be a Deferred Jurisdiction or at such time as the parties hereto may mutually agree upon in writing. In connection with any Deferred Transfer Closing where the parties jointly determine that the applicable portion of the Purchase Price is required to be paid on such Deferred Transfer Closing by Buyer or its designated Affiliate to Seller or its Subsidiary in local currency (all such amounts being “**Deferred Purchase Price**”) at the Deferred Transfer Closing, Buyer shall, or shall cause the applicable designated Affiliate to, deliver the portion of the Purchase Price allocated to such Deferred Transfer Closing in Exhibit C by wire transfer in immediately available funds to an account or accounts designated at least three (3) Business Days prior to the Deferred Closing Date by Seller in a written notice to Buyer. Any amounts payable in local currency shall be determined by reference to the closing mid-point real spot rate quoted by Bank of America for U.S. dollars to amounts of such foreign currency as of 5:00 P.M., New York time, on the date that is the second Business Day prior to the date of the Deferred Transfer Closing).

(f) For purposes of Sections 2.01, 2.02, 2.03, 2.04, 2.05, 2.09(a)(iii), 2.09(a)(iv), 2.09(b)(iii), 2.09(b)(iv) 2.09(b)(v), 2.09(b)(vi), 3.05, 3.06(b), 7.01(a), 7.01(b), 7.06, 7.08, 9.01(b) and 9.09, to the extent applicable in connection with any Deferred Jurisdiction, all references to the Closing or the Closing Date in such instances shall be deemed to be references to the applicable Deferred Transfer Closing or date of the applicable Deferred Transfer Closing respectively.

Section 2.10. *Post-Closing Purchase Price Adjustment.* (a) As promptly as practicable, but no later than sixty (60) days after the Closing Date, Buyer shall prepare and deliver to Seller a written statement (the “**Final Closing Statement**”) setting forth in reasonable detail, with reasonable supporting documentation, Buyer’s good faith calculation of (i) Closing Net Working Capital, (ii) Closing Indebtedness, (iii) Closing Cash, (iv) Transaction Expenses, (v) Deferred Purchase Price and (vi) the Closing Net Working Capital Adjustment Amount, and on the basis of the foregoing, its calculation of the Purchase Price. If Buyer fails to timely deliver the Final Closing Statement in accordance with the first sentence of this Section 2.10(a), then the Preliminary Closing Statement delivered by Seller to Buyer pursuant to Section 2.08 shall be deemed to be the Final Closing Statement, subject to the remainder of this Section 2.10.

(g) Following the Closing, Buyer shall provide Seller and its Representatives reasonable access during ordinary business hours to the books, records, properties and personnel of the Business and (subject to the execution of customary work paper access letters if requested) auditors and such other information as Seller may reasonably request, in order to review and analyze (or, if applicable prepare) the Final Closing Statement and the calculations set forth thereon.

(h) If Seller disagrees with the calculation of the Purchase Price as set forth in the Final Closing Statement, Seller may, within sixty (60) days after receipt of the Final Closing Statement, deliver a written notice to Buyer (a “**Dispute Notice**”) setting forth in reasonable detail the particulars of such disagreement (taking into account the information then known to Seller). In the event a Dispute Notice is provided, Buyer and Seller shall for a period of thirty (30) days negotiate in good faith to resolve any such disagreements with respect to the Final Closing Statement. If, following such period Buyer and Seller are unable to reach agreement in respect of the Purchase Price, then at the written request of either Buyer or Seller, Buyer and Seller shall promptly thereafter jointly retain the Accounting Referee to review any items that remain in dispute (the “**Disputed Items**”), and only those items, for the purpose of calculating the Purchase Price (it being understood and agreed that in conducting such review and making such calculation, the Accounting Referee shall adhere to the provisions of this Section 2.10 (and related definitions)). Buyer and Seller shall promptly provide their assertions regarding the Disputed Items in writing to the Accounting Referee and to each other. The Accounting Referee shall be instructed to render its determination in the form of a written report setting forth its calculations (including the basis thereof) with respect to the Disputed Items as promptly as reasonably possible (which the parties hereto agree should not be later than forty-five (45) days following the date on which the disagreement is referred to the Accounting Referee). The Accounting Referee shall base its determination solely on (i) the written submissions of the parties hereto and shall not conduct an independent investigation (and the parties agree there shall be no *ex parte* communications with the Accounting Referee) and (ii) the extent (if any) to which Closing Net Working Capital, Closing Indebtedness and/or Closing Cash require adjustment (only with respect to the Disputed Items submitted to the Accounting Referee) in order to be determined in accordance with this Agreement. The Accounting Referee’s determination of each Disputed Item shall not be greater than the greater value for such Disputed Item claimed by either Seller in the Dispute Notice or Buyer in the Final Closing Statement or less than the lower value for such Disputed Item claimed by either Seller in the Dispute Notice or Buyer in the Final Closing Statement, as applicable. The Accounting Referee’s report shall be final, binding and conclusive for all purposes hereunder (absent manifest error or fraud). The Accounting Referee shall act in a capacity as an expert and not an arbitrator. The costs, fees and expenses of the Accounting Referee to resolve the disputed items shall be borne by Seller and Buyer in the same proportion that the aggregate amount of the Disputed Items submitted to the Accounting Referee that are unsuccessfully disputed by each such party (as finally determined by the Accounting Referee) bears to the total amount of such Disputed Items so submitted. For the avoidance of doubt and for illustrative purposes only, if the Disputed Items total \$100 and the Accounting Referee awards \$60 in Seller’s favor, then Buyer shall pay 60% of the fees of the Accounting Referee. All other costs, fees and expenses incurred by the parties

hereto in connection with resolving such dispute shall be borne by the party incurring such cost and expense.

(i) For the avoidance of doubt, the parties hereto acknowledge and agree that the determination of the Closing Net Working Capital Adjustment Amount is intended solely to reflect changes between the Closing Net Working Capital and the Closing Net Working Capital Target, and any such change can be measured only if Closing Net Working Capital and the calculations and determinations thereof are prepared using the Accounting Policies. Neither the calculations to be made pursuant to Section 2.08 or this Section 2.10 nor the purchase price adjustment to be made pursuant to Section 2.11 is intended to be used to adjust for errors or omissions, under GAAP or otherwise, that may be found with respect to the Business Financial Information or the Closing Net Working Capital Target. No event, act, change in circumstance or similar development, including any market or business development or change in GAAP or Applicable Law, arising or occurring after the Closing, shall be taken into consideration in the calculations to be made pursuant to this Section 2.10 (even if GAAP would require such matter to be taken into consideration in such calculations).

Section 2.11. *Adjustment of Purchase Price.* If the Purchase Price as finally determined pursuant to Section 2.10 exceeds the Estimated Purchase Price, Buyer shall pay to Seller, within two (2) Business Days of such determination, the amount of such excess by wire transfer of immediately available funds to an account designated by Buyer. If the Purchase Price as finally determined pursuant to Section 2.10 is less than the Estimated Purchase Price, Seller shall pay to Buyer, within two (2) Business Days of such determination, the amount of such shortfall by wire transfer of immediately available funds to an account designated by Buyer.

Section 2.12. *Payments.* Any amount required to be paid by Buyer or Seller under this Agreement that is not paid within the period specified for such payment shall bear interest on a daily basis, from and including the date such payment was required to be made hereunder, to but excluding the date of payment, at a rate per annum equal to 200 basis points *plus* the rate of interest publicly announced by JPMorgan Chase Bank from time to time as its prime rate in effect at its office located at 270 Park Avenue, New York, New York in effect from time to time during the period from the date such payment was required to be made hereunder, to the date of payment. Such interest shall be payable at the same time as the payment to which it relates and shall be calculated on the basis of a year of three hundred sixty-five (365) days and the actual number of days elapsed.

Section 2.13. *Withholding.* Each of Buyer and Seller, and their respective Affiliates, shall be entitled to deduct and withhold from any consideration payable hereunder, or other payment otherwise payable pursuant to this Agreement, the amounts required to be deducted and withheld under Applicable Law; *provided* that (i) so long as Seller or the relevant Retained Subsidiary delivers the certificate described in Section 8.07, the parties hereto agree that no withholding for U.S. Tax is required under current law on any payments to Seller or any of the Retained Subsidiaries, and (ii) promptly upon becoming aware of any requirement to withhold on any payments to Seller or any of the Retained Subsidiaries, Buyer shall use reasonable best efforts to provide Seller with reasonable advanced notice in reasonable detail of any anticipated required withholding and the parties hereto shall reasonably cooperate to

reduce or eliminate such deduction or withholding. Any amounts so withheld shall be paid over to the appropriate Governmental Authority and shall be treated for all purposes of this Agreement as having been paid to the applicable Person in respect to which such deduction and withholding was made.

Section 2.14. *Foreign Acquisition Agreement.* The transfer of each Purchased Asset or Purchased Shares of each Purchased Entity organized or located in a jurisdiction in which local Applicable Laws require observance of specified formalities or procedures to legally effect a transfer of such asset or equity interest will be effected pursuant to short-form acquisition agreements (the “**Foreign Acquisition Agreements**”) on a country-by-country basis. Each Foreign Acquisition Agreement for the transfer of Purchased Assets shall be in substantially the same form as the form of Foreign Acquisition Agreement attached as Exhibit E hereto, and each Foreign Acquisition Agreement for the transfer of the Purchased Shares of a Purchased Entity shall be in substantially the same form as the form of Foreign Acquisition Agreement attached as Exhibit F hereto, except as Seller and Buyer may otherwise reasonably agree after the date hereof; provided that the parties shall reasonably cooperate to modify such forms to implement: (i) the deletion of provisions which are inapplicable to such Acquired Entity; (ii) such changes as may be necessary to satisfy the requirements of local Applicable Laws; and (iii) such changes as may be reasonably agreed upon by Seller and Buyer regarding employment, employee benefit, and Tax matters in order to adapt each Foreign Acquisition Agreement to the particular circumstances of the relevant Purchased Entity and country; provided, further, in each case, that each applicable Foreign Acquisition Agreement (including any related transfer instruments thereto) shall serve solely to effect the legal transfer of the applicable Purchased Assets or Purchased Shares of each Purchased Entity and shall not have any effect on the value being received by Buyer or given by Seller, including the allocation of assets and Liabilities as between them or any other terms or conditions of such transfer, all of which shall be determined solely in accordance with this Agreement and, in the event of any conflict between any Foreign Acquisition Agreement (including any related transfer instruments thereto) and this Agreement, the terms of this Agreement shall control in all respects.

Section 2.15. *License; Shared Contracts; Wrong Pockets.*

(a) With respect to any Intellectual Property (other than any Trademarks) owned by Seller or its Subsidiaries as of the Closing which are included in the Excluded Assets and have been used or held for use in the Business on or prior to the Closing, upon the terms and subject to the conditions of this Agreement, Seller (on behalf of itself and its Subsidiaries) hereby grants to Buyer and its Subsidiaries, effective at the Closing, a perpetual, world-wide, non-transferable (other than as permitted by Section 13.05), non-sublicensable (other than as permitted by this Section 2.15(a)), fully paid-up, non-exclusive license under such Intellectual Property to make, have made for Buyer’s and its sublicensees’ account, use, sell, offer to sell, import and distribute products and services solely in connection with the operation of the Business as conducted as of the Closing. The foregoing license shall not include a license to any Intellectual Property rights provided by Seller or its Affiliates to Buyer under the Transition Services Agreement. Buyer may sublicense the license set forth in this Section 2.15(a) solely to (i) its vendors, consultants, contractors and suppliers to the extent necessary in connection with the provision of services to the Business and (ii) its distributors, customers and end users to the extent necessary in connection with the distribution, licensing, offering and sale of the products and services of the Business. Buyer acknowledges and agrees that in no event shall

Seller or any of its Affiliates be required to deliver copies to Buyer or any of its Affiliates of any Excluded Assets (it being understood, for the avoidance of doubt, that the foregoing shall not limit Seller's obligation to deliver any Purchased Assets to Buyer hereunder).

(b) With respect to any material contract of Seller or any of the Retained Subsidiaries that is used in the Business (excluding any (i) contract, agreement, license, commitment, sales and purchase order or other instrument (A) made with respect to the licensing of, or provision of services relating to, Intellectual Property or IT Assets (including HR systems) that is not an IP/IT Contract, (B) for which the benefits are provided to Buyer or any of its Affiliates through the Transition Service Agreement, or (C) described on Section 2.03(o) of the Disclosure Schedules, (ii) enterprise software agreement, or (iii) Transportation Contract) that is not an Assigned Contract (a "**Shared Contract**"), if so requested by Buyer, Seller will use reasonable best efforts to establish an agency type or other similar arrangement as may be permitted by Applicable Law so that from and after the Closing the Acquired Entities will receive the benefits of those parts of the Shared Contract that relate to the Business; provided that (i) for so long as Seller or any of its Retained Subsidiaries provides any of the Acquired Entities any benefits of any Shared Contract pursuant to this Section 2.15(b), Buyer shall indemnify the Seller Indemnified Parties against and shall hold each of them harmless from any and all Damages incurred or suffered by any Seller Indemnified Person arising out of or in connection with the provision of such benefits under such Shared Contract to any Acquired Entity, and (ii) none of Seller or any of its Affiliates shall be required to pay any money or other consideration or grant any other accommodation or concession to any Person or initiate any claim or proceeding against any Person in connection with this Section 2.15(b).

(c) If at any time after the Closing Date, subject to Section 2.06, Seller or any Retained Subsidiary (other than an Acquired Entity) holds or comes into possession of any Purchased Asset, then Seller shall (i) promptly notify Buyer, and (ii) transfer, or cause each such Retained Subsidiary to transfer, at no cost, as promptly as reasonably practicable, to Buyer, or an Affiliate designated by Buyer, any such Purchased Asset; until the time of such transfer, Seller or the relevant Retained Subsidiary shall hold such Purchased Asset for Buyer's benefit and account and manage and operate such Purchased Asset for Buyer's benefit and account, with all gains, income, losses, Damages, Taxes and Tax benefits or other items generated to be for Buyer's account (including as an Assumed Liability).

(d) If at any time after the Closing Date, Buyer or any Affiliate thereof holds or comes into possession of any Excluded Asset, then Buyer shall (i) promptly notify Seller, and (ii) as promptly as reasonably practicable, at no cost, transfer (or cause its relevant Affiliate to transfer) to any Retained Subsidiary designated by Seller any such Excluded Asset; until the time of such transfer, Buyer or its Affiliate as applicable, shall hold such Excluded Asset for Seller's benefit and account and manage and operate such Excluded Asset for Seller's benefit and account, with all gains, income, losses, liabilities, Taxes and Tax benefits or other items generated to be for Seller's account (included as an Excluded Liability).

(e) If any transfer of a Purchased Asset or Excluded Asset is made pursuant to Section 2.15(c) or Section 2.15(d), no consideration shall be provided to any Person in respect to such transfer. The parties shall use reasonable best efforts to structure such transfer in an

equitable manner for both Seller and Purchaser including from legal and Tax perspectives with a view to ensuring that from an economic standpoint the relevant transfer is neutral for the parties.

ARTICLE 3
Representations and Warranties of Seller

Except as set forth in the Disclosure Schedule (but subject to Section 13.13), Seller represents and warrants to Buyer:

Section 3.01. *Corporate Existence and Power.* Seller is a legal entity, duly incorporated or organized, validly existing and, to the extent legally applicable, in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite corporate or other similar organizational powers required to carry on its business as now conducted. Seller is duly qualified to do business as a foreign entity and, to the extent legally applicable, in good standing as a foreign entity in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.02. *Seller Authorization.* The execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby are within Seller's corporate or other similar organizational powers and have been duly authorized by all necessary corporate or other similar organizational action on the part of Seller. The execution, delivery and performance of each other Transaction Document to which Seller or any of its Affiliates is a party, by Seller and any such Affiliates, and the consummation by Seller and such Affiliates of the transactions contemplated thereby, are within Seller's and any such Affiliate's corporate or other similar organizational powers and have been, or will be prior to their execution, delivery and performance, duly authorized by all necessary corporate or other similar organizational action on the part of Seller and any such Affiliates. Assuming due and valid execution by each other party hereto, this Agreement constitutes a valid and binding agreement of Seller, enforceable against Seller in accordance with its terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity (collectively, the "**Enforceability Exceptions**")). Assuming due and valid execution by each other party thereto, each other Transaction Document to which Seller or any of its Affiliates is a party constitutes or, upon the execution and delivery thereof by Seller or any such Affiliate, shall constitute, a valid and binding agreement of Seller or any such Affiliate, enforceable against Seller or any such Affiliate in accordance with its terms, subject to the Enforceability Exceptions.

Section 3.03. *Governmental Authorization.* Assuming the truth and accuracy of the representations and warranties of Buyer set forth in Section 4.03, and except for actions or filings required as a result of the identity, business or operations of Buyer or its Affiliates, the execution, delivery and performance by Seller of this Agreement and by Seller and its applicable Affiliates of each other Transaction Document to which Seller or any of its

Affiliates is a party and the consummation by Seller and such Affiliates of the transactions contemplated hereby and thereby require no action by or in respect of, or filing with, any Governmental Authority, other than (i) compliance with any applicable requirements of the HSR Act, other Competition Laws and any other applicable United States or foreign merger control or investment laws or laws that provide for review of national security or defense matters (collectively, this clause (i), “**Investment Laws**”); (ii) compliance with applicable securities laws; (iii) the filing of applications and notices with, and receipt of approvals, licenses or consents of, the Governmental Authorities set forth in Section 3.03(iii) of the Disclosure Schedule; or (iv) such other actions and filings as to which the failure to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.04. *Noncontravention.* The execution, delivery and performance by Seller of this Agreement and by Seller and its applicable Affiliates of the other Transaction Documents to which Seller or any of its Affiliates is a party and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate the applicable organizational, constitutional or governing documents of Seller or the Acquired Entities, (ii) assuming compliance with the matters referred to in Section 3.03, violate any Applicable Law, (iii) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation under any Material Contract that is a Purchased Asset or is held by an Acquired Entity or (iv) result in the creation or imposition of any Lien on any Purchased Asset or any asset of the Acquired Entities (other than assets that will be transferred from the Acquired Entities in connection with the Pre-Closing Reorganization), except for Permitted Liens, with such exceptions, in the case of each of clauses (ii) through (iv), as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.05. *Purchased Shares.* Seller (and/or one or more wholly owned Subsidiaries of Seller) is the sole legal and beneficial owner of the Purchased Shares. The Purchased Shares constitute all of the issued and outstanding Acquired Entity Securities of the Purchased Entities. Seller will transfer and deliver (or cause to be transferred and delivered) to Buyer, on the Closing Date, good and valid title to the Purchased Shares free and clear of any Lien (other than Liens under applicable securities laws or arising solely as a result of action taken by Buyer or any of its Affiliates).

Section 3.06. *Acquired Entities.* (a) To the extent in existence and designated as an Acquired Entity as of the date of this Agreement, each such Acquired Entity is duly organized and validly existing under the laws of its jurisdiction of organization and has all organizational powers required to carry on its business as now conducted. Any Acquired Entity that is organized after the date of this Agreement shall be duly organized and validly existing under the laws of its jurisdiction of organization as of the date of its organization, and shall have all organizational powers required to carry on its business as shall be proposed to be conducted.

(f) To the extent in existence and designated as an Acquired Entity as of the date of this Agreement, the authorized and issued and outstanding shares, membership interests or other voting or equity interests of each such Acquired Entity is set forth in Section 3.06(b) of

the Disclosure Schedule. Such issued and outstanding shares, membership interests or other voting or equity interests of each Acquired Entity that are reflected on Section 3.06(b) of the Disclosure Schedule as being owned by Seller or any of its Subsidiaries are owned beneficially and of record directly or indirectly by Seller or such Subsidiaries, in the case of the Purchased Entities, and by an Acquired Entity, in the case of each other Acquired Entity, free and clear of any Lien (other than (x) Permitted Liens that will be released in connection with the Closing, (y) arising under applicable securities laws or (z) arising solely as a result of action taken by Buyer or any of its Affiliates), and have been duly authorized and validly issued and, to the extent such terms are applicable, are fully paid and non-assessable. Except as set forth in Section 3.06(b) of the Disclosure Schedule, there are no outstanding (i) shares of capital stock, equity interest or voting securities of any Acquired Entity, (ii) securities of any Acquired Entity convertible into or exchangeable for shares of capital stock, equity interest or voting securities of such Acquired Entity or (iii) options or other rights to acquire from any Acquired Entity, or other obligations of the Acquired Entity to issue, any capital stock, equity interest, voting securities or securities convertible into or exchangeable for capital stock, equity interest or voting securities of such Acquired Entity (the foregoing, collectively, “**Acquired Entity Securities**”). Except for this Agreement, there are no binding agreements, arrangements, warrants, options, puts, rights or other commitments, to which Seller or any of its Subsidiaries is a party relating to the issuance, sale, purchase, redemption, conversion, exchange, registration, voting or transfer of any of the Acquired Entity Securities. There are no outstanding obligations of any Acquired Entity to repurchase, redeem or otherwise acquire any outstanding Acquired Entity Securities. Seller has made available to Buyer true, correct and complete copies of the organizational and constitutional documents of each Acquired Entity.

(g) Except as would not be material to the Business, individually or in the aggregate, each Acquired Entity that is in existence as of the date of this Agreement is, and each Acquired Entity that is organized after the date of this Agreement will be, to the extent legally applicable, in good standing as a foreign entity in each jurisdiction where such qualification is necessary.

Section 3.07. *Financial Documents.*

(a) Section 3.07 of the Disclosure Schedule sets forth the unaudited balance sheet of the Business as of September 30, 2020 and the unaudited income statement of the Business for the year-to-date period ended June 30, 2021 (the “**Business Financial Information**”). The Business Financial Information has been prepared from and is consistent with the audited consolidated financial statements of Spectrum Brands Holdings, Inc. (the “**Parent Financial Statements**”) for the relevant periods (which financial statements have been prepared in accordance with GAAP and on a consistent basis throughout the periods in question).

(b) The Business Financial Information presents fairly, in all material respects in accordance with GAAP, the financial condition of the Business as of the dates in question and the results of the operations and cash flows of the Business for the periods indicated and changes in financial condition for the respective periods covered thereby. The Business Financial Information have been prepared from the books of account and ledgers of Seller and its Subsidiaries and in accordance with the adjustments, methodologies and assumptions

applied in the preparation of the Parent Financial Statements; provided, however that the Business Financial Information (x) does not reflect normal year-end adjustments for months which are neither a year-end or quarter-end, (y) does not contain footnote disclosures and other presentation items, and (z) reflects the allocation methodologies of Spectrum Brands Holdings, Inc. required for segment reporting. The adjustments, methodologies and assumptions applied in the preparation of the Business Financial Information have been prepared in good faith.

(c) Except as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, each of Seller and its Subsidiaries maintains systems of internal accounting controls and procedures with respect to the accounting practices, procedures and policies employed thereby sufficient to provide reasonable assurances regarding the reliability of financial reporting, including that: (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit the preparation of financial statements in conformity with GAAP and to maintain accountability for assets.

Section 3.08. *Absence of Certain Changes.* Since the Reference Date, the Business has been conducted in the Ordinary Course and there has not been any event, occurrence, development or state of circumstances or facts that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

Section 3.09. *No Undisclosed Material Liabilities.* There are no liabilities of the Acquired Entities or liabilities included in the Assumed Liabilities of a type required to be reflected on a balance sheet of the Acquired Entities prepared in accordance with GAAP, other than (a) liabilities specifically provided for in the Business Financial Information or disclosed in the notes thereto; (b) liabilities incurred in the Ordinary Course since the Reference Date (none of which is a liability for breach of contract, breach of warranty, tort or violation of Applicable Law); (c) liabilities incurred in connection with the transactions contemplated by this Agreement; and (d) other liabilities which, individually or in the aggregate, would not reasonably be expected to be material to the Business, taken as a whole.

Section 3.10. *Material Contracts.* (a) Section 3.10 of the Disclosure Schedule sets out, as of the date of this Agreement, all of the following agreements constituting Purchased Assets or, to the extent held by Acquired Entities, as would otherwise constitute Purchased Assets (but excluding any Business Benefit Plan):

(i) any agreement (excluding purchase orders entered into in the Ordinary Course) that Seller or its Subsidiaries reasonably anticipates will involve annual payments or consideration furnished to Seller and its Subsidiaries (in the aggregate) of more than \$10,000,000 after the date hereof;

(ii) any binding sales, distribution or other similar agreement (excluding purchase orders entered into in the Ordinary Course) providing for the purchase by Seller and its Subsidiaries of materials, supplies, goods, services, equipment or other tangible assets requiring annual payments by Seller and its Subsidiaries of \$5,000,000 or more after the date hereof;

(iii) any lease (whether of real or personal property and including sale leaseback arrangements) requiring Seller and its Subsidiaries to make (A) annual rental payments of seven hundred fifty thousand dollars (\$750,000) after the date hereof or (B) aggregate rental payments of one million dollars (\$1,000,000) or more after the date hereof, in each case, that cannot be terminated on not more than one hundred and twenty (120) days' notice without payment by Seller or any of its Subsidiaries of any material penalty;

(iv) any partnership or joint venture agreement that an Acquired Entity has entered into or is otherwise primarily related to the Business;

(v) any agreement (A) containing covenants limiting the freedom of the Business to engage or participate or compete in any line of business, or with any Person or in any geographic region or (B) granting a third party exclusive rights of any type or scope with respect to any applicable products, technology, rights in Intellectual Property or other aspects of the Business;

(vi) any agreement as obligor or guarantor relating to indebtedness for borrowed money (excluding intercompany loans) in excess of one million dollars (\$1,000,000) or the deferred purchase price of property (in either case, whether incurred, assumed, guaranteed or secured by any asset);

(vii) any Business Intercompany Contract;

(viii) any material agreements to which Seller or any of its Subsidiaries grants to or obtains from a third party a license under any Intellectual Property, other than any (A) licenses for non-customized commercial or off the shelf computer software that are generally available on nondiscriminatory pricing terms or licensed for internal use in object code only on the relevant licensor's non-negotiated standard terms, and (B) non-exclusive licenses granted or obtained in the Ordinary Course;

(ix) any agreement involving resolution or settlement of any actual or threatened Action (A) in an amount greater than five million dollars (\$5,000,000) that has not been fully performed by Seller or its Subsidiaries or (B) otherwise imposes continuing obligations on Seller or any of its Subsidiaries;

(x) any agreement containing "most-favored nation," "most favored pricing" or similar clauses in favor of any Person;

(xi) any agreement pursuant to which Seller or any of its Subsidiaries grants any other party any rights of first refusal, rights of first negotiation, or similar rights;

(xii) any agreement providing for Seller or any of its Subsidiaries to indemnify a third party, other than such agreements entered into in the Ordinary Course;

(xiii) any material agreement with any Governmental Authority excluding any agreement with any state-owned enterprise or partially state-owned enterprise entered into in the Ordinary Course; or

(xiv) any acquisition or divestiture contract that contains financial covenants, indemnities or other payment obligations (including “earn-out” or other contingent payment obligations) that would reasonably be expected to result in the making of payments after the Closing Date in excess of five hundred thousand dollars (\$500,000).

(b) Each agreement, contract, lease, arrangement or commitment required to be disclosed pursuant to this Section 3.10 (each, a “**Material Contract**”) is a valid and binding agreement of Seller or its applicable Subsidiary party thereto and is in full force and effect and neither Seller nor such applicable Subsidiary nor, to the knowledge of Seller as of the date hereof, any other party thereto is in default or breach in any respect under the terms of any such Material Contract, and, to the knowledge of Seller, no event has occurred which, with lapse of time or action by a third party, would result in a material default under any Material Contract, except in each case of the foregoing as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole. As of the date hereof, neither Seller nor any of its Subsidiaries has received any written notice of termination with respect to, and, to the knowledge of Seller, no party has threatened to terminate, any Material Contract.

Section 3.11. *Litigation.* Except as set out in Section 3.11 of the Disclosure Schedule:

(a) There are no material Actions pending against or, to the knowledge of Seller, threatened in writing against, Seller or any of its Subsidiaries in respect of the Business;

(b) Neither Seller nor any of its Subsidiaries is a party or subject to, or in default under, any material Order, and each such party is in material compliance with all settlement agreements or similar written agreements with any Governmental Authority and outstanding orders, enforcement notices, judgments, decrees, awards, rulings, decisions, verdicts, subpoenas and injunctions entered or issued by any Governmental Authority in relation to the Business, other than any such noncompliance that would not, individually or in the aggregate, except in each case of the foregoing as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole; and

(c) As of the date hereof, there are no pending or, to the knowledge of Seller, threatened Actions, investigations or proceedings involving Seller or any of its Subsidiaries that would seek to prevent, materially delay or materially impair the consummation of the transactions contemplated hereby.

Section 3.12. *Compliance with Laws; Permits.* (a) Since December 31, 2019, Seller and its Subsidiaries have not been in violation of and, to the knowledge of Seller, have not been under investigation with respect to and have not been threatened in writing to be charged with or give notice of any violation of, any Applicable Law relating to the conduct of the Business, except in each case of the foregoing as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole.

(d) Since December 31, 2019, Seller and its Subsidiaries have held all permits, licenses, registrations, regulatory clearances, approvals, certifications and other similar items granted by or issued pursuant to the authority of a Governmental Authority and necessary for the operation of the Business (collectively, “**Permits**”), except for those, the absence of which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. As of the date of this Agreement, there are no actions or proceedings pending or, to the knowledge of Seller, threatened in writing, which would reasonably be expected to result in the revocation or termination of any such Permit, except for any such revocation or termination as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole.

(e) No Representative of Seller or any of its Subsidiaries is or, since December 31, 2019, has been party to: (i) the use of any Purchased Asset or any other assets of Seller or any of its Subsidiaries for improper or unlawful contributions, gifts, entertainment or other improper or unlawful expenses relating to political activity or to the making of any direct or indirect improper or unlawful payment to government officials or employees, or private officers or employees, from such assets; (ii) the establishment or maintenance of any improper, unlawful or unrecorded fund of monies or other assets; (iii) the making of any false or fictitious entries on the books or records of Seller or any of its Subsidiaries; (iv) the making of any improper, unlawful or undisclosed payment; or (v) the making or authorization of any payment, contribution, or gift of money, property or services involving the direct or indirect use of any funds of Seller or any of its Subsidiaries (including entertainment or other expenses), in each case in contravention of Applicable Law, (A) as a “kickback” or bribe to any Person, or (B) to any political organization or the holder of (or Person who seeks) any elective or appointive public office related to political activity or otherwise related to political activity.

(f) Since December 31, 2019, no Business Employee, Representatives of Seller or any of its Subsidiaries or any other Person acting on behalf of the Business, in each case in their capacity as such, is or has been engaged in any activity or conduct that has resulted or would reasonably be expected to result in a violation of any Anti-Corruption Laws or any Applicable Law relating to economic or trade sanctions, including the laws or regulations implemented by the Office of Foreign Assets Control of the United States Department of the Treasury and any similar laws or regulations in other jurisdictions.

(g) Since December 31, 2019, except as set forth in Section 3.12(e) of the Disclosure Schedule or as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, (i) to the knowledge of Seller there are no allegations of sexual harassment made against any officer or director of Seller or its Subsidiaries, or against any Representative thereof, and (ii) neither Seller nor any of its Subsidiaries has entered into any settlement agreement related to allegations of sexual harassment or sexual misconduct by a Representative of Seller or any of its Subsidiaries.

(h) Since December 31, 2019, except as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, neither Seller nor any of its Subsidiaries has: (i) been under any administrative, civil or criminal investigation, audit, indictment or information request by any Governmental Authority; (ii)

been the subject of any audit or investigation by Seller, in each case, with respect to any alleged act or omission arising under or relating to any contract or subcontract with any Governmental Authority; or (iii) been debarred or suspended from doing business with any Governmental Authority nor received written notice that any such suspension or debarment action has been proposed; or (iv) been convicted of a crime for which the maximum potential sentence which could have been imposed exceeded imprisonment for one (1) year.

Section 3.13. *Real Property; Liens.* (a) Section 3.13(a) of the Disclosure Schedule lists all real property that (i) an Acquired Entity owns or (ii) Seller or any of its Retained Subsidiaries owns and uses exclusively in the conduct of the Business (the “**Owned Real Property**”). With respect to each Owned Real Property:

(A) the Acquired Entity, Seller, or Retained Subsidiary (as the case may be) has good and marketable fee simple title to such Owned Real Property, free and clear of Liens (except Permitted Liens) except for properties sold since the date hereof in accordance with this Agreement;

(B) the Acquired Entity, Seller, or Retained Subsidiary (as the case may be) has not leased or otherwise granted to any Person the right to use or occupy such Owned Real Property or any portion thereof; and

(C) except as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, there are no pending or, to the knowledge of Seller, threatened condemnation or similar proceedings related to such Owned Real Property.

(b) Section 3.13(b) of the Disclosure Schedule lists all agreements (each a “**Real Property Lease**”) pursuant to which (i) an Acquired Entity leases (as tenant) or subleases (as subtenant) or (ii) Seller or any of its Retained Subsidiaries leases (as tenant) or subleases (as subtenant) exclusively in the conduct of the Business (the “**Leased Real Property**”). Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, with respect to each Leased Real Property:

(A) the Acquired Entity, Seller, or Retained Subsidiary (as the case may be) has a valid leasehold (or subleasehold) interest in such Leased Real Property, free and clear of Liens (except Permitted Liens);

(B) the Acquired Entity, Seller, or Retained Subsidiary (as the case may be) is in possession of such Leased Real Property;

(C) the Acquired Entity, Seller, or Retained Subsidiary (as the case may be) and, to the knowledge of Seller, each other party to such Real Property Lease have performed in all material respects all material obligations required to be performed by them under such Real Property Lease, and neither the Acquired Entity, Seller or Retained Subsidiary (as the case may be) or, to the knowledge of Seller, each other party to such Real Property Lease are in default thereunder beyond all applicable notice and cure periods; and

(D) as of the date hereof, the Acquired Entity, Seller or Retained Subsidiary (as the case may be) has not received notice of termination with respect to, and to the knowledge of Seller, no party has threatened to terminate, such Real Property Lease.

(c) Except as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, there are no pending or, to the knowledge of Seller, threatened condemnation or eminent domain proceedings that affect any Leased Real Property.

(d) The Owned Real Property and the Leased Real Property (together, the “**Real Property**”) represents all of the real property primarily used in the conduct of the Business in the manner in which it is now owned, operated, used and maintained, and (ii) except as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, Seller and its Subsidiaries have the full right and authority to use and operate all of the improvements currently being used in the Business and located on the Real Property, subject to Applicable Law and Permitted Liens.

(e) The covenants, conditions, rights-of-way, easements and similar restrictions burdening all or any portion of the Owned Real Property do not, in each case, impair in any material respect the use of any such properties in the operation of the Business in the Ordinary Course.

(f) Except as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, an Acquired Entity, Seller or a Retained Subsidiary (as the case may be) has good and valid rights of ingress and egress to and from all of the Owned Real Property from and to the public street systems for all usual street, road and utility purposes and other purposes necessary for operation in the Ordinary Course or has access to such public street system through a permanent, irrevocable easement benefiting the relevant Owned Real Property.

(g) To the knowledge of Seller, there are no pending or contemplated special assessments or reassessments of any Owned Real Property that would reasonably be expected to result in an increase in the real property Taxes or other similar charges payable by any Acquired Entity with respect to any Owned Real Property.

Section 3.14. *Intellectual Property.* a) Section 3.14(a) of the Disclosure Schedule contains a list of all registrations and applications for registration of Patents, Trademarks, and Copyrights included in the Business Intellectual Property, in each case as of the date hereof (collectively, the “**Registered Business IP**”). None of the Registered Business IP has been adjudged invalid or unenforceable and, to the knowledge of Seller, all such Registered Business IP is valid and enforceable.

(h) Except as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, either Seller, a Retained Subsidiary, or an Acquired Entity owns all right, title and interest in and to the Business Intellectual Property, free and clear of all Liens (other than Permitted Liens) and including all right, title, and interest to sue for interference with, infringement upon, or misappropriation of any Business Intellectual Property.

(i) Except as would not reasonably be expected to have a Material Adverse Effect, to the knowledge of Seller, (i) except for the Seller Names and Marks, the Business Intellectual Property, together with the Intellectual Property rights granted under this Agreement, the Assigned Contracts and the other Transaction Documents, constitute all of the material Intellectual Property owned by Seller or any of its Subsidiaries reasonably sufficient to conduct the Business in substantially the same manner as it is currently conducted, (ii) the conduct of the Business as currently conducted is not infringing any valid and enforceable Intellectual Property of any third party, (iii) no third party is infringing the Business Intellectual Property, (iv) no Actions are pending against Seller or any of its Subsidiaries that (A) challenge the validity or enforceability of any Business Intellectual Property or (B) allege that the Business has infringed any Intellectual Property of any Person, and (v) no Business Intellectual Property is subject to any outstanding agreement, covenant, judgment, injunction, order or decree restricting the use or enforcement thereof by Seller or any of its Subsidiaries.

(j) Except as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, Seller has obtained previously executed assignments for the Business Intellectual Property as necessary to fully perfect its rights and title therein in accordance with governing law and regulations in each respective jurisdiction of registration.

(k) There are no existing contracts, agreements, options, commitments, proposals, bids, offers, or rights with, to, or in any Person to acquire any ownership rights in any part of the material Business Intellectual Property.

(l) If any patent or patent application listed in Section 3.14(a) of the Disclosure Schedule is terminally disclaimed to another patent or patent application, all such patents and patent applications subject to such terminal disclaimer are commonly owned.

(m) All maintenance fees, annuities, and renewals due or payable with respect to the material Registered Business IP as of the date hereof have been timely paid in all material respects, except with respect to any such Registered Business IP which Seller has abandoned or let lapse in the Ordinary Course.

(n) Since December 31, 2019, Seller has not received any written charge, complaint, claim, demand, or notice alleging that any material Business Intellectual Property licensed by Seller to any third party was done so in conflict with the rights of any other third party and, to the knowledge of Seller, no such license has been granted.

(o) Seller has not sent to any third party since December 31, 2019 or otherwise communicated to another Person since December 31, 2019 any written charge, complaint, claim, demand or notice asserting infringement or misappropriation of, or other conflict with, any Business Intellectual Property right of Seller by such other Person, including, without limitation, any rights of Seller in and to any Business Intellectual Property.

(p) Except as would not reasonably be expected to have a Material Adverse Effect, Seller and its Subsidiaries have taken commercially reasonable steps to protect the confidentiality of trade secrets included in the Business Intellectual Property. To the knowledge of Seller, no such trade secret has been disclosed by Seller or any of its

Subsidiaries other than to employees, contractors, consultants, representatives and agents of Seller or its Subsidiaries pursuant to written confidentiality agreements.

(q) Except as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, since December 31, 2019, Seller has not and does not misuse third-party trade secrets or confidential or proprietary information in the conduct of the Business in a manner that constitutes misappropriation of a trade secret, breach of any contract to which Seller is a party, or unfair competition under Applicable Law. Since December 31, 2019, neither Seller nor any of its directors, officers, employees or agents has made any disclosure of third-party trade secrets or confidential or proprietary information in its conduct of the Business, except in the Ordinary Course and on the basis that such disclosure is to be treated as being of a confidential character.

(r) There are no claims outstanding or, to Seller's knowledge, threatened in writing against Seller under any agreement or under any Applicable Law providing for employee compensation or ownership in respect of any rights or interests in any material Business Intellectual Property.

(s) Each Business Employee and, since December 31, 2019, Former Business Employee, in each case, who is employed as a Senior Director or above and who, either alone or with others, creates, develops, or invents or has created, developed or invented material Intellectual Property in the course of said Business Employee's relationship with Seller and related to the operation or conduct of the Business, has entered into a written agreement with Seller that requires such Business Employee to disclose and assign such Intellectual Property to Seller to the extent permitted under Applicable Law.

(t) Seller and its Subsidiaries are in compliance in all material respects with all Applicable Law with respect to data privacy and data protection relating to the conduct of the Business.

Section 3.15. *Sufficiency of the Assets.*

(a) Except as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, Seller and each of its Subsidiaries has, as applicable, (i) good, valid and marketable title to all of the Purchased Assets that are owned and (ii) a valid and enforceable leaseholder interest in all of the Purchased Assets that are leased, in each case, free and clear of all Liens (other than Permitted Liens).

(b) Except as set forth on Section 3.15 of the Disclosure Schedule and with respect to Intellectual Property, and assuming (x) receipt of all required consents, approvals and authorizations in connection with the transactions contemplated hereby, and (y) each Business Employee remains employed by, or a contractor or consultant of, the Business at the Closing, the Purchased Assets, the rights under the organizational documents of each Purchased Entity and the property and assets held by the Acquired Entities, together with the rights of Buyer and its Affiliates under this Agreement and the other Transaction Documents, will include all rights and assets necessary to operate and conduct the Business immediately following the Closing in all material respects as conducted in the Ordinary Course as at and for the twelve-month period ended September 30, 2020, except for (i) the items listed on Section 3.15(b) of the Disclosure Schedule, (ii) the services, rights and support described in

Section 7.10, (iii) the Excluded Assets, and (iv) as would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole.

(c) The plants, buildings, structures, equipment and other material tangible personal property included in the Purchased Assets are in good repair, working order and operating condition, ordinary wear and tear expected, and are adequate and suitable for the purposes for which they are presently being held for use, in each case, in all material respects. To the knowledge of Seller, there are no facts or conditions affecting any material Purchased Assets that could reasonably be expected, individually or in the aggregate, to interfere in any material respect with the current use, occupancy, or operation of the Purchased Assets.

Section 3.16. *Employees and Benefit Plans.* (a) Section 3.16(a) of the Disclosure Schedule lists each Business Benefit Plan as of the date hereof that are Seller Benefit Plans or Acquired Entity Benefit Plans; provided, that Seller shall not be required to disclose (i) any employment agreements or offer letters providing for annual base compensation of less than two hundred thousand dollars (\$200,000), or (ii) any Business Benefit Plans that are required by Applicable Law. For each such material Acquired Entity Benefit Plan or Assumed Benefit Plan listed in Section 3.16(a) of the Disclosure Schedule, Seller has made available to Buyer a copy or description of such plan (or in the case of individual agreements that are based on a form agreement, a copy of such form) and all material amendments thereto and, if applicable, (i) the plan's annual return/report (such as a Form 5500 or other local jurisdiction equivalent) for the two most recently completed plan years; (ii) all trust agreements or other funding arrangements and amendments thereto; (iii) the current prospectus or summary plan description and all summaries of material modifications; and (iv) the most recent favorable determination or opinion letter from the IRS. For each such material Seller Benefit Plan that is not an Assumed Benefit Plan listed in Section 3.16(a) of the Disclosure Schedule, Seller has made available to Buyer a copy or description of such plan (or in the case of individual agreements that are based on a form agreement, a copy of such form) and all material amendments thereto.

(d) Each Business Benefit Plan has been maintained in compliance in all respects with its terms and all Applicable Law, including ERISA and the Code, except for failures to comply that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. No action, suit, investigation, audit, proceeding or claim (other than routine claims for benefits) is pending against or involves or, to the knowledge of Seller, is threatened in writing against or threatened in writing to involve, any Business Benefit Plan before any arbitrator or any Governmental Authority, which, individually or in the aggregate, if determined or resolved adversely in accordance with the plaintiff's demands, could reasonably be expected to have a Material Adverse Effect.

(e) No Acquired Entity nor any of their ERISA Affiliates (nor any predecessor of any such entity) sponsors, maintains, administers or contributes to (or has any obligation to contribute to), or has in the past six years sponsored, maintained, administered or contributed to (or had any obligation to contribute to), or has or is reasonably expected to have any direct or indirect liability with respect to, any plan subject to Title IV of ERISA, including any "defined benefit plan" (within the meaning of 3(35) of ERISA), "multiemployer plan" (within

the meaning of Section 3(37) of ERISA) or a “multiple employer plan” (within the meaning of Section 4063 or Section 4064 of ERISA or Section 413(c) of the Code).

(f) No Business Benefit Plan other than an Assumed Benefit Plan is or will be directly or indirectly binding on Buyer by virtue of the transactions contemplated hereby. Buyer and its Affiliates (including without limitation, on and after the Closing, the Acquired Company and any of its Affiliates) shall have no liability for, under, with respect to or otherwise in connection with any Business Benefit Plan, which liability arises under ERISA or the Code, by virtue of an Acquired Company or any Subsidiary being aggregated, with any other person that is an ERISA Affiliate (other than with an Acquired Company or a Subsidiary), in a controlled group or affiliated service group for purposes of ERISA or the Code at any relevant time prior to the Closing.

(g) In each case except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) no Business Benefit Plan provides any post-retirement medical, dental or life insurance benefits to any Business Employee (other than coverage mandated by Applicable Law, including COBRA); and (ii) no Acquired Entity or any Subsidiary maintains or has any obligation to contribute to any “voluntary employees’ beneficiary association” within the meaning of Section 501(c)(9) of the Code or other funding arrangement for the provision of welfare benefits.

(h) Each Business Benefit Plan maintained solely for the benefit of Business Employees subject to federal income taxation in the United States that is intended to be qualified under Section 401(a) of the Code has received a favorable determination or opinion letter from the IRS or has applied to the IRS for such a letter within the applicable remedial amendment period or such period has not expired. Except as would not result in material liability to the Acquired Entities, each Business Benefit Plan has been maintained in material compliance with its terms and Applicable Law.

(i) Subject to Buyer’s performance of its obligations under Article 9, neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated herein (either alone or upon the occurrence of any additional or subsequent event), will cause any (i) payments or other amounts to become due or payable to any Business Employee (including, without limitation, any payment that would result, separately or in the aggregate, in the payment (whether in connection with any termination of employment or otherwise) of any “excess parachute payment” within the meaning of Section 280G of the Code) or (ii) payment, acceleration, vesting or increase in benefits to any Business Employee, in each case under any Business Benefit Plan, in each case, to the extent that the Acquired Entities would reasonably be expected to have any material liability with respect thereto.

(j) (i) No Benefit Plan (for purposes of Section 409A of the Code), including the administration and settlement thereof, is or has been or will be in violation of Section 409A of the Code such that any tax or other penalty would be due (from any person) under Section 409A of the Code and (ii) neither Seller nor any Acquired Entity has any obligation to gross-up, indemnify or otherwise reimburse any current or former Business Employee for any Tax

incurred by such Business Employee, including under Section 409A, 457A or 4999 of the Code.

(k) No Action (other than routine claims for benefits) is pending against or involves or, to Seller's knowledge, is threatened against or threatened to involve, any Business Benefit Plan before any Governmental Authority, that, individually or in the aggregate, would reasonably be expected to result in any material liability in respect of each such Business Benefit Plan.

(l) All material contributions required to be made to any Business Benefit Plan on behalf of the Business Employees by Applicable Law or pursuant to the terms of such Business Benefit Plan for any period through the date hereof that are due have been timely made or, to the extent not required to be made on or before the date hereof, have been properly reflected in the Business Financial Information.

(m) Each Acquired Entity Benefit Plan that is an International Plan (i) has been maintained in material compliance with its terms and Applicable Law, (ii) if intended to qualify for special tax treatment, meets all the requirements for such treatment, and (iii) if required, to any extent, to be funded, book-reserved or secured by an insurance policy, is fully funded, book-reserved or secured by an insurance policy, as applicable, based on reasonable actuarial assumptions in accordance with applicable accounting principles. From and after the Closing Date, Buyer and its Affiliates will receive the full benefit of any funds, accruals and reserves under each Acquired Entity Benefit Plan that is an International Plan.

(n) Seller, the Acquired Entities, and the Retained Subsidiaries are, with respect to Business Employees, in material compliance with all Applicable Laws relating to labor and employment, including those relating to labor management relations, wages, hours, overtime, employee classification, discrimination, sexual harassment, civil rights, affirmative action, work authorization, immigration, safety and health and continuation coverage under group health plans, except for failures to comply that, individually or in the aggregate, would not reasonably be expected to result in any material liability to the Acquired Entities.

(o) With respect to any Business Employee, (i) there is no collective bargaining, works council or other agreement with any employee representative group, nor is any such agreement presently being negotiated; (ii) to Seller's knowledge, there is no union organizing activity currently pending with regard to any Business Employees, nor has there been any such activity since January 1, 2018; (iii) there is no material, concerted labor strike or stoppage pending or, to Seller's knowledge, threatened in writing, that relates to the Business Employees; and (iv) there is no union, works council, health and safety committee or other employee representative group which, pursuant to Applicable Law or agreement, must be notified, consulted or with which negotiations need to be conducted in connection with the transactions contemplated by this Agreement.

(p) Except as set forth in this Section 3.16, no representations or warranties are being made with respect to Business Benefit Plans, Business Employees or any other compensation, benefit, labor or employment matters.

Section 3.17. *Taxes.* Except to the extent related to U.S. federal, state or local Taxes (or Tax Returns) of Seller, any Retained Subsidiary or a Seller Group:

(a) All income and other material Tax Returns required to be filed by each Acquired Entity or required to be filed with respect to the Business or the Purchased Assets have, in each case, been timely filed with the appropriate taxing authorities. Each such Tax Return is true, correct and complete in all material respects (taking into account applicable extensions).

(b) All material Taxes due and payable by or with respect to each Acquired Entity, the Business and the Purchased Assets (whether or not shown to be due and payable on any Tax Return) have been timely paid in full.

(c) Each Acquired Entity (or, with respect to the Business and the Purchased Assets, Seller and the Retained Subsidiaries) has withheld or collected all material Taxes required by law to have been withheld or collected in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, member or other third party, and all such Taxes withheld or collected have been timely paid over to the proper authorities to the extent due and payable. Each Acquired Entity (or, with respect to the Business and the Purchased Assets, Seller and the Retained Subsidiaries) has timely and properly withheld or collected all material sales, use, ad valorem, and value added Taxes and has timely remitted all such Taxes to the proper authorities to the extent due and payable.

(d) There is no Action now pending or threatened in writing against or with respect to any Acquired Entity, the Purchased Assets or the Business in respect of any Tax.

(e) There are no agreements or arrangements with any Taxing Authority with regard to Tax liabilities of any Acquired Entity or with respect to the Business or Purchased Assets, other than settlements or compromises with respect to asserted Tax liabilities for prior Tax years that do not impose any payment obligation on such Acquired Entity or with respect to the Business or Purchased Assets after the Closing Date.

(f) Other than a Tax Sharing Agreement that will terminate on or before the Closing Date, none of the Acquired Entities, Seller or the Retained Subsidiaries is a party to, or otherwise bound by (nor does any Acquired Entity, Seller or any of the Retained Subsidiaries have any obligation under) any Tax Sharing Agreement and there are no Tax Sharing Agreements that relate to the Business or the Purchased Assets.

(g) There are no outstanding proposed tax adjustments with respect to any Acquired Entity, the Business or the Purchased Assets or outstanding proposed tax adjustments with respect to Seller or any Retained Subsidiary the non-payment of which, in each case, would result in a Lien on any Purchased Asset or Acquired Entity (other than a Permitted Lien or other Lien that would not be material to the Business, taken as a whole).

(h) During the three (3) year period ending on the date hereof, none of the Acquired Entities was a distributing corporation or a controlled corporation in a transaction intended to be governed by Section 355 of the Code.

(i) None of the Acquired Entities is or has been a party to (i) any “listed transaction” as defined in Treasury Regulation Section 1.6011-4(b)(2) (or similar provision of state, local or foreign law).

(j) None of the Acquired Entities will be required to include any material item of income in, or exclude any material item of deduction or loss from, a taxable period (or portion thereof) ending after the Closing Date as a result of any (i) installment sale or open transaction disposition made on or prior to the Closing Date, or (ii) change in method of accounting made prior to the Closing Date, including under Section 481(a) of the Code or any similar law, or use of an improper method of accounting for any Pre-Closing Tax Period.

(k) Other than the equity interests in the Acquired Entities, none of the assets of or relating to the Business constitutes, for U.S. federal income tax purposes, an interest in an entity taxable as a partnership or corporation.

(l) Each of (i) Spectrum Brands Canada, Inc., (ii) Spectrum Brands East Asia Holdings Limited, (iii) Tong Lung Metal Industry Co. Ltd., and (iv) Tong Lung Philippines Metal Industry Co. Inc. is, and has been since its acquisition by Seller and/or its Subsidiaries, properly treated as an association taxable as a corporation for U.S. federal income tax purposes.

(m) Each of (i) Spectrum Brands HHI Mexico S. de R.L. de C.V., (ii) Weiser Lock Mexico S. de R.L. de C.V., (iii) Spectrum Brands (Xiamen) Industrial Co. Ltd., (iv) Spectrum Brands HHI (Shenzhen) Co. Ltd., and (v) National Openings, LLC is, and has been since its acquisition by Seller and/or its Subsidiaries, properly treated as an entity that is disregarded from its sole parent entity for U.S. federal income tax purposes.

(n) Spectrum Brands HHI (Zhongshan) Co. Ltd. is, and has been since its acquisition by Seller and/or its Subsidiaries, properly treated as a partnership for U.S. federal income tax purposes.

(o) All transactions and agreements between any of Seller, the Retained Subsidiaries and the Acquired Entities and any related entities have been carried out on an arm’s length basis and comply in all respects with all applicable transfer pricing requirements, and, to the extent requested, each of Seller, the Retained Subsidiaries and the Acquired Entities has delivered to Buyer, or made available to Buyer for review, accurate and complete copies of all material transfer pricing studies and other transfer pricing documentation required to be prepared under any statutory, regulatory or administrative Tax provision.

(p) (i) The accruals and reserves for unpaid Taxes of the Acquired Entities and Seller with respect to the Business (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) specifically set forth and included in the Financial Statements are adequate in accordance with GAAP to fully cover all Taxes accrued or accruable through the date hereof and such reserves for Taxes, as adjusted for operations and transactions and the passage of time through the Closing Date, are adequate to cover all unpaid Taxes of the Acquired Entities and Seller with respect to the Business accruing through the Closing Date, and (ii) none of the Acquired Entities nor Seller has any

liability for Taxes incurred after the date of the Financial Statements other than Taxes incurred by it in the ordinary course of business consistent with past custom and practice.

Section 3.16 (solely to the extent related to Taxes) and this Section 3.17 contain the sole and exclusive representations and warranties of Seller with respect to Taxes. No representation or warranty is made in this Agreement with respect to the amount, sufficiency or availability of any Tax Asset available in or to be carried forward to a Post-Closing Tax Period.

Section 3.18. *Environmental Compliance.* (a) Except as to matters that would not, individually or in the aggregate, reasonably be expected to be material to the Business, taken as a whole, or as set forth in Section 3.18 of the Disclosure Schedule:

(i) with respect to the Business, the Purchased Assets, the Acquired Entities and the Real Property of Seller, Seller and its Subsidiaries are in compliance with all applicable Environmental Laws and have obtained and are in compliance with all permits, licenses, registrations and certification required under Environmental Law to operate the Business and the Purchased Assets;

(ii) since December 31, 2019, there has been no Action pending or, to the knowledge of Seller, threatened, which (A) alleges a violation of or liability under any Environmental Law for which Seller, any of its Subsidiaries or any Acquired Entities are reasonably expected to have liability, (B) relates to the Business, the Purchased Assets of Seller, the Acquired Entities or the Real Property of Seller and (C) has not been settled, dismissed, paid or otherwise resolved;

(iii) to the knowledge of Seller, there has been no Release of Hazardous Substances at, on, or under the Real Property requiring investigation, remediation or other response action by Seller, any of its Subsidiaries or any Acquired Entities pursuant to Environmental Law;

(iv) neither Seller nor any of its Subsidiaries is party to any order that imposes any material continuing obligation under any Environmental Laws on Seller or any of its Subsidiaries with respect to the Purchased Assets, the Acquired Entities or the Business; and

(v) to the knowledge of Seller, no Owned Real Property or, to the knowledge of Seller, Leased Real Property is on premises where Hazardous Substances have been released, disposed or discharged into the environment, including migration of such substances from or to said premises, in concentrations or in a manner that would reasonably be expected to (A) give rise to any material obligation of the owner or occupant to undertake investigation or remediation, or (B) otherwise cause the owner or occupant to incur any material liability.

(b) The representations and warranties in this Section 3.18 are the exclusive representations or warranties made by Seller with respect to Environmental Laws, Hazardous Substances or any other environmental matters.

Section 3.19. *Finders' Fees.* Except for Credit Suisse Securities (USA) LLC and RBC Capital Markets, LLC, whose fees shall be paid by Seller or an Affiliate of Seller (other than an Acquired Entity), there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Seller who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 3.20. *Product Liability.* Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or as set forth on Section 3.20 of the Disclosure Schedule, there has been no product recall or post-sale warning or similar action conducted by Seller or any of its Subsidiaries since December 31, 2019 with respect to any product designed, manufactured, serviced, produced, modified, distributed or sold by or on behalf of the Business.

ARTICLE 4 Representations and Warranties of Buyer

Buyer represents and warrants to Seller that:

Section 4.01. *Corporate Existence and Power.* Buyer is a legal entity, duly incorporated or organized, validly existing and, to the extent legally applicable, in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite corporate or other similar organizational powers required to carry on its business as now conducted.

Section 4.02. *Buyer Authorization.* The execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby are within Buyer's corporate or other similar organizational powers and have been duly authorized by all necessary or similar organizational action on the part of Buyer. The execution, delivery and performance of each other Transaction Document to which Buyer or any of its Affiliates is a party, by Buyer and any such Affiliates, and the consummation of the transactions contemplated thereby, are within Buyer's and any such Affiliate's corporate or other similar organizational powers and have been, or will be prior to their execution, delivery and performance, duly authorized by all necessary corporate or other similar organizational action on the part of Buyer and any such Affiliates. Assuming due and valid execution by each other party hereto, this Agreement constitutes a valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, subject to the Enforceability Exceptions. Assuming due and valid execution by each other party thereto, each other Transaction Document to which Buyer or any of its Affiliates is a party constitutes or, upon the execution and delivery thereof by Buyer and any such Affiliate, shall constitute, a valid and binding agreement of Buyer and any such Affiliate, enforceable against Buyer and any such Affiliate in accordance with its terms, subject to the Enforceability Exceptions.

Section 4.03. *Governmental Authorization.* The execution, delivery and performance by Buyer and its Affiliates of this Agreement and each other Transaction Document to which Buyer or its Affiliates is a party and the consummation of the transactions contemplated hereby and thereby require no action by or in respect of, or filing with, any Governmental Authority other than (i) compliance with any applicable requirements of Investment Laws; (ii)

compliance with any applicable securities laws; (iii) the filing of applications and notices with, and receipt of approvals, licenses or consents of, the Governmental Authorities set forth in Section 4.03(iii) of the Disclosure Schedule; and (iv) any such action and filing as to which the failure to make or obtain would not, individually or in the aggregate, reasonably be expected to prevent or materially impair or delay the transactions contemplated by this Agreement or any other Transaction Document to which Buyer or any of its Affiliates is a party or Buyer's ability to perform or comply with its obligations hereunder or thereunder.

Section 4.04. *Noncontravention.* The execution, delivery and performance by Buyer and its Affiliates of this Agreement and the other Transaction Documents to which Buyer or its Affiliates is a party and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate the organizational or governing documents of Buyer or such Affiliates, (ii) assuming compliance with the matters referred to in Section 4.03, violate any Applicable Law, (iii) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Buyer or such Affiliates or to a loss of any benefit to which Buyer or such Affiliates is entitled under any provision of any agreement or other instrument binding upon Buyer or such Affiliates or (iv) result in the creation or imposition of any Lien on any asset of Buyer or such Affiliates, except for any such Liens as would not be material to the business of Buyer, taken as a whole, and with such exceptions, in the case of each of clauses (ii) through (iv), as would not, individually or in the aggregate, reasonably be expected to prevent or materially impair or delay the transactions contemplated by this Agreement or any other Transaction Document to which Buyer or any of its Affiliates is a party or Buyer's ability to perform or comply with its obligations hereunder or thereunder.

Section 4.05. *Financing.* Buyer has, and will have at all times through the Closing, sufficient cash, available lines of credit or other sources of immediately available funds to enable it to make full payment of the Purchase Price and any other amounts to be paid by it hereunder and the other Transaction Documents and Buyer acknowledges and agrees that the availability of funds shall not be a condition to the obligation of Buyer to consummate the transactions contemplated hereby or thereby.

Section 4.06. *Solvency.* Buyer is not entering into the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the Business. At and immediately after the Closing, and after giving effect to the transactions contemplated by this Agreement, Buyer and its Subsidiaries (a) will be solvent (in that both the fair value of its assets will not be less than the sum of its debts and that the present fair saleable value of its assets will not be less than the amount required to pay its probable liabilities on its debts as they become absolute and matured), (b) will have adequate capital and liquidity with which to engage in its business and (c) will not have incurred and will not incur debts beyond its ability to pay as they become absolute and matured.

Section 4.07. *Litigation.* There are no Actions pending against or, to the knowledge of Buyer, threatened in writing against, Buyer or any of its Affiliates, except for such Actions as would not, individually or in the aggregate, reasonably be expected to prevent or materially impair or delay the transactions contemplated by this Agreement or any other Transaction

Document to which Buyer or any of its Affiliates is a party or Buyer's ability to perform or comply with its obligations hereunder or thereunder.

Section 4.08. *Competitive Activities.* None of Buyer nor any of its Affiliates is currently a party to any contract, agreement, license, commitment, undertaking or arrangement in respect of any actual or proposed investment or ownership interest in any business or asset that would or would reasonably be expected to: (i) impose any non de-minimis delay in the obtaining of, or increase the risk in a non de-minimis manner of not obtaining, any consents of any Governmental Authority necessary to consummate the transactions contemplated by this Agreement or the expiration or termination of any applicable waiting period; (ii) increase the risk in a non de-minimis manner of any Governmental Authority seeking or entering an Order prohibiting the consummation of the transactions contemplated by this Agreement; (iii) increase the risk in a non de-minimis manner of not being able to remove any such Order on appeal or otherwise; or (iv) delay in a non de-minimis way or prevent the consummation of the transactions contemplated by this Agreement.

Section 4.09. *Finders' Fees.* Except for Bank of America Europe DAC, Stockholm Branch, the fees and expenses of which will be borne in full by Buyer, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Buyer who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement or the other Transaction Documents.

Section 4.10. *Purchase for Investment.* Buyer is purchasing the Purchased Shares for investment for its own account and not with a view to, or for sale in connection with, any distribution thereof. Buyer (either alone or together with its advisors) has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Purchased Shares and is capable of bearing the economic risks of such investment.

ARTICLE 5 Covenants of Seller

Seller agrees that:

Section 5.01. *Conduct of the Business.* From the date hereof until the Closing Date, except as set forth in Section 5.01 of the Disclosure Schedule, as required by Applicable Law, as contemplated by the Transaction Documents (including the Pre-Closing Reorganization and settlement of intercompany accounts to the extent set forth in Section 5.02) or with Buyer's consent (which consent shall not be unreasonably withheld, conditioned or delayed), Seller shall, and shall cause its Subsidiaries to, use reasonable best efforts to (x) conduct the Business in the Ordinary Course, (y) preserve intact the Business and the relationships of the Business with each of its material customers and material suppliers, and (z) keep available the services of the present Business Employees that are executives (other than due to terminations of employment or absences from employment in the Ordinary Course), *provided, however,* that no action by Seller or any of its Subsidiaries with respect to any of the matters addressed by Sections 5.01(a) through (m) shall be deemed a breach of the foregoing unless such action

would constitute a breach of such Sections. Without limiting the generality of the foregoing sentence, except as set forth in Section 5.01 of the Disclosure Schedule, as required by Applicable Law, as contemplated by the Transaction Documents (including the Pre-Closing Reorganization and settlement of intercompany accounts to the extent set forth in Section 5.02) or with Buyer's consent (which consent shall not be unreasonably withheld, conditioned or delayed), solely with respect to the Business, Seller shall not, and shall cause its Subsidiaries not to (except, in each case, as expressly contemplated by any other clause):

- (a) amend in any material respect the articles or certificate of incorporation or other organizational documents of an Acquired Entity;
- (b) acquire a material amount of assets (including capital stock) from any Person (other than Seller or any Subsidiary of Seller) except (i) pursuant to existing contracts or commitments, (ii) otherwise in the Ordinary Course consistent with past practice or (iii) assets that would constitute Excluded Assets if held by Seller or its Subsidiaries at the Closing;
- (c) sell, lease, license, abandon or otherwise dispose of any Purchased Shares, any asset that would constitute a material Purchased Asset if held by Seller at the Closing or any material asset of an Acquired Entity (other than Intellectual Property) except (i) pursuant to existing contracts or commitments or (ii) sales of inventory or disposals of assets in the Ordinary Course;
- (d) (i) other than dividends or distributions payable in cash, declare, set aside or pay any dividend or other distribution with respect to the Acquired Entity Securities, (ii) issue, sell, transfer, pledge, dispose of or encumber or agree to issue, sell, transfer, pledge, dispose of or encumber (other than Permitted Liens or other Liens that would not be material to the Business, taken as a whole) any Acquired Entity Securities to any Person (other than as may be required in connection with the Pre-Closing Reorganization), (iii) split, combine or reclassify the Purchased Shares or any other outstanding Acquired Entity Securities or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution therefor, or (iv) redeem, purchase or otherwise acquire, directly or indirectly, any Acquired Entity Securities, except, in the case of each of clauses (i) through (iv), as required by any Business Benefit Plan;
- (e) incur any capital expenditures in respect of the Business, except for (i) aggregate capital expenditures contemplated by Seller's fiscal year 2022 forecast for capital expenditures reflected in the financial model made available to Buyer prior to the date of this Agreement, (ii) unbudgeted capital expenditures not to exceed five hundred thousand dollars (\$500,000) individually or five million dollars (\$5,000,000) in the aggregate or (iii) amounts to be paid in full prior to the Closing or reflected as a Current Liability in Closing Net Working Capital;
- (f) make any material loans or advances to any Business Employee, other than (i) in the Ordinary Course or (ii) amounts to be paid in full prior to the Closing or reflected as a Current Liability in Closing Net Working Capital;
- (g) except as required by Applicable Law, amend or modify any Material Contract in any way materially adverse to the Business, or voluntarily terminate any Material Contract,

or otherwise waive or release any material rights, claims or benefits of the Business thereunder, in each case other than in the Ordinary Course;

(h) settle, or offer or propose to settle, any Action involving the Business (excluding any right relating to an asset or liability that would constitute an Excluded Asset or Excluded Liability, respectively, if held by Seller at the Closing), except (i) in the Ordinary Course or (ii) where such settlement or compromise would not involve payments in excess of one million dollars (\$1,000,000) in excess of third-party insurance that will not be paid as of the Closing or included in the calculation of the Purchase Price, in each case, that does not impose any material ongoing non-monetary obligation or limitation on the Business;

(i) with respect to the Business and each Acquired Entity and the Purchased Assets, (i) make or change any Tax election, change any annual Tax accounting period, or change any method of Tax accounting or (ii) enter into any agreement in respect of Taxes (other than Taxes included in the definition of Retained Tax Liabilities) with any Taxing Authority, including the settlement or compromise of any Tax claim (other than a Tax claim with respect to Retained Tax Liabilities), in each case except (A) if such action is not reasonably expected to have a material and adverse impact on Buyer, or (B) to the extent related to the Seller Group;

(j) with respect to each Acquired Entity, incur any indebtedness for borrowed money other than (i) in an amount not to exceed five million dollars (\$5,000,000) in the aggregate, (ii) accounts receivable factoring or (iii) pursuant to intercompany notes extended by Seller or any of its Subsidiaries);

(k) make any material change in any method of accounting with respect to the Business, except for any such change required by reason of a concurrent change in GAAP or Applicable Law;

(l) materially increase the compensation or benefits of any Business Employee other than (i) annual salary or wage rate or target bonus adjustments made in the Ordinary Course, (ii) as required by Applicable Law, the terms of any Business Benefit Plan or any applicable collective bargaining or works council agreement in effect as of the date hereof, (iii) any adjustments to health and welfare plans that generally apply to employees of Seller and its Affiliates as a whole and that is made in the Ordinary Course, or to one of more of Seller's business units as a whole other than the Business, or that otherwise does not seek to target the Business or Business Employees, or (iv) for which Seller and its Affiliates (other than the Acquired Entities) shall be solely obligated to pay and as would not result in a liability to Buyer or an Acquired Entity;

(m) assign, transfer, sell, abandon, fail to maintain, or permit to lapse any material Transferred Intellectual Property, except non-exclusive licenses granted in the Ordinary Course; or

(n) agree to do any of the foregoing.

Notwithstanding the foregoing, nothing in this Section 5.01 shall restrict Seller or any of its Subsidiaries, in any respect, from taking any action to (i) cause an Acquired Entity to

dividend, distribute or otherwise pay to another Acquired Entity, Seller or any of its Affiliates (or another equityholder of such Acquired Entity) any or all of its Cash, (ii) remove, or cause any Subsidiary to remove, and pay to Seller or any of its Affiliates any Cash held in any bank account of an Acquired Entity or the Business, (iii) settle or otherwise terminate or eliminate intercompany balances, or terminate any contracts, between Seller and any of its Subsidiaries, on the one hand, and the Business or any Acquired Entity, on the other hand, and make capital increases or decreases in connection therewith, (iv) make or incur any intercompany loans among wholly owned Subsidiaries of Seller, (v) otherwise comply with or give effect to the provisions of this Agreement (including, for the avoidance of doubt, to effectuate the Pre-Closing Reorganization) or (vi) take (or omit to take) any action that Seller or any of its Subsidiaries determines, in its sole discretion, is reasonable in response to COVID-19 or any COVID-19 Event.

Section 5.02. *Termination of Intercompany Agreements and Balances.* (a) Seller shall take any and all actions necessary to terminate the contracts solely between or among an Acquired Entity, on the one hand, and Seller and/or one or more of its Retained Subsidiaries, on the other hand, listed in Section 5.02(a) of the Disclosure Schedule (each of the foregoing contracts referred to in this clause (a), a “**Business Intercompany Contract**”), in each case prior to or simultaneously with the Closing, except in each case (x) the Transaction Documents and (y) such agreements expressly provided in or expressly contemplated by the Transaction Documents.

(o) Seller shall take all actions necessary to cancel, pay or otherwise settle all intercompany balances (i) between an Acquired Entity, on the one hand, and Seller or any of the Retained Subsidiaries, on the other hand, or (ii) between the Business, on the one hand, and any Retained Business, on the other hand, prior to or simultaneously with the Closing, in each case, in such a manner as to ensure that no liability or obligation arising therefrom or related thereto is imposed on Seller, any of its Subsidiaries or an Acquired Entity or included in the Assumed Liabilities or Excluded Liabilities (other than (A) amounts to be paid in full prior to the Closing or reflected as a Current Liability in Closing Net Working Capital, (B) trade payables and trade receivables, (C) U.S. Transportation Security Administration charges and (D) under contracts that are not required to be terminated pursuant to this Agreement).

(p) Prior to delivery of the Preliminary Closing Statement, Seller shall use good faith efforts to minimize the amount of Cash held by the Acquired Entities in jurisdictions other than the United States above that required to maintain the working capital of the Business with respect to each such Acquired Entity pursuant to the conduct of the Business in the Ordinary Course, it being understood and agreed that a failure to so minimize cash shall not be a breach of any covenant or agreement under this Agreement or failure of a closing condition to this Agreement or delay the Closing in any respect.

Section 5.03. *Pre-Closing Reorganization.* (a) Seller shall, and shall cause its Affiliates to, use reasonable best efforts to take all steps as are required to consummate the transactions constituting the Pre-Closing Reorganization in accordance with the terms set out in Schedule I prior to the Closing, and Buyer shall cooperate in good faith with respect hereto.

(q) Seller may make such changes to Schedule I and Section 1.01(a) of the Disclosure Schedule (including in order to designate any additional Subsidiaries as a Purchased Entity, to remove any Subsidiary of Seller from the group of Acquired Entities, or to otherwise change any Subsidiary of Seller with respect to any particular Purchased Asset or Acquired Entity) at any time prior to the Closing as it deems necessary or advisable and in its sole discretion; *provided* that if any such changes do or would be reasonably expected to materially and adversely impact Buyer and its Affiliates, whether prior to or after the Closing, no such change shall be effective without Buyer's prior written consent (not to be unreasonably withheld, conditioned or delayed). Any such changes shall be incorporated into a revised, amended and restated Schedule I or Section 1.01(a) of the Disclosure Schedule, as applicable.

(r) Buyer shall be permitted from time to time to propose in good faith any amendments or modifications to the Pre-Closing Reorganization with a view to optimizing value to each of Buyer and its Affiliates, on the one hand, and Seller and its Affiliates, on the other hand. Seller shall consider all such comments in good faith and shall implement any such amendment or modification that does not or would not be reasonably expected to adversely impact the ability of Seller or its Affiliates to consummate the transactions constituting the Pre-Closing Reorganization in accordance with the terms hereof, delay the Closing in a non de-minimis manner or have any non de-minimis adverse impact on Seller or any of its Affiliates.

(s) In the event that, at any time between the date of this Agreement and the Closing, Schedule I is amended to designate any additional Subsidiaries of Seller as a Acquired Entity, to remove any Subsidiary of Seller from the group of Acquired Entities, or to otherwise change any Subsidiary of Seller with respect to any particular Purchased Asset or Acquired Entity, Seller shall be permitted to revise the Disclosure Schedules at such time to include any additional necessary disclosures related thereto.

(t) In furtherance of the Pre-Closing Reorganization, Seller shall use reasonable best efforts to obtain a customary reliance letter in favor of Buyer in respect of each Phase I Environmental Site Assessment prepared for the Business, including those certain Phase I Environmental Site Assessment and Limited Environmental, Health, and Safety Compliance Assessment Reports prepared by Arcadis U.S., Inc. and made available to Buyer prior to the date hereof; *provided* that none of Seller or any of its Affiliates shall be required to pay any money or other consideration or grant any other accommodation or concession to any Person or to initiate any claim or proceeding against any Person.

Section 5.04. *Discontinued Use of Business Intellectual Property.*

(a) Immediately following the Closing Date (and in any event within ninety (90) days thereafter), Seller shall, and shall cause its Affiliates (including, as of the Closing, the Retained Subsidiaries) to, (i) cease and discontinue any and all uses of the Business Intellectual Property, and (ii) destroy and dispose of, or otherwise remove, all Transferred Trademarks from any Excluded Assets and any other materials of Seller or any of its Affiliates (including, as of the Closing, the Retained Subsidiaries) bearing any Transferred Trademarks, in each case of the foregoing except to the extent that it is necessary for Seller or

any of its Affiliates to continue to use any Transferred Trademarks in connection with the provision or receipt of any services pursuant to the Transition Services Agreement.

(b) From and after the Closing, (i) Seller shall not, and shall cause each of its Affiliates (including, as of the Closing, the Retained Subsidiaries) not to, hold itself out as having any affiliation with Buyer or any of its Affiliates and (ii) none of Seller or its Affiliates (including, as of the Closing, the Retained Subsidiaries) shall, or shall assist any third party to, challenge or seek to deny or restrict the ownership, validity or enforceability of any Business Intellectual Property. Notwithstanding anything herein to the contrary, nothing in this Agreement shall prevent, restrict or otherwise limit Seller or any of its Affiliates from (x) stating the historical relationship between the Business and Seller or (y) making any use of any of the Transferred Trademarks that would constitute “fair use” under Applicable Law.

ARTICLE 6 Covenants of Buyer

Buyer agrees that:

Section 6.01. *Confidentiality.* All information provided or made available to Buyer, its Affiliates or any of their respective Representatives pursuant to any of the Transaction Documents or in connection with any of the transactions contemplated thereby, whether provided prior to or after the date hereof, shall be subject to the Confidentiality Agreement. The Confidentiality Agreement shall terminate at the Closing, except for the confidentiality and non-use obligations (and provisions related or incidental thereto) with respect to that portion of the Information (as defined in the Confidentiality Agreement) as relates to Seller, the Retained Subsidiaries, the Excluded Assets, the Excluded Liabilities and the Retained Business, which shall continue in full force and effect following the Closing. If this Agreement is terminated, for any reason or by either party, prior to the Closing, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms.

Section 6.02. *Contact with Customers, Suppliers and Other Business Relations.* During the period from the date of this Agreement until the Closing, Buyer agrees that it is not authorized to and shall not, and shall not permit any of its Affiliates or any of its or their respective Representatives to, contact any employee or other service provider, customer, supplier, distributor or other material business relation of the Business, regarding the Business or the transactions contemplated by this Agreement, without the prior written consent of Seller; *provided* that nothing in this Section 6.02 shall be deemed to prohibit communications with any Business Employees for purposes of making an offer of employment pursuant to Article 9.

Section 6.03. *Directors and Officers.* (a) From and after the Closing, Buyer shall cause the Acquired Entities to maintain in effect and continue to provide to the fullest extent permitted by Applicable Law all rights to indemnification, advancement of expenses, exculpation and other limitations on liability currently existing in favor of any current or former director, manager or officer (or equivalent positions) of the Acquired Entity including any predecessors thereof (collectively, the “**D&O Indemnitees**”) under, and in no event on

terms less favorable than those contained in, the organizational or constitutional documents of each Acquired Entity in effect on the date of this Agreement.

(c) At or prior to the Closing, Buyer shall purchase or cause to be purchased a noncancellable extension of the directors' and officers' liability coverage of Seller's (or its Affiliates') existing directors' and officers' insurance policies for the D&O Indemnitees and Seller's (or its Affiliates') existing fiduciary liability insurance policies for the D&O Indemnitees (collectively, the "**D&O Tail Policy**"), which shall (i) be for a claims reporting or discovery period of at least six years from and after the Closing with respect to any claim related to any period or time at or prior to the Closing, (ii) be from Seller's (or its Affiliates') current insurance carrier with respect to such coverage or an insurance carrier with the same or better credit rating and (iii) have terms, conditions, retentions and limits of liability that are no less favorable than the coverage provided under Seller's (or its Affiliates') existing insurance coverage for the D&O Indemnitees with respect to any actual or alleged error, misstatement, misleading statement, act, omission, neglect, breach of duty or any matter claimed against the beneficiaries thereof by reason of their having served in such capacity that existed or occurred at or prior to the Closing (including in connection with this Agreement or the transactions or actions contemplated hereby); provided that (A) in no event shall the premiums for the D&O Tail Policy exceed an aggregate premium amount in excess of three hundred fifty percent (350%) of the premium amount per annum for Seller's (or its Affiliates') existing insurance coverage for the D&O Indemnitees and (B) if the aggregate premium amount for the D&O Tail Policy exceeds such amount, Buyer shall be obligated to obtain a D&O Tail Policy with the greatest coverage available, with respect to matters occurring prior to the Closing, for a cost not exceeding such amount.

(d) In the event that Buyer, an Acquired Entity or any successor or assign of the foregoing (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or a majority of its properties and assets to any Person, then in each such case, proper provision shall be made so that the successors and assigns of Buyer or such Acquired Entity, as the case may be, shall succeed to and be bound by the obligations set forth in this Section 6.03.

(e) The obligations of Buyer under this Section 6.03 shall not be terminated or modified in such a manner as to materially and adversely affect any D&O Indemnitee to whom this Section 6.03 applies without the written consent of such affected D&O Indemnitee (it being expressly agreed that each D&O Indemnitee shall be a third-party beneficiary of this Section 6.03).

Section 6.04. *Seller Names and Marks.* (a) Except with respect to the Transferred Intellectual Property, the parties acknowledge and agree that no party grants any license or other right with respect to any of its Intellectual Property to the other party under this Agreement, whether by implication, estoppel, exhaustion or otherwise, and each party retains and reserves all rights with respect to its Intellectual Property not expressly granted under this Agreement.

(f) Immediately following the Closing Date (and in any event within ninety (90) days thereafter), Buyer shall, and shall cause its Affiliates (including, as of the Closing, the Acquired Entities) to, (i) cease and discontinue any and all uses of Seller Names and Marks, (ii) destroy and dispose of, or otherwise remove all Seller Names and Marks from, the Purchased Assets and any other materials of Buyer or any of its Affiliates (including, as of the Closing, the Acquired Entities) bearing any Seller Names and Marks and (iii) cause their names to be changed to such other names that do not include the Seller Names and Marks and make all necessary filings, and use reasonable best efforts to cause all applicable Governmental Authorities, to change all applications, registrations and filings, including corporate names, seals and certificates of Buyer and its Affiliates (including, as of the Closing, the Acquired Entities), such that they will not include any Seller Names and Marks; *provided, however*, that, to the extent it is necessary for the name of any Acquired Entity to continue to include any Seller Names and Marks in connection with the provision or receipt of any services pursuant to the Transition Services Agreement, Buyer shall not, and shall cause its Affiliates (including, as of the Closing, the Acquired Entities) not to, cause such name to be changed as contemplated herein until the expiration of the Transition Services Agreement or otherwise such earlier date mutually agreed upon by Buyer and Seller. Any use by Buyer or its Affiliates (including, as of the Closing, the Acquired Entities) of the Seller Names and Marks during the limited period provided in this Section 6.04 shall be (A) solely in connection with goods, products and services that are (x) the type of goods, products and services in connection with which Seller and its Affiliates were using the Seller Names and Marks as of Closing and (y) of a quality at least as high as the quality of goods, products and services provided by Seller and its Affiliates immediately prior to the Closing and (B) subject to all style and other usage guidelines in effect for the Seller Names and Marks immediately prior to the Closing (as may be modified by Seller from time to time). All goodwill associated with the use by Buyer and its Affiliates (including, as of the Closing, the Acquired Entities) of the Seller Names and Marks shall inure to the sole and exclusive benefit of Seller or its Affiliates, as applicable.

(g) Buyer, on behalf of itself and its Affiliates (including, as of the Closing, the Acquired Entities), acknowledges and agrees that (i) Seller and its Affiliates are the sole and exclusive owners of all right, title and interest in and to the Seller Names and Marks and (ii) neither Buyer nor any of its Affiliates (including, as of the Closing, the Acquired Entities) has acquired or will acquire any right, title or interest in or to the Seller Names and Marks (or any goodwill associated therewith). From and after the Closing, (x) Buyer shall not, and shall cause each of its Affiliates (including, as of the Closing, the Acquired Entities) not to, hold itself out as having any affiliation with Seller or any of its Affiliates and (y) none of Buyer or its Affiliates (including, as of the Closing, the Acquired Entities) shall, or shall assist any third party to, challenge or seek to deny or restrict the ownership, validity or enforceability of any Seller Names and Marks.

Section 6.05. *Tariff Receivable*. From and after the Closing, Buyer shall, and shall cause its Affiliates (including the Acquired Entities) to, use reasonable best efforts to collect the Tariff Receivable on behalf of Seller and, if so collected, Buyer and its Affiliates shall pay over the Tariff Receivable to Seller or its designee promptly after receipt thereof.

ARTICLE 7
Covenants of Buyer and Seller

Buyer and Seller agree that:

Section 7.01. *Regulatory Undertaking; Further Assurances.* (a) Subject to the terms and conditions of this Agreement, Buyer and Seller shall use their respective reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under Applicable Laws to consummate the transactions contemplated by this Agreement and the other Transaction Documents as promptly as practicable, including in connection with (i) preparing and filing as promptly as practicable with any Governmental Authority or other third party all documentation to effect all necessary or desirable filings, notices, petitions, statements, registrations, submissions of information, applications and other documents and (ii) obtaining and maintaining all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any Governmental Authority or other third party that are necessary or desirable to consummate the transactions contemplated by this Agreement and the other Transaction Documents as promptly as practicable. Seller and Buyer agree to execute and deliver such other documents, certificates, agreements and other writings and use reasonable best efforts to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement, to vest in Buyer ownership of the Acquired Entities and good title to the Purchased Assets and to assure and evidence the assumption by Buyer of the Assumed Liabilities.

(h) In furtherance and not in limitation of the foregoing, each of Buyer and, where applicable, Seller shall make, with respect to the transactions contemplated by this Agreement: (i) no later than 10 Business Days after the date hereof, a Notification and Report Form pursuant to the HSR Act; and (ii) as promptly as reasonably practicable after the date hereof, all filings required pursuant to applicable Competition Laws and Investment Laws as described in Section 7.01(b) of the Disclosure Schedule.

(i) Buyer shall (i) respond as promptly as practicable to any inquiries or requests received from any Governmental Authority, including in connection with any Competition Laws applicable to the transactions contemplated hereby; (ii) supply as promptly as practicable any additional information and documentary material that may be requested by a Governmental Authority, including pursuant to the HSR Act; (iii) if any request for additional information and documents, including a “second request” under the HSR Act, is received from any Governmental Authority, then substantially comply with any such request at the earliest practicable date; (iv) not extend any waiting period or agree to refile under the HSR Act or under any other Competition Law except following reasonable consultation with Seller or, subject to Buyer’s other obligations under this Section 7.01, enter into any agreement with any other Governmental Authority not to consummate the transactions contemplated by this Agreement (except following reasonable consultation with Seller); and (v) take all other actions necessary or desirable to cause the expiration or termination of the applicable waiting periods under the HSR Act and any other Competition Laws, and obtain any other all other

required consents, authorizations, orders and approvals from Governmental Authorities, as promptly as practicable.

(j) If any objections are asserted with respect to the transactions contemplated by this Agreement or any other Transaction Documents by any Governmental Authority, including under the HSR Act or any other Applicable Law (including applicable Competition Laws), or if any Action is instituted or threatened by any Governmental Authority or any private party challenging any of the transactions contemplated by this Agreement or any other Transaction Document as violative of the HSR Act or any other Applicable Law (including applicable Competition Laws), Buyer shall, and shall cause its Affiliates to, take any and all actions to resolve such objections as promptly as practicable and in any event prior to the End Date. In furtherance of the foregoing, Buyer shall, and shall cause its Subsidiaries and Affiliates (including, following the Closing, the Acquired Entities) to, take any and all actions and steps necessary to eliminate each and every impediment, including (i) agreeing to hold separate or to divest any of the businesses or properties or assets of Buyer or any of its Affiliates (including, following the Closing, any Purchased Assets and any assets of the Acquired Entities), (ii) terminating any existing relationships and contractual rights and obligations, (iii) terminating any venture or other arrangement, (iv) creating any relationship, contractual rights or obligations of the Purchased Assets, Acquired Entities, or Buyer or any of its Affiliates, (v) effectuating any other change or restructuring of the Purchased Assets, Acquired Entities, or Buyer or any of its Affiliates (or any business or assets of Buyer or any of its Affiliates), and (vi) opposing, fully and vigorously, (A) any administrative or judicial action or proceeding that is initiated or threatened to be initiated challenging this Agreement or the consummation of the transactions contemplated by this Agreement and (B) any request for, the entry of, and seek to have vacated or terminated, any Order that could restrain, prevent or delay the consummation of the transactions contemplated by this Agreement, including in the case of either (A) or (B) by defending through litigation any action asserted by any Person in any court or before any Governmental Authority, and vigorously pursuing all available avenues of administrative and judicial appeal (and, in each case, to enter into agreements or stipulate to the entry of an Order or decree or file appropriate applications with any Governmental Authority in connection with any of the foregoing and, in the case of actions by or with respect to the Purchased Assets or the Acquired Entities, by consenting to such action subject only to the proviso at the end of this sentence), as may be required (x) by the applicable Governmental Authority in order to resolve such objections as such Governmental Authority may have to such transactions under the HSR Act or any other Applicable Law (including any other applicable Competition Law) or (y) by any domestic or foreign court or other tribunal, in any Action challenging such transactions as violative of the HSR Act or any other Applicable Law (including any other applicable Competition Law), in order to avoid the entry of, or to effect the dissolution, vacating, lifting, altering or reversal of, any Order that has the effect of restricting, preventing or prohibiting the consummation of the transactions contemplated by this Agreement; provided, however, that nothing in this Agreement shall require Buyer or any of its Affiliates to agree, to commit, or to consent to take any actions that would limit in any material respect Buyer's or any of its Affiliates' ownership or control with respect to, or its ability to retain or hold, the businesses set forth on Section 7.01(d) of the Disclosure Schedule. All documented, out-of-pocket fees and expenses incurred by Buyer or Seller or any of their Affiliates in connection with causing the expiration or termination of the

applicable waiting period under the HSR Act and any applicable Competition Law, or the obtaining of any other required consents, authorizations, orders and approvals from Governmental Authorities, shall be borne by Buyer and paid on a monthly basis, as incurred.

Nothing set forth in this Section 7.01 or otherwise in this Agreement shall require, or be construed to require, Buyer or any of its Affiliates to agree to hold separate or to divest any assets or business segments, or terminate any existing relationships, contractual rights, or ventures, unless such agreement or action shall be conditioned upon the consummation of the transactions contemplated by this Agreement. Subject to compliance with the provisions of this Section 7.01 (including Buyer's obligations under Section 7.01(d)), Buyer shall consult with Seller in connection with any determination relating to (i) the strategy and process by which the parties will seek required approvals under the HSR Act and any other applicable Competition Laws, (ii) all matters relating to any actions taken to resolve any objections raised by any Governmental Authority, and (iii) the defense or prosecution of any administrative or judicial action or proceeding relating thereto, and shall take no action with respect to the foregoing clauses (i) through (iii) without soliciting and taking into account any reasonable recommendations or suggestions of Seller with respect thereto.

(k) Subject to Applicable Law relating to the sharing of information, each party hereto shall (i) furnish the other party with copies of all documents (except documents or portions thereof for which confidential treatment has been requested or given, which the party may limit to sharing only with the external legal counsel of the other party) and correspondence (A) prepared by or on behalf of such party for any Governmental Authority and affording the other party the opportunity to comment and participate in responding, where appropriate; or (B) received by or on behalf of such party from any Governmental Authority, in each case in connection with the consents, authorizations, orders or approvals contemplated by this Section 7.01 and (ii) use reasonable best efforts to consult with and keep the other party hereto informed as to the status of such matters. Further, no party hereto shall, nor shall it permit any of its Representatives to, meet or engage in substantive conversations with any Governmental Authority or representative of such Governmental Authority in connection with obtaining any such consent, authorization, order and approval unless it consults with the other party in advance and, to the extent not precluded by Applicable Law, offers the other party the opportunity to participate in such meeting or conversation.

(l) Without limiting the generality of the foregoing, in no event will Buyer acquire or agree to acquire any assets or business or take any other action, or permit any of its Affiliates to acquire or agree to acquire any assets or business or take any other action, that would or would reasonably be expected to: impose any non de-minimis delay in the obtaining of, or increase the risk in a non de-minimis manner of not obtaining, any consents of any Governmental Authority necessary to consummate the transactions contemplated by this Agreement or the expiration or termination of any applicable waiting period; increase the risk in a non de-minimis manner of any Governmental Authority seeking or entering an Order prohibiting the consummation of the transactions contemplated by this Agreement; increase the risk in a non de-minimis manner of not being able to remove any such Order on appeal or otherwise; or delay in a non de-minimis manner or prevent the consummation of the transactions contemplated by this Agreement.

Section 7.02. *Public Disclosure.* Any press release announcing the execution of this Agreement shall be issued in such form as shall be mutually agreed upon by Seller and Buyer. Unless otherwise required by Applicable Law (including any securities laws) or the rules of any securities exchange on which a party's or its Affiliates' securities are listed, neither Seller nor Buyer shall, and each shall cause their respective Affiliates not to, make any public announcement or publicly disseminate any written communication with respect to this Agreement or the transactions contemplated hereby (including broad communications to Business Employees), or otherwise communicate with any news media regarding this Agreement or the transactions contemplated hereby, without the prior written consent of Buyer and Seller; *provided* that if any such announcement or communication is so required, Buyer and Seller shall consult with each other, to the extent reasonably practicable, in advance as to the contents and timing thereof; *provided, further*, that after the transactions contemplated by this Agreement have been announced Seller and its Affiliates and Buyer and its Affiliates shall be entitled to respond to questions in the ordinary course or issue any press release or make any other public statement that, in each case, consistent (as to nature and scope) with any public statement previously issued or made by it in accordance with the provisions of this Section 7.02.

Section 7.03. *Notices of Certain Events.* Each of Seller and Buyer shall promptly notify the other party of any of the following if such party has knowledge thereof: (a) to the extent permitted by Applicable Law, any material written notice or other material written communication received by such party from any Governmental Authority in connection with the transactions contemplated by this Agreement; or (b) any fact or circumstance that would reasonably be expected to result in a failure of the other party's conditions to closing in Article 10 to be satisfied; *provided* that a party's good faith failure to comply with this Section 7.03 shall not provide any other party hereto or any of such other party's Affiliates with a right not to effect the transactions contemplated by this Agreement, except to the extent that any other provision of this Agreement independently provides such right.

Section 7.04. *Non-Solicitation; No-Hire.* During the period commencing on the Closing Date and (x) in the case of Seller, ending two (2) years following the Closing Date and, (y) in the case of Buyer, ending six (6) months after the Closing Date, each of Seller and Buyer shall not, and shall cause their respective Affiliates not to, directly or indirectly solicit or knowingly assist in the solicitation of, employ or retain any individual who is on the Closing Date (i) in the case of Seller and its Affiliates, a Continuing Employee, and (ii) in the case of Buyer and its Affiliates, an employee of Seller or its Retained Subsidiaries, unless such individual is (A) no longer employed by Seller (or its Affiliates) or Buyer (or its Affiliates), as applicable, or (B) contacted or solicited through general non-targeted solicitation or advertisement in a newspaper, online or through an employment agency (and, for the avoidance of doubt, this Section 7.04 shall not restrict the hiring or retention of any individual that responds thereto).

Section 7.05. *Waiver of Conflicts Regarding Representation; Nonassertion of Attorney-Client Privilege.* (a) Buyer waives and shall not assert, and agrees to cause its Affiliates (including, after the Closing, the Acquired Entities) to waive and not to assert, any conflict of interest or other objection arising out of or relating to the representation, after the Closing (the "**Post-Closing Representation**"), of Seller or any of its Affiliates or any

shareholder, officer, employee or director of Seller or any of its Affiliates (any such Person, a “**Designated Person**”) in any matter involving or relating to this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, by any legal counsel currently representing Seller or any of its Affiliates, including the Acquired Entities, in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby (the “**Current Representation**”).

(m) Buyer waives and agrees not to assert, and agrees to cause its Affiliates (including, after the Closing, the Acquired Entities) to waive and to not assert, any attorney-client privilege or attorney work product doctrine with respect to any communication between any legal counsel and any Designated Person occurring during the Current Representation in connection with any Post-Closing Representation, including in connection with a dispute with Buyer or any of its Affiliates, and following the Closing, with an Acquired Entity, it being the intention of the parties hereto that all such rights to such attorney-client privilege or attorney work product doctrine and to control such attorney-client privilege or work product doctrine shall be retained by Seller; *provided*, that the foregoing waiver and acknowledgment of retention shall not extend to any communication not involving this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, or to communications with any Person other than the Designated Persons and their advisors.

(n) Buyer, on behalf of itself and its Affiliates (including, after the Closing, the Acquired Entities) agrees that no communications (including email or other written communications) subject to attorney-client privilege or attorney work product doctrine in connection with the Current Representation shall be subject to disclosure, directly or indirectly, to Buyer or any Person acting on behalf of Buyer, and the Acquired Entities shall, without the necessity of further documentation of transfer, be deemed to have irrevocably assigned and transferred to Seller, the attorney-client privilege or attorney work product doctrine and expectation of client confidence with respect to all such communications, and all books and records and other documents of the Acquired Entities containing any such advice, communication or other materials, and the same shall be controlled by Seller and shall not be used or claimed by, and no copies shall be retained by, Buyer or any of its Affiliates (including the Acquired Entities).

(o) Nothing in this Section 7.05 is intended to or shall be deemed to operate as a waiver of any applicable privilege or protection that could be asserted to prevent disclosure of any confidential communication by any legal counsel currently representing Seller or any of its Affiliates, including the Acquired Entities.

(p) Seller and Buyer agree to take, and to cause their respective Affiliates to take, all steps reasonably necessary to implement the intent of this Section 7.05.

Section 7.06. *Access to Information; Cooperation.* (a) From the date hereof until the Closing Date (or, if earlier, the termination of this Agreement), but subject to Applicable Law and the Confidentiality Agreement, Seller will use reasonable best efforts to (i) give Buyer, its counsel and other authorized Representatives reasonable access to the properties, books and records of the Business, (ii) furnish to Buyer, its counsel and other authorized Representatives such financial and operating data and other information relating to the Business as such

Persons may reasonably request and (iii) instruct the employees, counsel and financial advisors of Seller to reasonably cooperate with Buyer in its investigation of the Business. For the avoidance of doubt, the Confidentiality Agreement shall remain in effect in accordance with its terms, and such information, and all information provided pursuant to this Section 7.06(a) shall be treated as “Confidential Information” pursuant to the terms of the Confidentiality Agreement. Notwithstanding the foregoing, Buyer, its counsel and other authorized Representatives and its other agents shall not have access to (A) any information where such access or disclosure would, in the good faith judgment of Seller, in light of COVID-19 or COVID-19 Events, be unreasonable or jeopardize the health and safety of any employee of the Acquired Entities, (B) any properties of the Business, including the Purchased Assets and Real Property, for purposes of conducting any sampling or other invasive investigation, including of the air, soil, soil gas, surface water, groundwater, building materials or other environmental media, (C) any information to the extent relating to any Retained Subsidiaries or (D) Seller Tax Records.

(q) On and after the Closing Date, but subject to Applicable Law, Buyer will (i) maintain the Business Records for a period of seven years, and thereafter, if it desires to destroy or dispose of such books and records, to offer first in writing at least sixty (60) days prior to such destruction or disposition to surrender them to Seller, *provided* that, Buyer shall not be required to retain such books and records for which Seller has been provided with a copy and (ii) upon request, afford promptly to Seller and its authorized Representatives reasonable access to the properties, books, records, employees and auditors of the Business (A) to the extent requested to permit Seller or any of their Affiliates to comply with their financial reporting, accounting, tax, litigation, contractual or auditing obligations with respect to the period prior to the Closing with respect to the Business or the Excluded Assets or Excluded Liabilities, (B) in connection with any Action related to either the Excluded Assets or Excluded Liabilities, or the conduct of the Business or the ownership of the Purchased Assets prior to the Closing and for which Seller or such Affiliate has retained liability under this Agreement and (C) otherwise to the extent that Seller, in requesting such access, reasonably deems such access necessary or desirable in order to determine any matter relating to its rights and obligations hereunder.

(r) Any access granted or cooperation provided pursuant to this Section 7.06 shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of the party granting such access or providing such cooperation. The party to whom such access or other cooperation is granted pursuant to this Section 7.06 shall bear all of the out-of-pocket costs and expenses (including attorneys’ fees, but excluding reimbursement for general overhead, salaries and employee benefits) reasonably incurred by the other party, its Affiliates or any of their Representatives in connection therewith.

(s) In furtherance of the foregoing, from and after the Closing Date, Buyer will provide and, as applicable, cause its employees and its Affiliates and their employees to provide, all cooperation reasonably requested by or on behalf of Seller, which cooperation will include furnishing or causing to be furnished records, information and testimony as requested by Seller, its Affiliates or their respective Representatives and causing Continuing Employees who possess knowledge pertaining to any such Action to provide information, recollections and explanations with respect thereto and make themselves available, including

for consultation with respect to settlement discussions and to attend strategy sessions and judicial and arbitration proceedings, as requested by Seller, its Affiliates or their respective Representatives in connection therewith; *provided*, that, notwithstanding the foregoing, Buyer will only be obligated to cause any person to cooperate with Seller pursuant to this Section 7.06 if and for so long as Buyer is capable of directing the actions of such person.

(t) Notwithstanding anything to the contrary contained herein, nothing in this Section 7.06 shall require (i) Seller or Buyer, as applicable, to provide the other party or its Representatives with access to (A) personnel records of employees relating to individual performance or evaluation records, medical histories or other information which, in the disclosing party's good faith determination, is sensitive or the disclosure of which would violate Applicable Law or could subject such party or its Affiliates to risk of liability or (B) information the disclosure of which, in the disclosing party's good faith determination, would conflict with contractual obligations to which such party or any of its Affiliates is bound, violate any Applicable Law or result in the forfeiture or waiver of any attorney-client or similar legal privilege; *provided*, that the parties hereto shall cooperate in good faith to develop substitute arrangements, to the extent reasonably possible, that do not result in the violation of such Applicable Law, breach of such obligations or loss or reduction of such privilege, or (ii) either party's independent accountants to make available to the other party or its Representatives any work papers unless and until such Person has signed a customary confidentiality and hold harmless agreement relating to such access to work papers in form and substance reasonably acceptable to such independent accountants.

Section 7.07. *Replacement of Guarantees.* Buyer shall (a) (i) use its reasonable best efforts to, at or prior to the Closing, arrange for substitute letters of credit, guarantees, financial assurances, surety bonds, performance bonds or other credit support arrangements ("**Credit Support**") to replace (A) any Credit Support posted or obtained by or on behalf of Seller or any of its Affiliates (other than solely by Acquired Entities) in connection with the Purchased Assets, Assumed Liabilities or obligations of the Acquired Entities (collectively, the "**Seller Credit Support Arrangements**") outstanding as of the date hereof and (B) the Seller Credit Support Arrangements entered into in the Ordinary Course on or after the date of this Agreement and prior to the Closing or (ii) assume all obligations under the Seller Credit Support Arrangements, obtaining from the creditors or other counterparties thereto full releases (in a form reasonably satisfactory to Seller) of all parties liable, directly or indirectly, for reimbursement to the creditor or fulfillment of other obligations to a counterparty in connection with amounts drawn under Seller Credit Support Arrangements, and (b) by no later than within thirty (30) days after the Closing Date arrange for substitute Credit Support to replace the Seller Credit Support Arrangement set forth on Section 7.07 of the Disclosure Schedule; *provided*, that if any Seller Credit Support Arrangement is not so replaced or assumed effective as of the Closing, Buyer shall indemnify Seller and its Affiliates against, and hold each of them harmless from, any and all Damages incurred or suffered by Seller or any of its Affiliates related to or arising out of such Seller Credit Support Arrangements.

Section 7.08. *Insurance Coverage.* (a) From and after the Closing, the Acquired Entities and the Business shall cease to be insured by Seller's and its Affiliates' insurance policies or by any of their respective self-insurance programs (including insurance policies issued by any Affiliate of Seller), and Seller and its Affiliates shall retain all rights to control

such insurance policies and self-insurance programs, including the right to exhaust, settle, release, commute, buy back or otherwise resolve disputes with respect to any of its insurance policies and self-insurance programs.

(u) The parties hereto acknowledge that, only with respect to workers compensation insurance, the Acquired Entities and the Business may be entitled to the benefit of coverage under the third party insurance policies (other than self-insurance programs (including insurance policies issued by any Affiliate of Seller), regardless of whether self-administered or administered by a third party) of Seller or its Affiliates (the “**Seller Policies**”), with respect to acts, facts, circumstances or omissions occurring prior to Closing (“**Pre-Closing Occurrences**”), Seller hereby authorizes Buyer to report any and all Pre-Closing Occurrences arising in connection with the Business (to the extent the damages, losses and liabilities with respect to such Pre-Closing Occurrences were not taken into account in connection with the Purchase Price adjustment under Section 2.11) to the applicable insurance providers to the extent permitted under the Seller Policies, and where not permitted, Seller agrees, upon receipt of a written request by Buyer, to use reasonable best efforts to make such report on Buyer’s behalf.

(v) With respect to claims for Pre-Closing Occurrences made pursuant to Section 7.08(b), (i) if reported to the applicable insurance provider by Buyer, Buyer shall promptly notify Seller’s corporate insurance department of such claims, (ii) Buyer shall, and shall cause its Affiliates to, comply with the terms of Seller Policy and (iii) each party shall, and shall cause its Affiliates to, use reasonable best efforts to obtain the benefit of the applicable insurance coverage and pay such benefit, if any, to Buyer (net of any Recovery Costs incurred by Seller or any Affiliate of a Seller as a result of the same); *provided* that (x) Buyer shall be fully liable for all uninsured or self-insured amounts in respect of Seller Policy claims and (y) Buyer shall reimburse Seller promptly upon request for all costs or expenses incurred by Seller or any Affiliate of a Seller in connection with the exercise of the rights provided pursuant to this Section 7.08, including the costs of filing a claim and any deductibles, premium increases, Taxes or other amounts incurred by Seller or any Affiliate of a Seller in connection with the same (such costs and expenses referred to in this clause (y), “**Recovery Costs**”). The parties agree that any recoveries under Seller Policies pursuant to this Section 7.08(c) shall inure first to Seller to reimburse any and all Recovery Costs.

Section 7.09. *Confidentiality.*

(a) Except as otherwise expressly provided in the Transaction Documents, from and after the Closing, Seller shall not, and shall cause its Affiliates and Representatives not to, for a period of three years after the Closing Date, directly or indirectly, without Buyer’s consent, disclose to any third party (other than each other and their respective Representatives on a need-to-know basis) any confidential or proprietary information concerning the Business; *provided*, that the foregoing restriction shall not (i) apply to any information (A) generally available to, or known by, the public (other than as a result of disclosure in violation of this Section 7.09), (B) is, was or becomes available to Seller or any of its Affiliates on a non-confidential basis from a source other than from the Business who is not subject to any legally binding obligation to keep such information confidential or (C) independently developed by Seller or any of its Affiliates (other than by the Business prior to the Closing),

or (ii) prohibit any disclosure (x) required by Applicable Law so long as, to the extent practicable and legally permissible, Seller provides Buyer with reasonable prior notice of such disclosure and a reasonable opportunity (at Buyer's sole cost and expense) to contest such disclosure or (y) made in connection with the enforcement of any right or remedy relating to any of the Transaction Documents or the transactions contemplated thereby.

(b) Except as otherwise expressly provided in the Transaction Documents, from and after the Closing, Buyer shall not, and shall cause its Affiliates and Representatives not to, for a period of three years after the Closing Date, directly or indirectly, without Seller's consent, disclose to any third party (other than to its Representatives on a need-to-know basis) any confidential or proprietary information concerning the Retained Business or Seller; *provided*, that the foregoing restriction shall not (i) apply to any information (A) generally available to, or known by, the public (other than as a result of disclosure in violation of this Section 7.09), (B) is, was or becomes available to Buyer or any of its Affiliates on a non-confidential basis from a source other than from the Retained Business who is not subject to any legally binding obligation to keep such information confidential or (C) independently developed by Buyer or any of its Affiliates (other than by the Business prior to the Closing), or (ii) prohibit any disclosure (x) required by Applicable Law so long as, to the extent practicable and legally permissible, Buyer provides Seller with reasonable prior notice of such disclosure and a reasonable opportunity (at Seller sole cost and expense) to contest such disclosure or (y) made in connection with the enforcement of any right or remedy relating to any of the Transaction Documents or the transactions contemplated thereby.

Section 7.10. *Pre-Closing Services Acknowledgement* Buyer acknowledges that Seller and its Affiliates provide various services, rights and support to the Acquired Entities with respect to the following matters: tax, legal, compliance, information technology support, audit, accounting, treasury, financing, insurance, procurement, provision of indemnification and guarantees, and access to facilities, in each case, that will not continue after the Closing except to the extent expressly provided in the Transition Services Agreement.

ARTICLE 8 Tax Matters

Section 8.01. *Preparation and Filing of Tax Returns.* (a) Seller shall prepare or cause to be prepared at its own expense all Covered Income Tax Returns and deliver such Covered Income Tax Returns to Buyer at least fifteen (15) Business Days prior to the due date (after any extensions) of any such Tax Return; *provided* that Buyer may review and comment on such Covered Income Tax Returns and Seller shall consider Buyer's comments with respect to such Covered Income Tax Returns in good faith. All Covered Income Tax Returns shall be filed consistent with past practice to the extent permitted by law. Buyer shall timely file or cause to be timely filed all Covered Income Tax Returns as prepared by Seller (with any Buyer comments determined by Seller in good faith to be acceptable incorporated). For the avoidance of doubt, Buyer is entitled to seek indemnification from Seller with respect to any Taxes shown as due with respect to Covered Income Tax Returns pursuant to and to the extent provided in Section 8.08.

(c) Buyer shall prepare or cause to be prepared at its own expense all Straddle Income Tax Returns and deliver such Straddle Income Tax Returns to Seller at least twenty (20) Business Days prior to the due date (after any extensions) of any such Tax Return; provided that all Straddle Income Tax Returns shall be prepared in a manner consistent with Seller's past practice, and Seller may review and comment on such Straddle Income Tax Returns and Buyer shall cause any revision reasonably requested by Seller on such Straddle Income Tax Return to be reflected prior to filing such Tax Return. To the extent that a Tax item with respect to any transactions in the Pre-Closing Reorganization is reflected on a Straddle Income Tax Return, such item shall be reported in a manner determined by Seller in its sole discretion, provided if that if Buyer determines that it is not permitted to file such Straddle Income Tax Return in such manner under Applicable Law, Buyer and Seller shall jointly retain an Accounting Referee to resolve the disputed items. The costs, fees and expenses of the Accounting Referee shall be borne in the manner described in Section 2.10(c).

(d) Buyer and Seller shall reasonably cooperate in good faith to determine whether any Chinese Tax Filings are required to be filed with any Governmental Authority having jurisdiction over such Chinese Tax Filings (the "**Chinese Tax Authorities**") in connection with the transactions contemplated by this Agreement. To the extent that the parties reasonably determine that any such Chinese Tax Filings are required to be filed with the Chinese Tax Authorities, Seller shall prepare, or cause to be prepared, any such Chinese Tax Filings. In connection with the preparation of the Chinese Tax Filings, the parties agree that for purposes of determining the amount of Income Tax due and payable to any Chinese Tax Authorities on the China-related transactions contemplated by this Agreement ("**Chinese Tax Amount**"), such Chinese Tax Amount shall be calculated on the basis of the net capital gain realized for tax purposes as a result of such China-related transfers (as opposed to the gross purchase price allocable to such China-related transfers as set forth in Exhibit C). Seller shall deliver the Chinese Tax Filings to Buyer at least five (5) Business Days prior to the due date (after any extensions) of the Chinese Tax Filings; provided that Buyer may review and comment on such Chinese Tax Filings and Seller shall consider Buyer's comments with respect to such Chinese Tax Filings in good faith. Seller shall, and shall cause its Affiliates and their respective Representatives to, use reasonable best efforts to minimize the amount of Chinese Tax Amount owed to the Chinese Tax Authorities in connection with the transactions contemplated hereby and timely file any Chinese Tax Filings. Buyer shall pay or reimburse Seller for any Chinese Tax Amount imposed by Chinese Tax Authorities on the China-related transactions contemplated by this Agreement (regardless of whether such amounts imposed are calculated on the basis of the net capital gain tax realized for tax purposes). As soon as practicable after payment of any Chinese Tax Amount paid by Seller, Seller shall deliver to Buyer a certified copy of the receipt(s) issued by the appropriate Chinese Tax Authorities evidencing such payment.

Section 8.02. *Cooperation on Tax Matters.* Subject to Section 8.12, Buyer and Seller agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Business, the Purchased Assets, the Assumed Liabilities and the Acquired Entities (including access to books and records) as is within such party's possession or control and is reasonably necessary for the filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by

any Taxing Authority, and the prosecution or defense of any Action relating to any Tax. Buyer and Seller shall (i) retain all books and records with respect to Taxes pertaining to the Business, the Purchased Assets, the Assumed Liabilities or the Acquired Entities that are within such party's possession or control until the expiration of any applicable statute of limitations and abide by all record retention agreements entered into with any Taxing Authority for all periods required by such Taxing Authority, and (ii) use reasonable best efforts to provide the other party with at least thirty (30) days' prior written notice before destroying any such books and records, during which period the party receiving the notice can elect to take possession, at its own expense, of such books and records. Buyer and Seller shall cooperate with each other, as and to the extent reasonably requested by the other party, in the conduct of any audit or other proceeding relating to Taxes involving the Business, the Purchased Assets, the Assumed Liabilities or the Acquired Entities.

Section 8.03. *Buyer Covenants.* Without the prior written consent of Seller (not to be unreasonably withheld or delayed), Buyer and its Affiliates shall not (a) cause any Acquired Entity to take any action on the Closing Date but after the Closing other than in the ordinary course of business (and other than any action contemplated by this Agreement), (b) make or change any Tax election that has a retroactive impact on any Taxes included in Retained Tax Liabilities, (c) amend any Tax Return for Income Taxes that is imposed on any Acquired Entity for a taxable period that ends on or before the Closing Date to the extent Seller would be liable for any additional Taxes as a result of such amendment, (d) amend any Tax Returns for a Straddle Tax Period with respect to any Tax item of an Acquired Entity that relates to any transactions in the Pre-Closing Reorganization, or (e) to the extent related to Income Taxes imposed on any Acquired Entity for a taxable period ending on or before the Closing Date, take any action or have any communication with any Taxing Authority (other than non-substantive communications); *provided* that Buyer shall (i) purchase the Purchased Entities using an entity that is properly treated as a corporation for U.S. federal income tax purposes and eligible to make an election under Section 338(g) of the Code, (ii) make (or cause to be made) at Seller's expense an election under Section 338(g) of the Code with respect to each Acquired Entity classified as a corporation for U.S. federal Income Tax purposes based on election forms prepared by Seller (but any similar election for any other Tax purpose shall require the mutual written consent of the parties) and (iii) not take any actions or fail to take any actions that would render such Section 338(g) elections ineffective. If requested by Seller, Buyer shall enter into, or cause to be entered into, a binding agreement pursuant to U.S. Treasury Regulations Section 1.245A-5(e)(3)(i)(C)(2) in a timely manner to permit an election under U.S. Treasury Regulations Section 1.245A-5(e)(3) with respect to any Acquired Entity designated by Seller.

Section 8.04. *Tax Sharing.* Any and all existing Tax Sharing Agreements shall be terminated as of the Closing Date. After such date none of the Acquired Entities, Seller or any Affiliate of Seller shall have any further rights or liabilities thereunder.

Section 8.05. *Transfer Taxes.* Buyer shall pay all Transfer Taxes arising out of the transactions contemplated by this Agreement (other than the Pre-Closing Reorganization), and no such Transfer Taxes shall be deducted from the Purchase Price. The party required by Applicable Law to file a Tax Return with respect to Transfer Taxes shall timely prepare and file (with the other party's cooperation) such Tax Return. Buyer and Seller each agree to

timely sign and deliver (or cause their Affiliates to timely sign and deliver) such certificates or forms as may be necessary or appropriate and otherwise to cooperate to establish any available exemption from or reduction in Transfer Taxes payable hereunder.

Section 8.06. *Apportioned Obligations.* (a) All real property Taxes, personal property Taxes and similar *ad valorem* obligations levied with respect to the Purchased Assets for a taxable period which includes (but does not end on) the Closing Date (collectively, the “**Apportioned Obligations**”) shall be apportioned between Seller and Buyer based on the number of days of the Pre-Closing Tax Period and the number of days of the Post-Closing Tax Period. Seller shall be liable for the proportionate amount of such Taxes that is attributable to the Pre-Closing Tax Period, and Buyer shall be liable for the proportionate amount of such Taxes that is attributable to the Post-Closing Tax Period. Notwithstanding the foregoing, Seller shall be liable for all Apportioned Obligations relating to or resulting from the Pre-Closing Reorganization.

(e) Apportioned Obligations shall be timely paid, and all applicable filings, reports and returns shall be filed, as provided by Applicable Law. The paying party shall be entitled to reimbursement from the non-paying party in accordance with Section 8.06(a) Upon payment of any such Apportioned Obligation, the paying party shall present a statement to the non-paying party setting forth the amount of reimbursement to which the paying party is entitled under Section 8.06(a) together with such supporting evidence as is reasonably necessary to calculate the amount to be reimbursed. The non-paying party shall make such reimbursement promptly but in no event later than ten (10) days after the presentation of such statement. Any payment not made within such time shall bear interest at the rate set forth in Section 2.12.

Section 8.07. *Seller Tax Certificates.* Seller shall deliver to Buyer a completed IRS Form W-9 establishing that Seller is a U.S. person within the meaning of Section 7701(a)(30) of the Code.

Section 8.08. *Seller Tax Indemnity.* From and after Closing until the date that is ninety (90) days following the expiration of the applicable statute of limitations (taking into account any relevant extensions), Seller shall indemnify and hold harmless Buyer and the Acquired Entities for any Retained Tax Liabilities; *provided*, that (i) Buyer shall not be entitled to recover or make a claim under this Section 8.08 for any Retained Tax Liabilities taken into account in calculating the Indebtedness, the Closing Net Working Capital or otherwise taken into account in the Final Closing Statement and (ii) any recovery shall be net of any amounts that have been recovered by Buyer pursuant to any indemnification by, or indemnification agreement with, any third party or any insurance policy (including any R&W Insurance Policy), if any, or other cash receipts or sources of reimbursement in respect of such Taxes (and in the event that an insurance, indemnification or other recovery is received by any Buyer with respect to any Retained Tax Liabilities for which any Buyer has been indemnified hereunder, then a refund equal to the aggregate amount of the recovery shall be promptly made to Seller). Buyer shall use reasonable best efforts to collect any amounts available under insurance coverage (including any R&W Insurance Policy) for any Retained Tax Liabilities payable prior to seeking any recovery from Seller. Any indemnification payment under this Section 8.08 shall be paid at least five (5) Business Days prior to the earlier of (i) the due date

for the payment of such relevant Retained Tax Liabilities or (ii) the due date of any Tax Return reflecting such liabilities.

Section 8.09. *Buyer Tax Indemnity.* From and after Closing until the date that is ninety (90) days following the expiration of the applicable statute of limitations, Buyer shall indemnify Seller and any Retained Subsidiaries from and against (i) any Taxes (other than Retained Tax Liabilities) that are imposed on an Acquired Entity, (ii) any Taxes that are imposed on or with respect to any Purchased Asset for a Post-Closing Tax Period, or (iii) any Transfer Taxes for which Buyer is responsible pursuant to Section 8.05.

Section 8.10. *Certain Matters Related to Tax Indemnification and Tax Proceedings.*

(a) Following Closing, Buyer shall notify Seller in writing within ten (10) Business Days of the receipt by Buyer or any of its Affiliates (including the Acquired Entities) of any written notice of a pending or threatened Tax Proceeding (received from a Taxing Authority) relating an Acquired Entity that relates to a Pre-Closing Tax Period or that could reasonably be expected to give rise to an indemnity claim under Section 8.08 (it being understood that the failure to give such written notification on a timely basis shall not affect the indemnification provided hereunder except to the extent Seller is actually prejudiced as a result of such failure).

(b) Seller shall control any Tax Proceeding relating any Taxes described in clause (iii), (iv) or (v) of the definition of Retained Tax Liabilities, *provided*, however, that Buyer shall have the right (but not the obligation), at its sole cost and expense, to participate in any such Tax Proceeding (which right shall include the right to receive copies of all documents furnished or received by Seller in connection with the Tax Proceeding, the right to be involved in any oral communications, where practical, between any representative of Seller and the Taxing Authority, the right to be consulted about all significant decisions regarding the conduct of the Tax Proceeding, and the right to have a reasonable opportunity to provide input to the representatives of Seller regarding all such significant decisions) and Seller shall not settle any such Tax Proceeding without the prior written consent of Buyer (not unreasonably withheld, conditioned or delayed). Notwithstanding any other provision of this Agreement, Seller shall have the right to control any Tax Proceeding relating any Taxes described in clause (i) or (ii) of the definition of Retained Tax Liabilities and Buyer shall have no rights with respect to any such Tax Proceeding.

Section 8.11. *Certain Tax Refunds.* Any refunds or credits of Taxes described in Retained Tax Liabilities shall be for the account of Seller (except to the extent Buyer economically bore the Tax being refunded) and, upon receipt of any such refund or credit, Buyer shall promptly make a cash payment to Seller in an amount equal to such refund or credit. For the avoidance of doubt, such refunds or credits of Taxes shall only include those refunds or credits not taken into account in calculating the Purchase Price. To the extent permitted by Applicable Law, upon Seller's request, and at Seller's own cost and expense, Buyer shall, and shall cause the Acquired Entities and its Affiliates to, execute such documents, take such commercially reasonable actions, and otherwise use reasonable best efforts to cooperate with Seller and its Affiliates, as may be necessary for Buyer, the Acquired Entities, and its Affiliates, to seek, file for, perfect their rights in, and obtain any such refund

or credit. All other refunds or credits of Taxes of the Acquired Entities not otherwise described in this Section 8.11 shall be for the account of Buyer and, to the extent taken into account in calculating the Purchase Price, Seller shall execute such documents, take such commercially reasonable actions, and otherwise use reasonable best efforts to cooperate with Buyer and its Affiliates, as may be necessary for Buyer, the Acquired Entities, and its Affiliates, to seek, file for, perfect their rights in, and obtain any such refund or credit.

Section 8.12. *Seller Tax Groups and Records.* Notwithstanding anything in this Agreement to the contrary, (i) Buyer shall not have any rights with respect to any tax group of which Seller or any Retained Subsidiary is a member, including any right respect to the preparation, filing, reporting, paying, contesting or settlement of any Taxes payable by any such tax group or any Taxes included as a Retained Tax Liability and (ii) Buyer shall have no right to receive, access, obtain or review any Seller Tax Records; *provided* that this clause (ii) shall not restrict Buyer from receiving, accessing, obtaining or reviewing any work papers or other information that Buyer reasonably requires to file any Tax Return or in connection with any Tax Proceeding with respect to any Post-Closing Tax Period.

ARTICLE 9 Employee Matters

Section 9.01. *Transfer of Employees.*

(a) Each Business Employee who, as of the Closing, is employed by an Acquired Entity (each an “**Automatic Transfer Employee**”) shall continue employment with such Acquired Entity immediately following the Closing, subject to providing proof of legal authorization to work.

(b) Buyer shall (or shall cause its Subsidiaries to), within a reasonable period of time, but not fewer than thirty (30) days prior to the Closing Date, make an offer of employment with Buyer or one of its Subsidiaries to each Business Employee who, as of the Closing, is not employed by an Acquired Entity (each a “**Non-Automatic Transfer Employee**”). Such offer of employment shall (i) be on terms and conditions that are substantially comparable in the aggregate to the terms and conditions of employment applicable to such Non-Automatic Transfer Employee’s position with Seller or any of its Subsidiaries or Affiliates, as applicable, as in effect immediately prior to the Closing, (ii) provide for compensation and benefits consistent with the requirements of Section 9.02(a) and (iii) provide that employment with such Buyer or one of its Subsidiaries will commence effective as of the Closing (such offer of employment, a “**Qualifying Offer**”). A Non-Automatic Transfer Employee who receives a Qualifying Offer and arrives at such Non-Automatic Transfer Employee’s then applicable place of employment in the Business on the Closing Date shall be deemed for all purposes of this Agreement to have accepted such Qualifying Offer. Notwithstanding the foregoing, to the extent Applicable Law provides that a Non-Automatic Transfer Employee may transfer to Buyer by way of employer substitution, automatic transfer, or similar mechanism, Buyer and Seller agree that such mechanism shall apply. Each Non-Automatic Transfer Employee who transfers by way of such alternative transfer mechanism is also a Non-Automatic Transfer Continuing Employee.

(c) Subject to Section 9.04(b), with respect to any Non-Automatic Transfer Employee who is not hired by Buyer or one of its Subsidiaries and thus does not become a Non-Automatic Transfer Continuing Employee because Buyer fails to make, or cause one of its Subsidiaries to make, a Qualifying Offer to any such Non-Automatic Transfer Employee, Seller, in its sole discretion, may terminate such Non-Automatic Transfer Employee's employment with Seller or any of its Subsidiaries or Affiliates within thirty (30) days following the Closing Date.

(d) Subject to Applicable Laws, if any Continuing Employee requires a work permit, employment pass, visa or other legal or regulatory approval for such Continuing Employee's employment with Buyer or one of its Subsidiaries, Buyer shall, and shall cause its applicable Subsidiary to, use reasonable best efforts to cause any such permit, pass, visa or other approval to be obtained and in effect prior to the Closing Date, and Seller shall take all reasonably necessary or appropriate action at Buyer's expense, as reasonably requested by Buyer, to assist in obtaining any such permit, pass, visa or other approval prior to the Closing Date.

Section 9.02. *Maintenance of Terms and Conditions.*

(a) For a period of at least eighteen (18) months commencing on the Closing Date or such longer period as required by Applicable Law (the "**Continuation Period**"), Buyer shall provide, or shall cause its Affiliates to provide, each Continuing Employee who remains employed or becomes employed by Buyer or one of its Subsidiaries upon and following the Closing Date with (i) at least the same base salary or wage rate provided to such Continuing Employee immediately prior to the Closing Date, (ii) short and long-term incentive compensation opportunities, in each case which are no less favorable in the aggregate to the short and long-term compensation opportunities provided to such Continuing Employee (including all cash and equity based compensation) in the aggregate immediately prior to the Closing Date; provided that any long-term incentive award opportunities may be provided in the form of cash or equity or a combination thereof, and (iii) other compensation and employee benefits, including paid time-off, severance benefits and protections and health savings account contributions, which are no less favorable in the aggregate to such other compensation and employee benefits provided to such Continuing Employee immediately prior to the Closing Date; provided, that notwithstanding anything to the contrary herein, such compensation and employee benefits provided by Buyer (or one of its Subsidiaries) shall be of the type and at levels sufficient to comply with Applicable Law or the terms of any collective bargaining, works council or other agreement with any employee representative group.

(b) Buyer will recognize and assume the liability with respect to accrued but unused vacation time and sick leave as of the Closing Date for all Continuing Employees in which such recognition is permitted or required by Applicable Law.

(c) With respect to any employee benefit plan maintained by Buyer or any of its Affiliates in which any Continuing Employee becomes a participant, for purposes of determining eligibility to participate, vesting, vacation, paid time-off and severance plan and other benefit plan accruals, each Continuing Employee's service with Seller or any of its

Affiliates (as well as service with any predecessor employer, to the extent recognized by Seller or any of its Affiliates) shall be treated as service with Buyer and its Affiliates; *provided, however*, that such service need not be recognized (i) to the extent that such recognition would result in any duplication of benefits or (ii) such service was not recognized under a comparable Seller Benefit Plan immediately prior to the Closing.

(d) Buyer shall use reasonable best efforts to waive, or shall cause its Affiliates to waive, any preexisting conditions, limitations, exclusions, actively at work requirements and waiting periods (or other equivalent requirements for each applicable jurisdiction) under any welfare benefit plan maintained by Buyer or any of its Affiliates in which any Continuing Employees (and such Continuing Employees eligible dependents) will be eligible to participate from and after the Closing, except to the extent that such items would not have been satisfied or waived under the comparable Seller Benefit Plan immediately prior to the Closing. Where a waiting period cannot be waived, Buyer will cover the costs of employee COBRA coverage for the duration of the intervening period. Buyer shall use reasonable best efforts to recognize, or shall cause its Affiliates to recognize, all co-payments, deductibles and similar expenses and out-of-pocket maximums incurred by each Continuing Employee (and such Continuing Employees eligible dependents) prior to the Closing during the plan year in which Closing occurs for purposes of satisfying any comparable deductible and co-payment limitations and out-of-pocket requirements under the relevant welfare benefit plans in which such Continuing Employee (and such Continuing Employees eligible dependents) will be eligible to participate from and after the Closing during the plan year in which Closing occurs.

Section 9.03. *U.S. Defined Contribution Plans.* As soon as practicable after the Closing Date, account balances as of the Closing Date of each Continuing Employee who participates in The Spectrum Brands 401(k) Retirement Savings Plan (the “**Seller Defined Contribution Plan**”), including any outstanding participant loans, shall be transferred to a qualified defined contribution plan of Buyer or one of its Affiliates. Such transfer shall be effected in accordance with Applicable Law. During the Continuation Period, Buyer shall or shall cause its Affiliates to provide each Continuing Employee who participated in the Seller Defined Contribution Plan with the maximum potential employer matching contribution provided to similarly situated employees of Buyer who are not Continuing Employees.

Section 9.04. *Severance.*

(a) Buyer shall reimburse Seller or its relevant Affiliate in respect of any severance or other termination-related payments or benefits paid or provided by Seller or its Affiliates to any Continuing Employee which were triggered on or are the result of the transfer of such Continuing Employee from Seller or its relevant Affiliate to Buyer or its relevant Affiliate or the purchase of any Acquired Entity by Buyer or its relevant Affiliate in connection with the transactions contemplated by the Transaction Documents.

(b) Buyer shall reimburse Seller or its relevant Affiliate in respect of any severance or other termination-related payments or benefits paid or provided by Seller or its Affiliates to any Business Employee who does not receive a Qualifying Offer from Buyer or one of its Subsidiaries and who is terminated pursuant to Section 9.01(c). Buyer shall indemnify and hold harmless Seller or its applicable Affiliate against any and all Damages

associated with any such termination of employment, whether incurred prior to, on or after the Closing Date, including any employment-related legal claims brought by such Non-Automatic Transfer Employee.

(c) Buyer agrees that after the expiration of the Continuation Period, any remaining Continuing Employees shall be covered by the severance plan or other similar policy then in effect for similarly situated employees of Buyer and its Subsidiaries.

Section 9.05. *Flexible Spending Plans.* Effective as of the Closing Date, Buyer shall use reasonable best efforts to establish or provide a flexible spending plan maintained in the United States and, for the avoidance of doubt, a health reimbursement account plan maintained in the United States (collectively, the “**Buyer FSA Plan**”) in which Continuing Employees in the United States will be eligible to participate. Where applicable, Seller and Buyer shall take all commercially reasonable actions necessary or appropriate so that, effective as of the Closing Date, (i) the account balances (whether positive or negative) (the “**Transferred FSA Balances**”) under the applicable flexible spending plan of Seller (collectively, the “**Seller FSA Plan**”) of the Continuing Employees in the United States who are participants in the Seller FSA Plan shall be transferred to the Buyer FSA Plan; (ii) the elections of such Continuing Employees in the United States shall apply under the Buyer FSA Plan in the same manner as under the Seller FSA Plan; and (iii) such Continuing Employees in the United States shall be reimbursed from the Buyer FSA Plan for claims incurred at any time following the Closing Date that are submitted to the Buyer FSA Plan from and after the Closing Date on the same basis and the same terms and conditions as under the Seller FSA Plan. As soon as practicable after the Closing Date, and in any event within ten (10) Business Days after the amount of the Transferred FSA Balances is determined, (A) Seller shall pay Buyer, in cash, the net aggregate amount of the Transferred FSA Balances, if such amount is positive, or (B) Buyer shall pay to Seller, in cash, the net aggregate amount of the Transferred FSA Balances, if such amount is negative.

Section 9.06. *Variable Compensation; Treatment of Seller Equity Awards.* Buyer and Seller further agree to the matters set forth on Schedule III.

Section 9.07. *Workers Compensation.* Buyer shall be responsible for providing benefits in respect of all claims for benefits in respect of workers compensation and any comparable liabilities that are based upon Non-Automatic Transfer Continuing Employees’ injuries or illnesses that arise at or after the Closing. Seller shall be responsible for providing benefits in respect of all claims for benefits (other than claims under Seller Benefit Plans) in respect of workers compensation and any comparable liabilities that are based upon Non-Automatic Transfer Continuing Employees’ injuries or illnesses that arise prior to the Closing, subject to the reimbursement provisions of Section 7.08.

Section 9.08. *Works Council Information/Consultation Obligations.* The parties hereby agree to cooperate in good faith to comply in all material respects with all information, consultation and other processes, if any, relating to any works councils, union and any employee representative bodies in connection with the transactions contemplated by this Agreement which, for avoidance of doubt, shall include any required information and consultation and other processes with respect to any labor union, works council or other

organized employee representative body as required to either: (i) obtain an opinion or approval from such labor union, works council or other organized employee representative body; or (ii) establish that such opinion or approval is not a precondition to the Closing.

Section 9.09. *Assumed Arrangements.* At Closing, Buyer shall assume or honor (i) each of the Acquired Entity Benefit Plans, (ii) each of the Seller Benefit Plans (or portions thereof) and other arrangements or contracts Buyer or any of its Affiliates is required to assume under Applicable Law and (iii) each other Seller Benefit Plan listed on Section 9.09 of the Disclosure Schedule (all such assumed plans and arrangements described in clauses (i) through (iii), the “**Assumed Benefit Plans**”), and each of the parties hereto shall use their respective reasonable best efforts and cooperate in good faith to make effective the assumption of the Assumed Benefit Plans.

Section 9.10. *Employee Communications.* Seller and Buyer shall cooperate in communications with Business Employees with respect to employee benefit plans maintained by Seller or Buyer or their respective Affiliates and with respect to other matters arising in connection with the transactions contemplated by the Transaction Documents.

Section 9.11. *WARN Act.* Buyer shall assume all liabilities for the provision of notice or payment in lieu of notice and any applicable penalties under the Worker Adjustment and Retraining Notification Act (“**WARN**”) or any similar Applicable Law arising as a result of the transactions contemplated by the Transaction Documents. Buyer hereby indemnifies Seller and its Affiliates against and agrees to hold each of them harmless from any and all Damages incurred or suffered by Seller or any of its Affiliates with respect to WARN or any similar Applicable Law arising as a result of the transactions contemplated by the Transaction Documents.

Section 9.12. *Liability for Business Employees.*

(a) Effective from and after the Closing Date, without limiting the definition of Assumed Liabilities, Buyer shall assume and be responsible for any and all liabilities or obligations of Seller (i) arising under or with respect to any employee benefit plan of Buyer and its Affiliates (including any Assumed Benefit Plan), (ii) arising with respect to Business Employees or Former Business Employees who were employed by an Acquired Entity (including those who become Continuing Employees), whether incurred prior to, on or after the Closing Date (excluding any liabilities or obligations arising under any Seller Benefit Plan other than an Assumed Benefit Plan and except as otherwise provided in this Article 9), (iii) arising with respect to Non-Automatic Transfer Employees who become Continuing Employees incurred on or after the Closing Date (excluding any liabilities or obligations arising under any Seller Benefit Plan other than an Assumed Benefit Plan), (iv) arising under or with respect to any Assumed Benefit Plan and (v) that transfer by operation of law.

(b) Except as set forth in this Article 9, effective from and after the Closing Date, Seller shall, and shall cause its Subsidiaries to, remain responsible for any and all liabilities or obligations arising under or with respect to (i) any Business Benefit Plan other than any Assumed Benefit Plan or (ii) any liability or obligation (contingent or otherwise) of Seller or any entity that together with Seller could be treated as a single employer or Commonly

Controlled Entity under Applicable Law, including Section 4001 of ERISA or Section 414 of the Code in respect of, any “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA or as a result of any Controlled Group Liability. “**Controlled Group Liability**” means any and all liabilities (i) under Title IV of ERISA, (ii) under Section 302, 303 or 4068(a) of ERISA, (iii) under Section 412, 430 or 4971 of the Code, (iv) for violation of the continuation coverage requirements of Sections 601 et seq. of ERISA and Section 4980B of the Code or the group health requirements of Sections 701 et seq. of ERISA and Sections 9801 et seq. of the Code, or (v) for violation of HIPAA or the Patient Protection and Affordable Care Act of 2010, as amended, in the case of each of the foregoing clauses (i) through (v), with respect to any Person that, together with Seller, is treated as a single employer under Section 414 of the Code.

(c) Seller and its Affiliates shall be solely responsible for compliance with the requirements of Section 4980B of the Code and part 6 of subtitle B of Title I of ERISA (such provisions of the Code and ERISA collectively referred to as “**COBRA**”), including the provision of continuation coverage (within the meaning of COBRA), with respect to all Business Employees and Former Business Employees (except Continuing Employees), and their respective spouses and dependents for whom a qualifying event (within the meaning of COBRA) occurs at or any time prior to the Closing Date. Buyer and its Affiliates shall be solely responsible for compliance with COBRA with respect to each Continuing Employees, and their respective spouses and dependents for whom a qualifying event (within the meaning of COBRA) occurs at or any time following the Closing Date.

(d) Notwithstanding anything else contained herein, in no event shall Buyer or any of its Affiliates be deemed to assume or be responsible for any liability incurred by Seller or any of its Affiliates prior to the Closing Date arising under or with respect to any Business Benefit Plan, except for the Assumed Benefit Plans including without limitation, liability arising under ERISA or the Code, by virtue of an Acquired Entity or any Subsidiary being aggregated, with any other person that is an ERISA Affiliate (other than with an Acquired Entity or a Subsidiary), in a controlled group or affiliated service group for purposes of ERISA or the Code at any relevant time prior to the Closing.

Section 9.13. *No Third-Party Beneficiaries.* Nothing in this Article 9, express or implied, (a) is intended to or shall confer upon any Person other than the parties hereto, including any Business Employee, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, (b) shall establish, or constitute an amendment, termination or modification of, or an undertaking to amend, establish, terminate or modify, any benefit plan, program, agreement or arrangement or (c) shall create any obligation on the part of Seller, Buyer or any of their respective Affiliates to employ any Business Employee for any period following Closing.

Section 9.14. *Cooperation.* Each of Buyer and Seller recognize it to be in the best interests of the parties hereto and their respective employees that the transactions in this Article 9 be effected in an orderly manner and agree to devote their respective reasonable best efforts and to cooperate fully in complying with the provisions of this Article 9. Without limiting the generality of the foregoing, each party agrees to execute, deliver and file all documents and to take all such actions as are deemed necessary or desirable in order to carry

out and perform the purpose of this Article 9 and to facilitate the transactions referred to in this Article 9. Additionally, without prejudice to Section 9.01 to Section 9.02 above, Buyer agrees to cooperate with Seller and use reasonable best efforts to ensure that no severance is triggered and becomes due to any Continuing Employee as a result of the transfers of employment under Section 9.01 and Section 9.02 above.

ARTICLE 10 Conditions to Closing

Section 10.01. *Conditions to Obligations of Buyer and Seller.* The obligations of Buyer and Seller to consummate the Closing are subject to the satisfaction or waiver of each of the following conditions:

(a) (i) any applicable waiting period under the HSR Act with respect to the transactions contemplated hereby shall have expired or been terminated and (ii) the filings, consents, approvals, authorizations, clearances or other actions under any other Competition Law or Investment Law set forth on Section 10.01(a) of the Disclosure Schedule shall have been made, obtained or taken and any applicable approvals or waiting periods thereunder shall have been received and remain in effect (in the case of approvals) or expired or been terminated (in the case of waiting periods); and

(b) there shall not be in force an Order issued after the date hereof by any court of competent jurisdiction in any Specified Jurisdiction enjoining, prohibiting or rendering illegal the consummation of the Closing.

Section 10.02. *Conditions to Obligation of Buyer.* The obligation of Buyer to consummate the Closing is also subject to the satisfaction or waiver of each of the following further conditions:

(a) Seller shall not have materially breached the covenants of Seller to be performed prior to the Closing (or any such non-performance shall have been cured);

(b) (i) the Fundamental Representations made by Seller (other than the representations and warranties contained in Section 3.06(a), Section 3.06(b), and Section 3.15) made by Seller shall be true and correct in all material respects as of the Closing Date as though made on and as of such date, except with respect to those Fundamental Representations made by Seller that by their terms address matters as of an earlier date, which shall be so true and correct only as of such earlier date, (ii) the representations and warranties contained in Section 3.06(a), Section 3.06(b), and Section 3.15, disregarding all qualifications contained therein relating to materiality or Material Adverse Effect, shall be true and correct except as would not be material to the Business, taken as a whole, and (iii) all other representations and warranties of Seller contained in this Agreement, disregarding all qualifications contained therein relating to materiality or Material Adverse Effect, shall be true and correct as of the Closing Date, as though made on and as of such date, except with respect to those representations and warranties that by their terms address matters as of an earlier date, which representations and warranties shall be so true and correct only as of such earlier date, except, in the case of this clause (iii), for any inaccuracy or omission that would

not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(c) Buyer shall have received a certificate signed by an executive officer of Seller to the effect of the foregoing clauses (a) and (b); and

(d) Since the date hereof, there shall not have occurred and be continuing a Material Adverse Effect.

Section 10.03. *Conditions to Obligation of Seller.* The obligation of Seller to consummate the Closing is also subject to the satisfaction or waiver of each of the following conditions:

(a) Buyer shall not have materially breached the covenants of Buyer to be performed prior to the Closing (or any such non-performance shall have been cured);

(b) (i) the Fundamental Representations made by Buyer shall be true and correct in all material respects as of the Closing Date as though made on and as of such date, except with respect to those Fundamental Representations made by Buyer that by their terms address matters as of an earlier date, which shall be so true and correct only as of such earlier date, and (ii) all other representations and warranties of Buyer contained in this Agreement shall be true and correct as of the Closing Date as though made on and as of such date, except with respect to those representations and warranties that by their terms address matters as of an earlier date, which representations and warranties shall be so true and correct only as of such earlier date, except, in the case of this clause (ii) for any inaccuracy or omission that would not, individually or in the aggregate, prevent, impair or delay Buyer's ability to perform or comply with its obligations under this Agreement or consummate the transactions contemplated hereby; and

(c) Seller shall have received a certificate signed by an executive officer of Buyer to the effect of the foregoing clauses (a) and (b).

Section 10.04. *Frustration of Closing Conditions.* Neither Buyer nor Seller may rely on the failure of any condition set forth in this Article 10 to be satisfied if such failure was caused by such party's breach of, or failure to comply with, any provision of this Agreement.

ARTICLE 11 Survival; Indemnification

Section 11.01. *Survival.* The representations and warranties of the parties hereto contained in this Agreement shall not survive the Closing and except with respect to claims of Actual Fraud against either party, there shall be no liability in respect thereof, whether such liability has accrued prior to, at or after the Closing, on the part of any party, its Affiliates, and their respective directors, officers, employees, stockholders, partners, members, advisors or other representatives. The covenants and agreements of the parties contained in this Agreement shall not survive the Closing, except to the extent such covenants and agreements by their terms are to be performed in whole or in part at or after the Closing, which covenants and agreements shall survive in accordance with their terms. For the avoidance of doubt, the

covenants and agreements set forth in Article 8 shall survive the Closing for a period equal to ninety (90) days past the applicable statute of limitations (taking into account any relevant extensions).

Section 11.02. *Indemnification.* (a) Effective at and after the Closing, Seller shall indemnify and defend Buyer, its Affiliates and each of their respective Representatives (the “**Buyer Indemnified Parties**”) against and hold each of them harmless from any and all damage, loss, liability and expense (including reasonable expenses of investigation and reasonable attorneys’ fees and expenses in connection with any Action, whether involving a Third-Party Claim or a claim solely between the parties hereto) (“**Damages**”) actually suffered by a Buyer Indemnified Party to the extent arising out of (i) any Excluded Liability or (ii) Seller’s failure to complete the Pre-Closing Reorganization (as amended at the request of Buyer in accordance with the terms of this Agreement) in accordance with its terms as of the Closing, in each case of clauses (i) and (ii) other than in respect of Taxes, which are governed by Article 8).

(d) Effective at and after the Closing, Buyer shall indemnify and defend Seller, its Affiliates and each of their respective Representatives (the “**Seller Indemnified Parties**”) against and hold each of them harmless from any and all Damages actually suffered by a Seller Indemnified Party to the extent arising out of (i) any Assumed Liability, (ii) any liability of an Acquired Entity or (iii) any liability arising out of or attributable to the ownership or operation of the Acquired Entities (and, after the Closing, the ownership or operation of the Business), including any liability arising in connection with the performance by Seller or its Affiliates of their obligations pursuant to Section 2.06 or any of Sections 7.08 and 7.09 (except those liabilities, if any, for which Seller has expressly agreed to be responsible for pursuant to Section 2.06 or any of Sections 7.08 and 7.09).

(e) Any indemnification pursuant to this Section 11.02 shall be subject to the procedures and limitations set forth in Sections 11.03, 11.04, 11.05 and 11.06.

Section 11.03. *Procedures.* (a) Any Person seeking indemnification under this Article 11 (the “**Indemnified Party**”) shall give prompt written notice to the Person from whom indemnification is to be sought (the “**Indemnifying Party**”) of the assertion of any claim or the commencement of any Action by any third party (“**Third-Party Claim**”); *provided*, that the failure of the Indemnified Party to give notice as provided in this Section 11.03(a) shall not relieve any Indemnifying Party of its obligations under Section 11.02, except to the extent that such failure actually prejudices the rights of any such Indemnifying Party. Such notice shall set forth in reasonable detail the Third-Party Claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, as promptly as reasonably practicable following the Indemnified Party’s receipt thereof, copies of all written notices and documents (including any court papers) received by the Indemnified Party relating to the Third-Party Claim and the Indemnified Party shall provide the Indemnifying Party with such other information with respect to any such Third-Party Claim reasonably requested by the Indemnifying Party. The Indemnifying Party shall have the right, at its sole option and expense, to be represented by counsel of its choice and, subject to the limitations set forth in this Section 11.03, to assume control of, and defend against, negotiate, settle (subject to clause (b)) or otherwise deal with such Third-Party Claim. If the Indemnifying Party elects not to

defend against, negotiate, settle or otherwise deal with any Third-Party Claim, then the Indemnified Party may defend against, negotiate, settle (subject to clause (b)) or otherwise deal with such Third-Party Claim. If the Indemnifying Party shall assume the defense of any Third-Party Claim, then the Indemnified Party may participate, at his or its own expense, in the defense of such Third-Party Claim; *provided*, that such Indemnified Party shall be entitled to participate in any such defense with separate counsel at the expense of the Indemnifying Party if (i) requested by the Indemnifying Party to participate or (ii) in the reasonable opinion of counsel to the Indemnifying Party, a material conflict exists between the Indemnified Party and the Indemnifying Party that would make such separate representation advisable; *provided, further*, that the Indemnifying Party shall not be required to pay for more than one such counsel for all Indemnified Parties in connection with any Third-Party Claim.

(f) Notwithstanding anything in this Section 11.03 to the contrary, neither the Indemnifying Party nor the Indemnified Party shall, without the written consent of the other party, settle or compromise any Third-Party Claim or permit a default or consent to entry of any judgment. Notwithstanding the foregoing, consent of the Indemnified Party shall not be required for any such settlement if (i) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party, (ii) such settlement does not permit any Order or other equitable relief to be entered, directly or indirectly, against the Indemnified Party or any of its Affiliates and (iii) such settlement includes an unconditional release of such Indemnified Party and its Affiliates from all liability on claims that are the subject matter of such Third-Party Claim and does not include any statement as to or any admission of fault, culpability or failure to act by or on behalf of any Indemnified Party or any of its Affiliates.

(g) After any decision, judgment or award shall have been rendered by a Governmental Authority of competent jurisdiction, or a settlement shall have been consummated (in accordance with this Article 11), or the Indemnified Party and the Indemnifying Party shall have arrived at a mutually binding agreement with respect to a Third-Party Claim hereunder, the Indemnified Party shall forward to the Indemnifying Party notice of any sums due and owing by the Indemnifying Party pursuant to this Agreement with respect to such matter.

(h) Each party shall cooperate, and cause its Affiliates to cooperate, in the defense or prosecution of any Third-Party Claim and shall furnish or cause to be furnished such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith.

Section 11.04. *Direct Claim Procedures.* In the event an Indemnified Party has a claim for indemnity under Section 11.02 against an Indemnifying Party that does not involve a Third- Party Claim, the Indemnified Party agrees to give prompt written notice, and as promptly as practicable, of such claim to the Indemnifying Party, which notice shall in no event be delivered to the Indemnifying Party later than sixty (60) days after the Indemnified Party first learns of the facts on which such claim is based (such sixty (60) day period, the “**Notice Period**”). Such notice shall set forth in reasonable detail such claim and the basis for indemnification and the amount of such Damages incurred or that such Indemnified Party reasonably estimates in good faith is likely to be incurred in connection with such claim (taking into account the information then available to the Indemnified Party). The failure to

notify the Indemnifying Party as promptly as practicable within the Notice Period shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent that such failure shall have actually prejudiced the Indemnifying Party, and in any event, the Indemnifying Party shall have no indemnification obligation in respect of any claim for which notice is delivered following expiration of the applicable Notice Period for such claim.

Section 11.05. *Calculation of Damages.* (a) The amount of any Damages payable under Section 11.02 by the Indemnifying Party shall be net of any (i) amounts recovered by the Indemnified Party or its Affiliates under applicable third-party insurance policies (other than Seller's and its Affiliates' respective self-insurance programs (including insurance policies issued by any Affiliate of Seller)) or from any other Person alleged to be responsible therefor, and (ii) Tax benefit actually realized by the Indemnified Party or its Affiliates (in cash or as a direct reduction in Taxes otherwise due) arising from the incurrence or payment of any such Damages and, for the avoidance of doubt, Damages shall be increased by any Tax detriment actually realized from either the indemnifiable loss or the receipt of any indemnification payments). If the Indemnified Party receives any amounts under applicable insurance policies, or from any other Person alleged to be responsible for any Damages, then such Indemnified Party shall promptly reimburse the Indemnifying Party for any payment made or out-of-pocket expense incurred by such Indemnifying Party in connection with providing such indemnification payment up to the amount received by the Indemnified Party, net of any deductible, retention amounts, increases in insurance premiums (retroactive or otherwise) or other expenses incurred by such Indemnified Party in collecting such amount.

(i) The Indemnifying Party shall not be liable under Section 11.02 for any (i) Damages relating to any matter to the extent that such matter has been (or will be) taken into account in the adjustment of the Purchase Price under Section 2.11 or (ii) punitive or exemplary damages (except to the extent actually paid by the Indemnified Party to a third party pursuant to a Third-Party Claim).

(j) Each Indemnified Party must mitigate in accordance with Applicable Law any Damages for which such Indemnified Party seeks indemnification under this Agreement, including by taking any actions reasonably requested by the Indemnifying Party for such purpose.

(k) Each Indemnified Party and its Affiliates shall use reasonable best efforts to collect any amounts available from any other Person alleged to be responsible for any Damages payable under Section 11.02.

(l) Each party agrees that it shall not, and agrees to use its reasonable best efforts to ensure that its Affiliates do not, voluntarily or by discretionary action, accelerate the timing, or increase the cost of, any obligations of the other party under this Article 11.

(m) Any liability for indemnification to an Indemnified Party under this Agreement shall be determined without duplication of recovery by such Indemnified Party by reason of the state of facts giving rise to such liability constituting a breach of more than one representation, warranty, covenant or agreement hereunder. In no event shall Seller be liable to an Indemnified Party or more than one Indemnified Party in respect of the same portion of

any Damages. For the avoidance of doubt, no Indemnified Party shall be entitled to claim (i) indemnification with respect to the same Damages more than once, or (ii) pursuant to Section 8.08 with respect to the same Tax liability more than once.

(n) No Buyer Indemnified Party (other than Buyer or any successor or assignee of Buyer) or Seller Indemnified Party (other than Seller or any successor or assignee of Seller) shall be entitled to assert any indemnification claim or exercise any other remedy under this Agreement (including any Transaction Document) unless Buyer (or any successor or assignee of Buyer) or Seller (or any successor or assignee of Seller), as the case may be, provides its prior written consent to such Buyer Indemnified Party or Seller Indemnified Party, respectively, regarding its assertion of an indemnification claim or the exercise of any other remedy hereunder, and a copy of such consent shall be promptly delivered to the other party upon its request therefor.

(o) Any indemnification payment made pursuant to this Agreement (for the avoidance of doubt, including any payment made pursuant to Article 8) and any payment made pursuant to Section 2.11 shall be treated by Buyer and Seller as an adjustment to the Purchase Price for Tax purposes.

Section 11.06. *Assignment of Claims.* If the Indemnified Party receives any payment from an Indemnifying Party in respect of any Damages pursuant to Section 11.02 and the Indemnified Party or its Affiliates could have recovered all or a part of such Damages from a third party (a “**Potential Contributor**”) based on the underlying claim asserted against the Indemnifying Party, the Indemnified Party shall assign, or cause its Affiliates to assign, such of its rights to proceed against the Potential Contributor as are necessary to permit the Indemnifying Party to recover from the Potential Contributor the amount of such payment.

Section 11.07. *Exclusivity.* After the Closing, except as otherwise expressly provided in this Agreement (including pursuant to Sections 2.09(c), 2.09(d), 2.09(e), 2.09(f), 2.11, 2.15, 6.03, 7.07, 7.08, 7.09, 8.05, 8.08, 8.09, 8.10, 9.01, 9.02, 9.12 and 11.08, and any covenants to be performed from and after the Closing), indemnification pursuant to this Article 11 shall provide the exclusive monetary remedy for any claim arising out of this Agreement or the transactions contemplated hereby.

Section 11.08. *R&W Insurance Policy.* Buyer agrees that if Buyer or any of its Affiliates obtains or binds a representations and warranties insurance policy with respect to any of the representations or warranties of Seller under this Agreement (each, a “**R&W Insurance Policy**”), each such R&W Insurance Policy shall provide, at all times, that: (a) the insurer shall have no, and shall waive and not pursue any and all, subrogation rights against Seller or any of its Affiliates except for Actual Fraud by Seller; (b) Seller is a third party beneficiary of such waiver; and (c) Buyer shall have no obligation to pursue any claim against Seller in connection with any Damages.

Section 11.09. *Release.*

(a) Effective as of the Closing (but only if the Closing actually occurs), except for any rights or obligations expressly set forth in this Agreement, the other Transaction Documents or any Business Intercompany Contract that survives the Closing in accordance

with the terms hereof and to which a Seller or a Retained Subsidiary is a party after the Closing, Buyer, on behalf of itself and each of its Affiliates (including the Acquired Entities) and each of its and their respective past, present and/or future officers, directors, employees, agents, general or limited partners, managers, members, advisors, stockholders, equity holders, controlling Persons or other Representatives, or any heir, executor, administrator, successor or assign of any of the foregoing (collectively, the “**Buyer Releasing Parties**”), hereby irrevocably and unconditionally (i) releases and forever discharges Seller, its Affiliates, and each of their respective past, present and/or future officers, directors, employees, agents, partners, principals, managers, members, advisors, stockholders, equity holders, controlling Persons or other representatives, or any heir, executor, administrator, successor or assign of any of the foregoing (collectively, the “**Seller Released Parties**”) of and from any and all legal proceedings, Actions, executions, judgments, duties, debts, dues, accounts, bonds, contracts and covenants (whether express or implied), and demands whatsoever, whether known or unknown, whether liquidated or unliquidated, whether actual or contingent, whether at law or in equity, whether in contract, tort, statute or otherwise, which the Buyer Releasing Parties have or may have against any of the Seller Released Parties, previously, now or in the future, in each case, in respect of any cause, matter or thing relating to this Agreement, the Transaction Documents, the Acquired Entities, the Business, the Purchased Assets, the Assumed Liabilities or any actions taken or failed to be taken by any of the Seller Released Parties in any capacity related thereto occurring or arising at or prior to the Closing Date, other than a claim by a Buyer Releasing Party that is a party hereto for Actual Fraud by a Seller Released Party that is a party hereto (the foregoing, the “**Buyer Released Claims**”), (ii) covenants and agrees that it shall not bring, initiate or support, directly or indirectly, or permit any other Person to bring, initiate or support, directly or indirectly, any Buyer Released Claim and (iii) waives any rights under California Civil Code Section 1542 or any similar provision of Applicable Law; said Section 1542 provides: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR”. The Buyer Released Claims include claims for contribution or other rights of recovery arising out of or relating to any Environmental Law (whether now or hereinafter in effect), including the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601, et seq., or to any Hazardous Substances, claims for breach of contract, breach of representation or warranty, negligent misrepresentation and all other claims for breach of duty.

(b) Effective as of the Closing (but only if the Closing actually occurs), except for any rights or obligations expressly set forth in this Agreement, the other Transaction Documents or any Business Intercompany Contract that survives the Closing in accordance with the terms hereof and to which Buyer, its Affiliate or a Acquired Entity is a party after the Closing, Seller, on behalf of itself and each of its Affiliates (including the Retained Subsidiaries) and each of its and their respective past, present and/or future officers, directors, employees, agents, general or limited partners, managers, members, advisors, stockholders, equity holders, controlling Persons or other Representatives, or any heir, executor, administrator, successor or assign of any of the foregoing (collectively, the “**Seller Releasing**

Parties”), hereby irrevocably and unconditionally (i) releases and forever discharges Buyer and its Affiliates, and each of their respective past, present and/or future officers, directors, employees, agents, partners, principals, managers, members, advisors, stockholders, equity holders, controlling Persons or other representatives, or any heir, executor, administrator, successor or assign of any of the foregoing (collectively, the “**Buyer Released Parties**”) of and from any and all legal proceedings, Actions, executions, judgments, duties, debts, dues, accounts, bonds, contracts and covenants (whether express or implied), and demands whatsoever, whether known or unknown, whether liquidated or unliquidated, whether actual or contingent, whether at law or in equity, whether in contract, tort, statute or otherwise, which the Seller Releasing Parties have or may have against any of the Buyer Released Parties, previously, now or in the future, in each case, in respect of any cause, matter or thing relating to this Agreement, the Transaction Documents, the Acquired Entities, the Business, the Purchased Assets, the Assumed Liabilities or any actions taken or failed to be taken by any of the Buyer Released Parties in any capacity related thereto occurring or arising at or prior to the Closing Date, other than a claim by a Seller Releasing Party that is a party hereto for Actual Fraud by a Buyer Released Party that is a party hereto (the foregoing, the “**Seller Released Claims**”), (ii) covenants and agrees that it shall not bring, initiate or support, directly or indirectly, or permit any other Person to bring, initiate or support, directly or indirectly, Seller Released Claim and (iii) waives any rights under California Civil Code Section 1542 or any similar provision of Applicable Law; said Section 1542 provides: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR”. The Seller Released Claims include claims for contribution or other rights of recovery arising out of or relating to any Environmental Law (whether now or hereinafter in effect), including the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601, et seq., or to any Hazardous Substances, claims for breach of contract, breach of representation or warranty, negligent misrepresentation and all other claims for breach of duty.

ARTICLE 12 Termination

Section 12.01. *Grounds for Termination.* This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written agreement of Seller and Buyer;

(b) by either Seller or Buyer if the Closing shall not have occurred on or before June 8, 2022 (the “**End Date**”); *provided*, that the End Date shall automatically be extended to December 8, 2022 to the extent the conditions specified in Section 10.01(a) are the only conditions to the closing specified in Article 10 that have not been satisfied (other than those conditions that by their nature are to be satisfied at Closing); *provided, further* that the right to terminate (or extend) this Agreement pursuant to this Section 12.01(b) shall not be available

to any party whose breach of any provision of this Agreement has caused or resulted in the failure of the Closing to have occurred by such time;

(c) by either Seller or Buyer, if there is any final and non-appealable Order issued after the date hereof by any court of competent jurisdiction in any Specified Jurisdiction enjoining, prohibiting or rendering illegal the consummation of the Closing;

(d) by Buyer if there is any breach of any representation, warranty, covenant or agreement on the part of Seller set forth in this Agreement, such that the conditions specified in Section 10.02(a) or Section 10.02(b) would not be satisfied at the Closing, except that if such breach is curable by Seller, then, for a period of up to thirty (30) days after receipt by Seller of written notice from Buyer of such breach such termination shall not be effective and the End Date shall be automatically extended until the fifth (5th) Business Day following the end of such thirty (30) day period (if the End Date would otherwise occur on or prior to such date), and such termination shall become effective only if such breach is not cured within such thirty (30) day period; *provided*, that Buyer is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 10.01 or 10.03 not to be satisfied; or

(e) by Seller if (i) there is any breach of any representation, warranty, covenant or agreement on the part of Buyer set forth in this Agreement, such that the conditions specified in Section 10.03(a) or Section 10.03(b) would not be satisfied at the Closing, except that, if such breach is curable by Buyer, then, for a period of up to thirty (30) days after receipt by Buyer of written notice from Seller of such breach such termination shall not be effective and the End Date shall automatically be extended until the fifth (5th) Business Day following the end of such thirty (30) day period (if the End Date would otherwise occur on or prior to such date), and such termination shall become effective only if such breach is not cured within such thirty (30) day period; *provided*, that Seller is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 10.01 or Section 10.02 not to be satisfied or (ii) (A) all of the conditions set forth in Section 10.01 and Section 10.02 have been satisfied (other than (x) those conditions which by their terms or nature are to be satisfied at the Closing and (y) those conditions the failure of which to be satisfied is caused by or results from a breach by Buyer of this Agreement) as of the date the Closing should have occurred pursuant to Section 2.09, (B) Seller has delivered written notice to Buyer that Seller is ready, willing and able to consummate the transactions contemplated in this Agreement and (C) Buyer has failed to consummate the transactions contemplated by this Agreement on or prior to the date on which the Closing should have occurred pursuant to Section 2.09.

Other than in the case of a termination pursuant to Section 12.01(a), the party desiring to terminate this Agreement pursuant to any clause of this Section 12.01 shall give written notice of such termination to the other party.

Section 12.02. *Effect of Termination.*

(a) If this Agreement is terminated as permitted by Section 12.01, such termination shall be without liability of any party (or any stockholder or Representative of such party) to the other party to this Agreement except as set forth in Section 12.02(b); provided that if such termination shall result from an intentional and knowing material breach

by a party hereto, such party shall be fully liable for any and all Damages and liabilities of any kind, character or description incurred or suffered by another party hereto as a result of such breach; provided, further, that following a valid termination of this Agreement by Seller in accordance with Section 12.01(e)(ii), Buyer shall be deemed to have intentionally and knowingly materially breached this Agreement. Notwithstanding the termination of this Agreement in accordance with the terms herein, the Confidentiality Agreement, the provisions of this Section 12.02 and the provisions of Sections 1.01, 6.01, 7.02 and 11.07 and Article 13 shall survive any such termination.

(b) Each of Buyer and Parent agrees that if Buyer or Parent terminates this Agreement pursuant to (i) Section 12.01(b) and at the time of such termination (A) the conditions set forth in Section 10.01(a) or Section 10.01(b) shall not have been satisfied, and (B) all other conditions set forth in Section 10.01 and Section 10.02 have been satisfied (other than (x) those, that by their terms, are capable of being satisfied only at the Closing or (y) those that result from a breach of this Agreement by Buyer or the same facts that resulted in the conditions set forth in Sections 10.01(a) or Section 10.01(b) failing to be satisfied, (ii) Section 12.01(c) or (iii) Section 12.01(e) as a result of Buyer's breach of Section 7.01, then Buyer shall, within two Business Days after this Agreement is so terminated, pay to an account designated by Seller by wire transfer of immediately available funds an amount equal to three hundred fifty million dollars (\$350,000,000) (the "**Termination Fee**"), which obligation will survive the termination of this Agreement.

(c) Notwithstanding anything in this Agreement to the contrary, if Seller receives the Termination Fee from Buyer pursuant to Section 12.02(b), such payment, together with the documented, out-of-pocket fees and expenses payable pursuant to Section 7.01(d), shall be the sole and exclusive remedy of Seller and of its Affiliates against the Buyer Related Parties under this Agreement or any Ancillary Agreement or in connection with any of the transactions contemplated hereby and thereby, and no Buyer Related Party shall have any further liability or obligations related to or arising out of the transactions contemplated hereby and thereby; provided that nothing in this Section 12.02(c) shall limit Seller's right to specific performance as provided in Section 13.09 (it being agreed that Seller shall be entitled to seek, but shall not be entitled to obtain, both specific performance of Buyer's obligation to close and receipt of the Termination Fee).

(d) Each of Buyer and Seller acknowledges and agrees that the agreements contained in Section 12.02(b) are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the other party would not enter into this Agreement. Each of Buyer and Seller acknowledges and agrees that the Termination Fee shall not constitute a penalty but is liquidated damages, in a reasonable amount that will compensate Parent in the circumstances in which the Termination Fee is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated hereby, which amount would otherwise be impossible to calculate with precision. For the avoidance of doubt, nothing in this Agreement shall limit or otherwise affect Seller's right to specific performance as provided in Section 13.09.

ARTICLE 13
Miscellaneous

Section 13.01. *No Other Representations or Warranties; Investigation.* (a) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT OR OTHERWISE, EACH OF BUYER AND SELLER ACKNOWLEDGES AND AGREES (I) THE REPRESENTATIONS AND WARRANTIES BY SELLER EXPRESSLY SET FORTH IN ARTICLE 3, ON THE ONE HAND, AND BY BUYER EXPRESSLY SET FORTH IN ARTICLE 4, ON THE OTHER HAND, ARE AND SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES TO BUYER AND TO SELLER, RESPECTIVELY, IN CONNECTION WITH THIS AGREEMENT, THE ACQUIRED ENTITIES, THE PURCHASED ASSETS, THE ASSUMED LIABILITIES, SELLER, BUYER AND THE BUSINESS AND (II) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES REFERRED TO IN THE PRECEDING CLAUSE (I), NEITHER OF BUYER OR SELLER NOR ANY OF THEIR RESPECTIVE AFFILIATES NOR ANY OTHER PERSON HAS MADE OR IS MAKING ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY, STATUTORY OR OTHERWISE, OF ANY NATURE, WITH RESPECT TO THIS AGREEMENT, THE ACQUIRED ENTITIES, THE PURCHASED ASSETS, THE ASSUMED LIABILITIES, SELLER, BUYER OR THE BUSINESS, INCLUDING WITH RESPECT TO ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, QUALITY, QUANTITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE BUSINESS, THE ASSETS OF THE ACQUIRED ENTITIES, THE PURCHASED ASSETS, THE ASSUMED LIABILITIES, SELLER, BUYER OR THE BUSINESS OR NON-INFRINGEMENT, MISAPPROPRIATION OR OTHER VIOLATION OF THIRD PARTY INTELLECTUAL PROPERTY, AND ANY SUCH OTHER PURPORTED REPRESENTATIONS AND WARRANTIES ARE EXPRESSLY DISCLAIMED. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT OR OTHERWISE, EACH OF BUYER AND SELLER REPRESENTS, WARRANTS, COVENANTS AND AGREES, (X) WITH RESPECT TO BUYER, ON BEHALF OF ITSELF AND EACH OF ITS AFFILIATES AND ITS AND THEIR RESPECTIVE FORMER, CURRENT OR FUTURE MANAGERS, DIRECTORS, OFFICERS, EMPLOYEES, EQUITY HOLDERS, CONTROLLING PERSONS, AFFILIATES, MANAGEMENT COMPANIES, INCORPORATORS, MEMBERS, LIMITED OR GENERAL PARTNERS, AGENTS, CONSULTANTS, FINANCIAL OR OTHER ADVISORS, INVESTMENT BANKERS, ATTORNEYS, ACCOUNTANTS AND OTHER REPRESENTATIVES, TOGETHER WITH THEIR RESPECTIVE SUCCESSORS, ASSIGNS, HEIRS, EXECUTORS OR ADMINISTRATORS (COLLECTIVELY, THE “**BUYER RELATED PARTIES**”) AND (Y) WITH RESPECT TO SELLER, ON BEHALF OF ITSELF AND EACH OF ITS AFFILIATES AND ITS AND THEIR RESPECTIVE FORMER, CURRENT OR FUTURE MANAGERS, DIRECTORS, OFFICERS, EMPLOYEES, EQUITY HOLDERS, CONTROLLING PERSONS, AFFILIATES, MANAGEMENT COMPANIES, INCORPORATORS, MEMBERS, LIMITED OR GENERAL PARTNERS, AGENTS, CONSULTANTS, FINANCIAL OR OTHER ADVISORS, INVESTMENT BANKERS, ATTORNEYS, ACCOUNTANTS AND OTHER REPRESENTATIVES, TOGETHER WITH THEIR RESPECTIVE SUCCESSORS,

ASSIGNS, HEIRS, EXECUTORS OR ADMINISTRATORS (COLLECTIVELY, THE “**SELLER RELATED PARTIES**”), THAT IN DETERMINING TO ENTER INTO THIS AGREEMENT AND CONSUMMATE THE TRANSACTIONS, OTHER THAN THE REPRESENTATIONS AND WARRANTIES REFERRED TO IN CLAUSE (I) OF THE IMMEDIATELY PRECEDING SENTENCE, NEITHER BUYER NOR SELLER HAS RELIED NOR IS RELYING UPON ANY REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, MADE OR PURPORTEDLY MADE BY OR ON BEHALF OF ANY PERSON (INCLUDING ANY PURPORTED REPRESENTATIONS AND WARRANTIES DESCRIBED AS DISCLAIMED IN CLAUSE (II) OF THE FIRST SENTENCE OF THIS PARAGRAPH), OR UPON THE ACCURACY OR COMPLETENESS OF ANY DOCUMENTS OR INFORMATION PROVIDED TO (1) ANY OF THE BUYER RELATED PARTIES BY OR ON BEHALF OF SELLER, THE ACQUIRED ENTITIES, ANY RETAINED SUBSIDIARY OR ANY OTHER PERSON, OR (2) ANY OF THE SELLER RELATED PARTIES BY OR ON BEHALF OF BUYER, ITS AFFILIATES OR ANY OTHER PERSON.

(e) Without limiting the generality of the immediately preceding paragraph, it is understood and agreed by Buyer, on behalf of itself and the other Buyer Related Parties, that any cost estimate, projection, forecast or other prediction, any data or information of any kind (including any financial data or information) or any memoranda or offering materials or presentations, including any memoranda and materials provided by or on behalf of Seller or the Acquired Entities, or any of its or their Affiliates or Representatives, or any other Person, are not and shall not be deemed to be or to include representations or warranties (express or implied) of any Person, and have not been and are not being relied upon in determining to enter into this Agreement and consummate the transactions contemplated by this Agreement.

(f) The parties hereto acknowledge that certain of the Acquired Entities (the “**New Subsidiaries**”) may be organized following the date of this Agreement and prior to the Closing in accordance with the Pre-Closing Reorganization, and such New Subsidiaries are therefore not in existence as of the date of this Agreement. Accordingly, it is the express understanding of the parties hereto that, notwithstanding anything in this Agreement to the contrary, Seller makes no representations and warranties as of the date of this Agreement with respect to the New Subsidiaries, including the organization, good standing (to the extent applicable in a New Subsidiary’s jurisdiction of organization), authority, capital structure, operations and liabilities of any such New Subsidiary, until such date and time of such New Subsidiary’s organization. Apart from such Assumed Liabilities as may be incurred in connection with the Pre-Closing Reorganization, Seller shall cause each New Subsidiary to incur no liabilities whatsoever other than those incident to its formation and maintenance from the date of such New Subsidiary’s organization until the earlier to occur of the Closing Date or the termination of this Agreement in accordance with the terms hereof.

(g) Buyer acknowledges, covenants and agrees, on behalf of itself and each of the other Buyer Related Parties, (i) that it is an informed and sophisticated purchaser, has engaged expert advisors, experienced in the evaluation and purchase of property and assets such as that contemplated by this Agreement and has completed to its satisfaction its own due diligence investigation, and based thereon, formed its own independent judgment with respect to the Acquired Entities, Purchased Assets, Assumed Liabilities and the Business, (ii) that it has

been furnished with or given full access to such documents and information about the Acquired Entities, Purchased Assets, Assumed Liabilities and the Business as it and its representatives have deemed necessary to enable it to make an informed decision with respect to the execution, delivery and performance of this Agreement and the transactions contemplated hereby, (iii) that, in entering into this Agreement, it has relied solely upon its own investigation and analysis and the representations and warranties expressly set forth by Seller in Article 3, (iv) that there are uncertainties inherent in attempting to make estimates, projections, forecasts, plans, budgets and similar materials and information, and Buyer is familiar with such uncertainties and (v) other than the representations and warranties of Seller in Article 3, Buyer is taking full responsibility for making its own evaluation of the adequacy and accuracy of any and all estimates, projections, forecasts, plans, budgets and other materials or other information that may have been delivered or made available to it or any of its Representatives, Buyer has not relied and shall not rely on such information (or the accuracy or completeness thereof), and Buyer shall not assert, and shall cause its Affiliates not to assert, any claims against Seller, any of their respective Subsidiaries or Affiliates or any other Person with respect thereto.

Section 13.02. *Notices.* All notices, requests and other communications to any party hereunder shall be in writing (including email transmission, so long as a receipt of such email is confirmed by the recipient thereof) (whether or not expressly required herein) and shall be given,

if to Buyer, to:

ASSA ABLOY AB
P.O. Box 70340
SE-107 23 Stockholm, Sweden
Attention: Johan Ahlgren
Email: johan.ahlgren@assaabloy.com

and to:

ASSA ABLOY Inc.
110 Sargent Drive
New Haven, CT 06511
Attention: L. Page Heslin
Page.Heslin@assaabloy.com

with a copy (which shall not constitute notice) to:

Linklaters LLP
1290 Avenue of the Americas
New York, NY 10104
Attention: Peter Cohen-Millstein
Email: peter.cohen-millstein@linklaters.com

if to Seller, to:

Spectrum Brands, Inc.
3001 Deming Way
Middleton, WI 53562
Attention: Ehsan Zargar, EVP, General Counsel & Corporate Secretary
Email: ehsan.zargar@spectrumbrands.com

and with a copy (which shall not constitute notice) to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
Attention: Brian Wolfe
Cheryl Chan
Email: brian.wolfe@davispolk.com
cheryl.chan@davispolk.com

or such other address or email as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

Section 13.03. *Amendments and Waivers.* (a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by Buyer and Seller, or in the case of a waiver, by the party against whom the waiver is to be effective.

(h) No failure or delay by any party in exercising any right, power or privilege hereunder shall impair such right or remedy or operate or be construed as a waiver or variation thereof or preclude its exercise at any subsequent time nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Except as otherwise provided in Section 11.07, the rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 13.04. *Expenses.* Except as otherwise expressly provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the party (including its Affiliates) incurring such cost or expense.

Section 13.05. *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided*, that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of Buyer and Seller, except that Buyer may designate one or more of its wholly owned Subsidiaries as the buyer of the Purchased Shares or some or all of the Purchased Assets, or the entity assuming some or all of the

Assumed Liabilities; *provided further* that such assignment or designation pursuant to this proviso shall not relieve Buyer of any of its obligations hereunder or restrict or delay consummation of the transactions contemplated hereby or otherwise adversely affect Seller or any of their Affiliates.

Section 13.06. *Governing Law.* This Agreement shall be governed by and construed in accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state.

Section 13.07. *Jurisdiction.* The parties hereto agree that, except as set forth in Section 2.07(b) and Section 2.10, any Action seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, only if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any federal court within the State of Delaware), so long as one of such courts shall have subject matter jurisdiction over such Action, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Delaware, and each of the parties hereto hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such Action and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such Action in any such court or that any such Action brought in any such court has been brought in an inconvenient forum. Process in any such Action may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 13.02 shall be deemed effective service of process on such party.

Section 13.08. *Counterparts; Effectiveness; No Third-Party Beneficiaries.* (a) This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other parties hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

(i) No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations, or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns, except, with respect to Section 7.05, any legal counsel representing Seller or any of their Affiliates, including the Acquired Entities, in connection with the Current Representation.

Section 13.09. *Specific Performance.* The parties hereto agree that irreparable damage would occur, and that the parties would not have any adequate remedy at law, in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to

specifically enforce the terms and provisions of this Agreement, without proof of actual damages or otherwise, in addition to any other remedy to which they are entitled at law or in equity. Each party agrees to waive any requirement for the securing or posting of any bond in connection with such remedy. The parties further agree not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy. To the extent any party hereto brings an Action to enforce specifically the performance of the terms and provisions of this Agreement (other than an action to enforce specifically any provision that expressly survives termination of this Agreement), the End Date shall automatically be extended to (i) the twentieth (20th) Business Day following the resolution of such Action or (ii) such other time period established by the court presiding over such Action.

Section 13.10. *Entire Agreement.* The Transaction Documents and the Confidentiality Agreement constitute the entire agreement between the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties hereto with respect to the subject matter hereof and thereof.

Section 13.11. *Bulk Sales Laws.* Buyer and Seller each hereby waive compliance by Seller with the provisions of the “bulk sales”, “bulk transfer” or similar laws of any jurisdiction in connection with the sale of the Purchased Assets.

Section 13.12. *Severability.* Each term, provision, covenant and restriction of this Agreement is severable. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 13.13. *Disclosure Schedule.* The parties acknowledge and agree that (i) matters reflected on the Disclosure Schedule are not necessarily limited to matters required to be reflected therein, (ii) the inclusion of any items or information in the Disclosure Schedule that are not required by this Agreement to be so included is solely for the convenience of Buyer, (iii) the disclosure by Seller of any matter in the Disclosure Schedule shall not be deemed to constitute an acknowledgment by Seller that the matter is required to be disclosed by the terms of this Agreement or that the matter is material, (iv) headings have been inserted in the Disclosure Schedule for convenience of reference only and have no contractual meaning or impact, (v) the Disclosure Schedule is qualified in its entirety by reference to specific provisions of this Agreement and (vi) the Disclosure Schedule and the information and statements contained therein are not intended to constitute, and shall not be construed as constituting, representations or warranties of Seller except as and to the extent provided in this Agreement. Without limiting the generality of the foregoing, all references in the Disclosure

Schedule to the enforceability of agreements with third parties, the existence or non-existence of third-party rights, the absence or existence of breaches or defaults by Seller, any of its Subsidiaries, or third parties, or similar matters or statements, are intended only to allocate rights and risks among the parties hereto and are not intended to be admissions against interests, give rise to any inference or proof of accuracy or be admissible against any party by or in favor of any Person who is not a party hereto. The parties acknowledge and agree that Seller may, on or prior to September 16, 2021, in good faith update Sections 3.04, 3.10, 3.11 and 3.13 of the Disclosure Schedule, and such amended versions will replace those schedules in their entirety.

Section 13.14. *Currency.* Unless otherwise specified in this Agreement, all references to currency, monetary values and dollars set forth herein shall mean United States (U.S.) dollars and all payments hereunder shall be made in U.S. dollars. The parties agree that to the extent this Agreement provides for any valuation, measurement or test as of a given date based on an amount specified in U.S. dollars and the subjects of such valuation, measurement or test are comprised of items or matters that are, in whole or in part, denominated other than in U.S. dollars, such foreign dollar amounts shall be converted into U.S. dollars using an exchange rate that will be the closing mid-point real spot rate as of the second (2nd) Business Day prior to such date quoted by Bank of America for U.S. dollars to amounts of such foreign currency.

Section 13.15. *No Recourse.* Without limiting any other provision of this Agreement, it is hereby agreed and acknowledged that this Agreement may only be enforced against, and any claims or actions that may be based upon, arise out of, or relate to, this Agreement, or the negotiation, execution or performance of this Agreement, may only be made against the parties hereto, and no former, current or future Affiliates, officers, directors, managers, employees, equity holders, managers, members, partners, agents, Representatives or assigns of Seller or Buyer, in each case who is not a party hereto shall have any liability for any obligations of the parties hereto or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

Section 13.16. *Waiver of Jury Trial.* EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 13.17. *Debt Financing Sources.* Notwithstanding anything in this Agreement to the contrary, each of the Parties on behalf of itself and each of its controlled Affiliates hereby: (a) agrees that all issues and questions concerning and against the Debt Financing Sources in any way arising out of or relating to this Agreement or any debt financing entered into in connection with the transactions contemplated by this Agreement (the “**Debt Financing**”) or any the definitive agreements relating to the Debt Financing (the “**Definitive Debt Financing Agreements**”) or any of the transactions contemplated hereby or thereby or the performance of any services thereunder (whether based in contract, tort or otherwise) or the performance thereof, shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction) that would cause the

application of the laws of any jurisdiction other than the State of New York, (b) agrees that it will not bring or support any action, cause of action, claim, cross-claim or third-party claim of any kind or description, whether in law or in equity, whether in contract or in tort or otherwise, against the Debt Financing Sources in any way arising out of or relating to this Agreement, the Debt Financing, the Definitive Debt Financing Agreements or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, in any forum other than the Supreme Court of the State of New York, County of New York, or, if under applicable law exclusive jurisdiction is vested in the federal courts, the United States District Court for the Southern District of New York (and the appellate courts thereof), (c) knowingly, intentionally and voluntarily waives to the fullest extent permitted by applicable law trial by jury in any legal action (whether in law or in equity, whether in contract or in tort or otherwise) brought against the Debt Financing Sources in any way arising (directly or indirectly) out of or relating to this Agreement, the Debt Financing, the Definitive Debt Financing Agreements or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, (d) agrees that none of the Debt Financing Sources will have any liability to any of the Seller, its Affiliates or their respective directors, officers, employees, agents, partners, managers, members and stockholders relating to or arising out of this Agreement, the Debt Financing or the Definitive Debt Financing Agreements or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, and the Seller, its Affiliates or their respective directors, officers, employees, agents, partners, managers, members and stockholders shall not bring or support any legal action (including any action, cause of action, claim, cross-claim or third party claim of any kind or description, whether in law or in equity, whether in contract or in tort or otherwise), against any of the Debt Financing Sources relating to or in any way arising out of this Agreement, the Debt Financing, the Definitive Debt Financing Agreements or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, and (e) agrees (x) that the Debt Financing Sources are express third party beneficiaries of, and may enforce, any of the provisions in this Section 13.17 (or the definitions of any terms used in this Section) and (y) to the extent any amendments to any provision of this Section 13.17 (or any of the defined terms used herein or therein or any other provision of this Agreement to the extent a modification, waiver or termination of such defined term or provision would modify the substance of such Section) or, solely as they relate to such Section, the definitions of any terms used) are adverse to the Debt Financing Sources, such provisions shall not be amended without the prior written consent of the Debt Financing Sources. Notwithstanding anything contained herein to the contrary, nothing in this Section 13.17 shall in any way affect a party's rights and remedies under the Definitive Financing Agreements to the extent they are a party thereto.

*[The remainder of this page has been intentionally left blank;
the next page is the signature page.]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SPECTRUM BRANDS, INC.

By /s/ David M. Maura

Name: David M. Maura

Title: Chairman and Chief Executive Officer

ASSA ABLOY AB

By /s/ Lucas Boselli
Name: Lucas Boselli
Title: Executive Vice President

**FORM OF CERTIFICATE OF AMENDMENT TO
CERTIFICATE OF INCORPORATION OF
SPECTRUM BRANDS HOLDINGS, INC.**

Spectrum Brands Holdings, Inc. (the "Corporation"), a corporation duly organized and existing under the General Corporation Law of the State of Delaware, as from time to time amended (the "DGCL"), DOES HEREBY CERTIFY THAT:

1. The Certificate of Incorporation of the Corporation as heretofore in effect is hereby amended by amending and restating Section 5.2 thereof to provide in its entirety as follows:

"5.2 As of the effective time of the amendment providing for this Section 5.2, the Board is divided into three classes, designated as Class I, Class II and Class III, the terms of office of the Directors assigned to Class I expiring at the 2022 annual meeting of stockholders (an "Annual Meeting"), the terms of office of the Directors assigned to Class II expiring at the 2023 Annual Meeting and the terms of office of the Directors assigned to Class III expiring at the 2024 Annual Meeting. Commencing immediately prior to the election of directors at the 2022 Annual Meeting, the Board shall be divided into two classes of directors, Class A and Class B, with the directors in Class A having a term that expires at the 2023 Annual Meeting and the directors in Class B having a term that expires at the 2024 Annual Meeting. The successors of the directors who, immediately prior to the 2022 Annual Meeting, were members of Class I (and whose terms will expire at the 2022 Annual Meeting) shall be elected to Class A; the directors who, immediately prior to the 2022 Annual Meeting, were members of Class II (and whose terms are scheduled to expire at the 2023 Annual Meeting) shall become members of Class A for a term expiring at the 2023 Annual Meeting; and the directors who, immediately prior to the 2022 Annual Meeting, were members of Class III (and whose terms are scheduled to expire at the 2024 Annual Meeting) shall be members of Class B for a term expiring at the 2024 Annual Meeting. Commencing immediately prior to the election of directors at the 2023 Annual Meeting, there shall be a single class of directors, Class I with all directors of such class having a term that expires at the 2024 Annual Meeting. The successors of the directors who, immediately prior to the 2023 Annual Meeting, were members of Class A (and whose terms will expire at the 2023 Annual Meeting) shall be elected to Class I and the directors who, immediately prior to the 2023 Annual Meeting, were members of Class B (and whose terms are scheduled to expire at the 2024 Annual Meeting) shall become members of Class I for a term expiring at the 2024 Annual Meeting. At the 2024 Annual Meeting and each Annual Meeting thereafter, all Directors shall be elected to serve for one-year terms expiring at the next Annual Meeting. Each Director shall hold office until the expiration of his or her term of office and his or her successor is elected and qualified, or until such Director's earlier resignation or removal. Any Director appointed to fill a vacancy shall have the same remaining term as that of his or her predecessor, and any Director appointed to a newly created directorship upon an

increase in the authorized number of Directors shall have the same remaining term as that of the class to which such newly created directorship is assigned by the Board at the time of its creation. For avoidance of doubt, whenever the Board is divided into more than one class, the number of directorships assigned to each such class need not be as nearly equal in number as possible. Nothing in this Section 5.2 shall apply to any Director that may be separately elected by holders of any class or series of Preferred Stock.”

2. The foregoing amendment was duly adopted in accordance with the provisions of Section 242 of the DGCL.

[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by its duly authorized officer on this [●] day of [●], 20[●].

SPECTRUM BRANDS HOLDINGS, INC.

By:____ Name: Ehsan Zargar
Title: Executive Vice President, General Counsel &
Corporate Secretary

Subsidiary	Jurisdiction
8 in 1 Pet Products GmbH	Germany
AAG UK Holding Limited	United Kingdom
Alaska Merger Acquisition Corp.	U.S. Delaware
AO "Spectrum Brands" Russia	Russian Federation
Applica Asia Limited	Hong Kong
Applica Manufacturing, S. de R.L. de C.V.	Mexico
Applica Mexico Holdings, Inc.	U.S. Delaware
Armitage Pet Care Limited	United Kingdom
Armitage Brothers Limited	United Kingdom
Armitage Trustees Limited	United Kingdom
Algarde Enterprises Limited	United Kingdom
Armitage Pet Products Limited	United Kingdom
Aquarium Systems Manufacturer of Instant Ocean	France
BIOJAM, LLC	U.S. Florida
Cannines Supplies de Mexico, S. de R.L. de C.V.	Mexico
Charged Productions, Inc.	U.S. Nevada
D.H. Haden Limited	U.K.
Dai Neng Trading (Shanghai) Co., Ltd.	China
Eukanuba GmbH	Germany
FIAM Capital Management, LLC	U.S. Delaware
Five Island Asset Management, LLC	U.S. Delaware
Focus 100 Limited	U.K.
For Life Products, LLC	U.S. Florida
Front Street Re (Delaware) Ltd.	U.S. Delaware
FS Holdco II, Ltd.	U.S. Delaware
GloFish LLC	U.S. Delaware
Good boy Pet Foods Limited	United Kingdom
HGI Asset Management Holdings, LLC	U.S. Delaware
HGI Energy (Compass) Holding Corporation	U.S. Delaware
HGI Energy Holdings, LLC	U.S. Delaware
HGI Funding, LLC	U.S. Delaware
HGI Funding, SPV LLC	U.S. Delaware
HGI Global Holdings, LLC	U.S. Delaware
Household Products Chile Comercial Limitada	Chile
HRG SPV Sub II, LLC	U.S. Delaware
K9 Topco Limited	United Kingdom
K9 Midco Limited	United Kingdom
Landscape Depot LLC	U.S. Texas
Maanring Holding B.V.	Netherlands
Minera Vidaluz, S.A. de C.V.	Mexico
National Manufacturing Mexico A LLC	U.S. Delaware
National Manufacturing Mexico B LLC	U.S. Delaware
National Openings, LLC	U.S. Pennsylvania
NCZ I, Inc.	U.S. Minnesota
NCZ II, Inc.	U.S. Minnesota
New FOH, LLC	U.S. Delaware
NZCH Corporation	U.S. Nevada
PPC Industries Ltd.	British Virgin Islands
Products Plus Limited	Cayman Islands
Products Plus LLC	U.S. Delaware
Rayovac (UK) Limited	United Kingdom
Rayovac Argentina S.R.L.	Argentina
Rayovac Costa Rica, S.A.	Costa Rica
Remington Asia	British Virgin Islands
Remington Consumer Products	United Kingdom
Remington Licensing Corporation	U.S. Delaware
Remington Russell Hobbs d.o.o.	Croatia

Subsidiary	Jurisdiction
Remington Shavers (Hong Kong) Co. Limited	Hong Kong
Rotastak Limited	United Kingdom
ROV Holding, Inc.	U.S. Delaware
ROV International Holdings LLC	U.S. Delaware
RRH Appliances Czech Republic s.r.o	Czech Republic
RRH Bulgaria EOOD	Bulgaria
RRH Finland Oy f/ka/ ShelCo 133 Oy	Finland
RRH France SAS	France
RRH Italia S.r.l.	Italy
RRH Küçük Elektrikli Aletler Limited Sirketi	Turkey
RRH Norway AS	Norway
RRH Schweiz GmbH	Switzerland
RRH Slovakia s.r.o.	Slovakia
Ruggiero Innovations LLC	U.S. Florida
Russell Hobbs Deutschland GmbH	Germany
Russell Hobbs Holdings Limited	United Kingdom
Russell Hobbs Limited	United Kingdom
Russell Hobbs Tower Limited	United Kingdom
Salix Animal Health, LLC	U.S. Delaware
Salton (Aust) Pty Ltd	Australia
Salton Hong Kong Limited	Hong Kong
Salton NZ Limited	New Zealand
Salus Capital Canada, Ltd.	Canada
Salus Capital Partners II, LLC	U.S. Delaware
Salus Capital Partners, LLC	U.S. Delaware
SB/RH Holdings, LLC	U.S. Delaware
Schultz Company	U.S. Missouri
Shaser, LLCInc.	U.S. Delaware
SP Brands Guatemala, Limitada	Guatemala
SPB Austria GmbH	Austria
SPB Denmark ApS	Denmark
SPB France SAS	France
SPB Group Sweden AB	Sweden
SPB Remainco Poland Sp.z.o.o.	Poland
SPBA Australia Pty Limited	Australia
SPECB Spectrum Brands Dominican Republic, S.R.L.	Dominican Republic
Spectrum Brands (Barbados) Financing SRL	Barbados
Spectrum Brands (Barbados) Sourcing SRL	Barbados
Spectrum Brands (Hong Kong) Limited	China
Spectrum Brands (Shenzhen) Co., Ltd.	China
Spectrum Brands (UK) Holdings Limited	United Kingdom
Spectrum Brands (UK) Limited	United Kingdom
Spectrum Brands (Xiamen) Industrial Co., Ltd.	China
Spectrum Brands Appliances (Ireland) Limited	Ireland
Spectrum Brands Appliances Holdings B.V.	Netherlands
Spectrum Brands Asia	Cayman Islands
Spectrum Brands Australia Pty. Ltd.	Australia
Spectrum Brands Benelux B.V.	Netherlands
Spectrum Brands Canada, Inc.	Canada
Spectrum Brands Chile SpA	Chile
Spectrum Brands Commerce (Shenzhen) Co. Ltd.	China
Spectrum Brands Consumer Products Canada, Inc.	Canada
Spectrum Brands Corp. S.A.S.	Colombia
Spectrum Brands de Mexico, S.A. de C.V.	Mexico
Spectrum Brands del Peru S.A.C.	Peru
Spectrum Brands East Asia Holdings Limited	Hong Kong
Spectrum Brands El Salvador, Ltda. De C.V.	El Salvador

Subsidiary	Jurisdiction
Spectrum Brands ESP LLC	U.S. Delaware
Spectrum Brands Germany GmbH	Germany
Spectrum Brands Group, tgovina, d.o.o.	Slovenia
Spectrum Brands HHI (Shenzhen) Co., Ltd.	China
Spectrum Brands HHI (Zhongshan) Co., Ltd.	China
Spectrum Brands HHI Mexico, S. de R.L. de C.V.	Mexico
Spectrum Brands HK1 Limited	Hong Kong
Spectrum Brands HK2 Limited	Hong Kong
Spectrum Brands Holding B.V.	Netherlands
Spectrum Brands Holdings, Inc.	U.S. Delaware
Spectrum Brands Holdings Limited	Hong Kong
Spectrum Brands Honduras, S. de R.L.	Honduras
Spectrum Brands Hungaria Kft	Hungary
Spectrum Brands Italia S.r.L.	Italy
Spectrum Brands Japan K.K.	Japan
Spectrum Brands Legacy, Inc.	U.S. Delaware
Spectrum Brands Lux II S.à R.L.	Luxembourg
Spectrum Brands Lux III S.à R.L.	Luxembourg
Spectrum Brands Lux IV S.à R.L.	Luxembourg
Spectrum Brands Lux S.à R.L.	Luxembourg
Spectrum Brands Lux V S.a.r.l.	Luxembourg
Spectrum Brands Lux VI S.a.r.l.	Luxembourg
Spectrum Brands New Zealand Limited	New Zealand
Spectrum Brands Panama LLC	Panama
Spectrum Brands Pet Group Inc.	U.S. Delaware
Spectrum Brands Pet LLC	U.S. New York
Spectrum Brands Poland Sp. Z.o.o.	Poland
Spectrum Brands Portugal Uniipessoal Lda.	Portugal
Spectrum Brands Real Estate B.V.	Netherlands
Spectrum Brands Romania S.R.L.	Romania
Spectrum Brands Servicios, S.A. de C.V.	Mexico
Spectrum Brands Singapore Pte. Ltd.	Singapore
Spectrum Brands Sourcing Limited	Hong Kong
Spectrum Brands Spain, S.L.	Spain
Spectrum Brands, Inc.	U.S. Delaware
Spectrum China Business Trust	China
SPECTRUMECUADOR S.A.	Ecuador
Tell Holdings Hong Kong Limited	Hong Kong
Tetra (UK) Limited	United Kingdom
Tetra GmbH	Germany
The Fair Manufacturing Company Limited	Cambodia
Toastmaster de Mexico, S.A. de C.V.	Mexico
Tong Lung Metal Industry Co., Ltd.	Taiwan
Tong Lung Philippines Metal Industry Co. Inc.	Philippines
United Industries Corporation	U.S. Delaware
Varta Limited	United Kingdom
Viking Acquisitions S. de R.L. de C.V.	Mexico
Viking Acquisitions Servicios S. de R.L. de C.V.	Mexico
Weiser Lock Mexico, S. de R.L. de C.V.	Mexico
Zaldy NYC, LLC	U.S. Delaware
Zapata America Corporation	U.S. New York
Zapata Corporation of America	U.S. Delaware
Zapata Investments Corporation	U.S. New York
Zapata North America Corporation	U.S. New York
Zapata Transamerica Corporation	U.S. New York
Zapata Worldwide Corporation	U.S. New York

Exhibit 21.2

Name*	State or Other Jurisdiction of Incorporation or Organization	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number
Applica Mexico Holdings, Inc.	Delaware	3690	74-3100872
Alaska Merger Acquisition Corp.	Delaware	3690	82-1316914
Glofish LLC	Delaware	3690	82-1484807
National Manufacturing Mexico A LLC	Delaware	3690	N/A
National Manufacturing Mexico B LLC	Delaware	3690	N/A
National Openings, LLC	Pennsylvania	3690	46-2516338
ROV Holding, Inc.	Delaware	3690	22-2423555
ROV International Holdings LLC	Delaware	3690	N/A
Salix Animal Health, LLC	Florida	3690	65-0965477
SB/RH Holdings, LLC	Delaware	3690	27-2812840
Schultz Company	Missouri	3690	43-0625762
Shaser, LLC	Delaware	3690	20-2000219
Spectrum Brands Pet Group Inc.	Delaware	3690	82-2201953
Spectrum Brands Pet LLC	New York	3690	26-1757404
United Industries Corporation	Delaware	3690	43-1025604

*The address of each additional registrant's principal executive office is c/o Spectrum Brands, Inc., 3001 Deming Way, Middleton, Wisconsin 53562, (608) 275-3340.

**Single member LLC disregarded for U.S. tax purposes.

Consent of Independent Registered Public Accounting Firm

The Shareholders and Board of Directors
Spectrum Brands Holdings, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-242343, No. 333-226592, 333-197223, 333-178587, 333-124693, 333-45568, 333-43223, and 033-00123) on Form S-8 of Spectrum Brands Holdings, Inc. of our reports dated November 23, 2021, with respect to the consolidated statements of financial position of Spectrum Brands Holdings, Inc. and subsidiaries (the Company) as of September 30, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended September 30, 2021, and the related notes, (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of September 30, 2021, which reports appear in the September 30, 2021 annual report on Form 10-K of Spectrum Brands Holdings, Inc.

/s/ KPMG LLP

Milwaukee, WI
November 23, 2021

CERTIFICATIONS

I, David M. Maura, certify that:

1. I have reviewed this annual report on Form 10-K of Spectrum Brands Holdings, Inc. (the “registrant”);
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(s) 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 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(s) 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 23, 2021

/s/ David M. Maura

David M. Maura

Chief Executive Officer

CERTIFICATIONS

I, Jeremy W. Smeltser, certify that:

1. I have reviewed this annual report on Form 10-K of Spectrum Brands Holdings, Inc. (the “registrant”);
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(s) 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 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(s) 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 23, 2021

/s/ Jeremy W. Smeltser

Jeremy W. Smeltser

Chief Financial Officer

CERTIFICATIONS

I, David M. Maura, certify that:

1. I have reviewed this annual report on Form 10-K of SB/RH Holdings, LLC (the “registrant”);
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(s) 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 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(s) 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 23, 2021

/s/ David M. Maura

David M. Maura

Chief Executive Officer

CERTIFICATIONS

I, Jeremy W. Smeltser, certify that:

1. I have reviewed this annual report on Form 10-K of SB/RH Holdings, LLC (the “registrant”);
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(s) 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 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(s) 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 23, 2021

/s/ Jeremy W. Smeltser

Jeremy W. Smeltser

Chief Financial Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Spectrum Brands Holdings, Inc. (the "Company") for the fiscal year ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Maura, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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 Company

/s/ David M. Maura

Name: **David M. Maura**
Title: **Chief Executive Officer**
Date: **November 23, 2021**

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act or Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Spectrum Brands Holdings, Inc. (the "Company") for the fiscal year ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeremy W. Smeltser, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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 Company

/s/ Jeremy W. Smeltser

Name: **Jeremy W. Smeltser**
Title: **Chief Financial Officer**
Date: **November 23, 2021**

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act or Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of SB/RH Holdings, LLC (the "Company") for the fiscal year ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Maura, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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 Company

/s/ David M. Maura

Name: **David M. Maura**
Title: **Chief Executive Officer**
Date: **November 23, 2021**

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act or Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of SB/RH Holdings, LLC (the "Company") for the fiscal year ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeremy W. Smeltser, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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 Company

/s/ Jeremy W. Smeltser

Name: **Jeremy W. Smeltser**
Title: **Chief Financial Officer**
Date: **November 23, 2021**

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act or Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.