

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 13E-3  
RULE 13E-3 TRANSACTION STATEMENT UNDER SECTION 13(E)  
OF THE SECURITIES EXCHANGE ACT OF 1934

**Steel Connect, Inc.**  
(NAME OF THE ISSUER)

Steel Connect, Inc.  
Steel Partners Holdings L.P.  
SP Merger Sub, Inc.  
Handy & Harman Ltd.  
WHX CS Corp.  
Steel Partners, Ltd.  
SPH Group LLC  
SPH Group Holdings LLC  
Steel Partners Holdings GP, Inc.  
Steel Excel Inc.  
Warren G. Lichtenstein  
Jack L. Howard  
(Names of Person(s) Filing Statement)

Common Stock, par value \$0.01 per share  
(Title of Class of Securities)

858098106  
(CUSIP Number of Class of Securities)

Steel Connect, Inc.  
Attn: Jason Wong  
2000 Midway Ln  
Smyrna, Tennessee 37167  
(914) 461-1276

Steel Partners Holdings L.P.  
Attn: Maria Reda  
590 Madison Avenue, 32nd Floor  
New York, New York 10022  
(212) 520-2300

(Name, Address, and Telephone Numbers of Person Authorized to Receive Notices and Communications on Behalf of the Persons Filing Statement)

*With copies to*

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This statement is filed in connection with (check the appropriate box):

- a.  The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14C or Rule 13e-3(c) under the Securities Exchange Act of 1934.  
b.  The filing of a registration statement under the Securities Act of 1933.  
c.  A tender offer.  
d.  None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

**Neither the SEC nor any state securities regulatory agency has approved or disapproved the Merger, passed upon the merits or fairness of the Merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

## INTRODUCTION

This Rule 13E-3 Transaction Statement, together with the exhibits hereto (this “Transaction Statement”), is being filed with the Securities and Exchange Commission (the “SEC”) pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), by: (i) Steel Connect, Inc., a Delaware corporation (the “Company” or “Steel Connect”), and the issuer of the shares of common stock, par value \$0.01 per share (the “Common Stock”) that are subject to the Rule 13e-3 transaction; (ii) Steel Partners Holdings L.P., a Delaware limited partnership (“Parent” or “Steel Partners”); (iii) SP Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent (“Merger Sub” and, together with Parent, the “Parent Parties”), (iv) Handy & Harman Ltd., a Delaware limited company, (v) WHX CS Corp., a Delaware corporation, (vi) Steel Partners, Ltd., a Delaware limited company, (vii) SPH Group LLC, a Delaware limited liability company, (viii) SPH Group Holdings LLC, a Delaware limited liability company, (ix) Steel Partners Holdings GP, Inc., a Delaware corporation, (x) Steel Excel Inc., a Delaware incorporation, (xi) Warren G. Lichtenstein, an individual, and (xii) Jack L. Howard, an individual. Collectively, the persons filing this Transaction Statement are referred to as the “filing persons.”

This Transaction Statement relates to the Agreement and Plan of Merger, dated June 12, 2022 (as it may be amended from time to time, the “Merger Agreement”), by and among the Company and the Parent Parties. Pursuant to the Merger Agreement, if the conditions to the closing of the merger are either satisfied or waived, as applicable, Merger Sub will be merged with and into the Company, with the Company continuing as the surviving entity and becoming a private, wholly owned subsidiary of Parent (the “Merger”). Pursuant to the Merger Agreement, at the effective time of the Merger, each issued and outstanding share of Common Stock (other than (i) shares owned by the Company or any of its wholly owned subsidiaries or by Parent or any of its wholly owned subsidiaries (collectively, “Excluded Shares”) and (ii) shares for which appraisal rights have been properly and validly perfected and not withdrawn or lost will be converted into the right to (a) receive \$1.35 in cash per share, without interest and subject to any withholding taxes and (b) one contingent value right to receive, subject to the terms of the Contingent Value Rights Agreement among the Company, Parent, a rights agent to be determined thereunder and a shareholder representative to be designated therein (substantially in the form attached to the Merger Agreement), the ModusLink CVR Payment Amount as provided for in the Merger Agreement.

The board of directors of the Company (the “Board”), acting on the unanimous recommendation of the special committee of the Board (the “Special Committee”), has adopted resolutions (i) determining that the terms of the Merger Agreement and the Merger and the transactions contemplated by the Merger Agreement (the “Transactions”) are advisable, fair to and in the best interest of the Company and the holders of capital stock of the Company (other than holders of Excluded Shares), (ii) approving and declaring advisable the Merger Agreement and the Transactions and (iii) recommending that the holders of capital stock of the Company entitled to vote, vote for the adoption of the Merger Agreement. The Board of Directors of Steel Partners Holdings GP, Inc., the general partner of the Company, has also approved the Merger Agreement and the Transactions.

Concurrently with the filing of this Transaction Statement, the Company is filing with the SEC a preliminary proxy statement (the “Proxy Statement”) under Regulation 14A of the Exchange Act. The Board will solicit proxies from the stockholders of the Company in connection with the Merger pursuant to the definitive version of the Proxy Statement. The Proxy Statement is attached hereto as Exhibit (a)(1). A copy of the Merger Agreement is attached to the Proxy Statement as Annex A and is incorporated herein by reference.

Pursuant to General Instruction F to Schedule 13E-3, the information in the Proxy Statement, including all annexes thereto, is expressly incorporated by reference herein in its entirety, and responses to each item herein are qualified in their entirety by the information contained in the Proxy Statement. The cross-references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the Proxy Statement of the information required to be included in response to the items of Schedule 13E-3. Capitalized terms used but not defined in this Transaction Statement have the meanings given to them in the Proxy Statement.

All information concerning the Company contained in, or incorporated by reference into, this Transaction Statement was supplied by the Company. Similarly, all information concerning each other filing person contained in, or incorporated by reference into, this Transaction Statement was supplied by such filing person.

**Item 1. Summary Term Sheet****Regulation M-A Item 1001**

- (a) The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
“Summary Term Sheet Relating to the Merger”  
“Questions and Answers About the Annual Meeting and the Merger”

**Item 2. Subject Company Information****Regulation M-A Item 1002**

- (a) **Name and Address.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
“Summary Term Sheet Relating to the Merger—The Parties to the Merger”  
“The Parties to the Merger”  
“Proposal No. 1: The Merger Proposal—The Merger Agreement”  
“Important Additional Information Regarding Steel Connect—Company Background”
- (b) **Securities.** The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:  
“Summary Term Sheet Relating to the Merger—Record Date and Quorum”
- (c) **Trading Market and Price.** The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:  
“Important Additional Information Regarding Steel Connect—Market Price of Our Common Stock”
- (d) **Dividends.** The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:  
“Important Additional Information Regarding Steel Connect—Dividends”
- (e) **Prior Public Offerings.** The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:  
“Important Additional Information Regarding Steel Connect—Prior Public Offerings”
- (f) **Prior Stock Purchases.** The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:  
“Important Additional Information Regarding Steel Connect—Prior Stock Purchases”

**Item 3. Identity and Background of Filing Person****Regulation M-A Item 1003**

- (a)-(c) **Name and Address; Business and Background of Entities; Business and Background of Natural Persons.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
“Summary Term Sheet Relating to the Merger”  
“The Parties to the Merger”  
“Important Information Regarding the Parent Group Members”  
“Proposal No. 3: The Election Proposal—Information Concerning the Directors and the Board’s Nominees”  
“Important Additional Information Regarding Steel Connect—Company Background”  
“Important Additional Information Regarding Steel Connect—Executive Officers and Directors”  
“Important Additional Information Regarding Steel Connect—Security Ownership of Certain Beneficial Owners and Management”  
“Where You Can Find Additional Information”

**Item 4. Terms of the Transaction****Regulation M-A Item 1004**

- (a) **Material Terms.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
“Summary Term Sheet Relating to the Merger”  
“Questions and Answers About the Annual Meeting and the Merger”  
“Special Factors—Background of the Merger”

*“Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*

*“Special Factors—The Parent Group Members’ Purposes and Reasons for the Merger”*

*“Special Factors—Position of the Parent Group as to Fairness of the Merger”*

*“Special Factors—Plans for Steel Connect after the Merger”*

*“Special Factors—Certain Effects of the Merger”*

*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*

*“Special Factors—Material U.S. Federal Income Tax Consequences of the Merger”*

*“Special Factors—Regulatory Approvals”*

*“Special Factors—Anticipated Accounting Treatment of the Merger”*

*“Proposal No. 1: The Merger Proposal—Vote Required”*

*“Proposal No. 1: The Merger Proposal—The Merger Agreement”*

*“Proposal No. 1: The Merger Proposal—Support Agreement”*

*“Proposal No. 1: The Merger Proposal—Form of Contingent Value Rights Agreement”*

*Annex A: Agreement and Plan of Merger*

*Annex C: Voting and Support Agreement*

*Annex D: Form of Contingent Value Rights Agreement*

- (c) **Different Terms.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

*“Summary Term Sheet Relating to the Merger”*

*“Questions and Answers About the Annual Meeting and the Merger”*

*“Special Factors—Certain Effects of the Merger”*

*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*

*“Proposal No. 1: The Merger Proposal—The Merger Agreement”*

*Annex A: Agreement and Plan of Merger*

- (d) **Appraisal Rights.** The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

*“Summary Term Sheet Relating to the Merger—Rights of Appraisal”*

*“Special Factors—Rights of Appraisal”*

*“Proposal No. 1: The Merger Proposal—The Merger Agreement”*

*Annex E: Section 262 of the General Corporation Law of the State of Delaware*

- (e) **Provisions for Unaffiliated Security Holders.** The information set forth in the Proxy Statement under following the caption is incorporated herein by reference:

*“Other Information—Provisions for Unaffiliated Stockholders”*

- (f) **Eligibility for Listing or Trading.** Not applicable.

## **Item 5. Past Contacts, Transactions, Negotiations and Agreements**

### **Regulation M-A Item 1005**

- (a) **Transactions.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

*“Summary Term Sheet Relating to the Merger”*

*“Special Factors—Background of the Merger”*

*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*

*“Important Information Regarding the Parent Group Members—Past Transactions of the Parent Group”*

*“Important Additional Information Regarding Steel Connect—Transactions in Common Stock”*

*“Important Additional Information Regarding Steel Connect—Transactions between Steel Connect and the Parent Group Members”*

- (b)-(c) **Significant Corporate Events; Negotiations or Contacts.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

*“Summary Term Sheet Relating to the Merger”*

*“Special Factors—Background of the Merger”*

*“Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*

*“Special Factors—The Parent Group Members’ Purposes and Reasons for the Merger”*

*“Special Factors—Position of the Parent Group as to Fairness of the Merger”*

*“Special Factors—Plans for Steel Connect after the Merger”*  
*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*  
*“Important Information Regarding the Parent Group Members—Past Transactions of the Parent Group”*  
*“Proposal No. 1: The Merger Proposal—The Merger Agreement”*  
*“Important Additional Information Regarding Steel Connect—Transactions in Common Stock”*  
*“Important Additional Information Regarding Steel Connect—Transactions between Steel Connect and the Parent Group Members”*  
*“Important Additional Information Regarding Steel Connect—Executive Officers and Directors”*  
*“Where You Can Find Additional Information”*

*Annex A: Agreement and Plan of Merger*

*Annex C: Voting and Support Agreement*

*Annex D: Form of Contingent Value Rights Agreement*

- (e) **Agreements Involving the Subject Company’s Securities.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

*“Summary Term Sheet Relating to the Merger”*

*“Special Factors—Background of the Merger”*

*“Special Factors—Certain Effects of the Merger”*

*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*

*“Important Information Regarding the Parent Group Members—Past Transactions of the Parent Group”*

*“Proposal No. 1: The Merger Proposal—Vote Required”*

*“Proposal No. 1: The Merger Proposal—The Merger Agreement”*

*“Proposal No. 1: The Merger Proposal—Support Agreement”*

*“Important Additional Information Regarding Steel Connect—Transactions in Common Stock”* *“Important Additional Information Regarding Steel Connect—Transactions between Steel Connect and the Parent Group Members”*

*“Where You Can Find Additional Information”*

*Annex A: Agreement and Plan of Merger*

*Annex C: Voting and Support Agreement*

*Annex D: Form of Contingent Value Rights Agreement*

## **Item 6. Purposes of the Transaction and Plans or Proposals**

### **Regulation M-A Item 1006**

- (b) **Use of Securities Acquired.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

*“Summary Term Sheet Relating to the Merger—Certain Effects of the Merger”*

*“Questions and Answers About the Annual Meeting and the Merger”*

*“Special Factors—Certain Effects of the Merger”*

*“Special Factors—Delisting and Deregistration of Common Stock”*

*Annex A: Agreement and Plan of Merger*

- (c)(1)-(8) **Plans.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

*“Summary Term Sheet Relating to the Merger”*

*“Questions and Answers About the Annual Meeting and the Merger”*

*“Special Factors—Background of the Merger”*

*“Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*

*“Special Factors—The Parent Group Members’ Purposes and Reasons for the Merger”*

*“Special Factors—Plans for Steel Connect after the Merger”*

*“Special Factors—Certain Effects of the Merger”*

*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*

*“Special Factors—Delisting and Deregistration of Common Stock”*

*“Proposal No. 1: The Merger Proposal—The Merger Agreement”*

*“Proposal No. 2: The Amendment Proposal”*  
*“Proposal No. 3: The Election Proposal”*  
*“Important Additional Information Regarding Steel Connect—Dividends”*  
*Annex A: Agreement and Plan of Merger*  
*Annex C: Voting and Support Agreement*  
*Annex D: Form of Contingent Value Rights Agreement*

**Item 7. Purposes, Alternatives, Reasons and Effects**

**Regulation M-A Item 1013**

- (a) **Purposes.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference  
*“Summary Term Sheet Relating to the Merger—Purposes and Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*  
*“Summary Term Sheet Relating to the Merger—The Parent Group Members’ Purposes and Reasons for the Merger”*  
*“Special Factors—Background of the Merger”*  
*“Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*  
*“Special Factors—The Parent Group Members’ Purposes and Reasons for the Merger”*  
*“Special Factors—Position of the Parent Group as to Fairness of the Merger”*  
*“Special Factors—Certain Effects of the Merger”*  
*Annex A: Agreement and Plan of Merger*
- (b) **Alternatives.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Summary Term Sheet Relating to the Merger—Purposes and Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*  
*“Special Factors—Background of the Merger”*  
*“Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*  
*“Special Factors—The Parent Group Members’ Purposes and Reasons for the Merger”*  
*“Special Factors—Position of the Parent Group as to Fairness of the Merger”*
- (c) **Reasons.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Summary Term Sheet Relating to the Merger—Purposes and Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*  
*“Summary Term Sheet Relating to the Merger—The Parent Group Members’ Purposes and Reasons for the Merger”*  
*“Special Factors—Background of the Merger”*  
*“Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*  
*“Special Factors—The Parent Group Members’ Purposes and Reasons for the Merger”*  
*“Special Factors—Position of the Parent Group as to Fairness of the Merger”*  
*“Special Factors—Certain Effects of the Merger”*  
*Annex A: Agreement and Plan of Merger*  
*Annex B: Opinion of Houlihan Lokey Capital, Inc.”*
- (d) **Effects.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Summary Term Sheet Relating to the Merger”*  
*“Questions and Answers About the Annual Meeting and the Merger”*  
*“Special Factors—Background of the Merger”*  
*“Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*

*“Special Factors—The Parent Group Members’ Purposes and Reasons for the Merger”*  
*“Special Factors—Position of the Parent Group as to Fairness of the Merger”*  
*“Special Factors—Plans for Steel Connect after the Merger”*  
*“Special Factors—Projected Financial Information”*  
*“Special Factors—Certain Effects of the Merger”*  
*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*  
*“Special Factors—Material U.S. Federal Income Tax Consequences of the Merger”*  
*“Special Factors—Delisting and Deregistration of Common Stock”*  
*“Special Factors—Anticipated Accounting Treatment of the Merger”*  
*“Special Factors—Rights of Appraisal”*  
*“Proposal No. 1: The Merger Proposal—The Merger Agreement”*  
*“Proposal No. 1: The Merger Proposal—Form of Contingent Value Rights Agreement*  
*Annex A: Agreement and Plan of Merger*  
*Annex D: Form of Contingent Value Rights Agreement*

## **Item 8. Fairness of the Transaction**

### **Regulation M-A Item 1014**

- (a)-(b) **Fairness; Factors Considered in Determining Fairness.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:
- “Summary Term Sheet Relating to the Merger—Purposes and Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*
  - “Summary Term Sheet Relating to the Merger—Opinion of Houlihan Lokey Capital, Inc., Financial Advisor to the Special Committee”*
  - “Summary Term Sheet Relating to the Merger—The Parent Group Members’ Purposes and Reasons for the Merger”*
  - “Summary Term Sheet Relating to the Merger—Position of the Parent Group as to Fairness of the Merger”*
  - “Special Factors—Background of the Merger”*
  - “Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*
  - “Special Factors—Opinion of Houlihan Lokey Capital, Inc., Financial Advisor to the Special Committee”*
  - “Special Factors—The Parent Group Members’ Purposes and Reasons for the Merger”*
  - “Special Factors—Position of the Parent Group as to Fairness of the Merger”*
  - “Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*
  - Annex B: Opinion of Houlihan Lokey Capital, Inc.*
- (c) **Approval of Security Holders.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:
- “Summary Term Sheet Relating to the Merger—Required Votes”*
  - “Questions and Answers About the Annual Meeting and the Merger”*
  - “Proposal No. 1: The Merger Proposal—Vote Required”*
  - “Proposal No. 1: The Merger Proposal—The Merger Agreement”*
- (d) **Unaffiliated Representative.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:
- “Summary Term Sheet Relating to the Merger—Purposes and Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*
  - “Summary Term Sheet—Opinion of Houlihan Lokey Capital, Inc., Financial Advisor to the Special Committee”*
  - “Special Factors—Background of the Merger”*
  - “Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*
  - “Special Factors—Opinion of Houlihan Lokey Capital, Inc., Financial Advisor to the Special Committee”*
  - Annex B: Opinion of Houlihan Lokey Capital, Inc.*

- (e) **Approval of Directors.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Summary Term Sheet Relating to the Merger—Purposes and Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*  
*“Special Factors—Background of the Merger”*  
*“Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*
- (f) **Other Offers.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Special Factors—Background of the Merger”*

**Item 9. Reports, Opinions, Appraisals and Negotiations**

**Regulation M-A Item 1015**

- (a)-(b) **Report, Opinion or Appraisal; Preparer and Summary of the Report, Opinion or Appraisal.** The discussion and/or presentation materials and other selected observations prepared by Houlihan Lokey Capital, Inc. and provided to the Special Committee, dated March 9, 2021, March 31, 2021, September 7, 2021, September 9, 2021, October 21, 2021, January 10, 2022, April 4, 2022 and June 12, 2022, are set forth as Exhibits (c)(1)-(c)(8) respectively, hereto and are incorporated herein by reference. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Summary Term Sheet Relating to the Merger—Purposes and Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*  
*“Summary Term Sheet—Opinion of Houlihan Lokey Capital, Inc., Financial Advisor to the Special Committee”*  
*“Special Factors—Background of the Merger”*  
*“Special Factors—Purposes and Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*  
*“Special Factors—Opinion of Houlihan Lokey Capital, Inc., Financial Advisor to the Special Committee”*  
*“Special Factors—Projected Financial Information”*  
*“Special Factors—Fees and Expenses”*  
*“Where You Can Find Additional Information”*  
*Annex B: Opinion of Houlihan Lokey Capital, Inc.*
- (c) **Availability of Documents.** The reports, opinions or appraisals referenced in this Item 9 and filed herewith and will be made available for inspection and copying at the principal executive offices of the Company during its regular business hours by any interested holder of Common Stock or by a representative who has been so designated in writing. The reports, opinions or appraisals referenced in this Item 9 will also be transmitted by the Company to any interested holder of Common Stock or representative who has been so designated in writing upon written request at the expense of the requesting holder of Common Stock.

**Item 10. Source and Amounts of Funds or Other Consideration**

**Regulation M-A Item 1007**

- (a)-(b) **Source of Funds; Conditions.** The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:  
*“Summary Term Sheet Relating to the Merger—Financing”*  
*“Special Factors—Financing”*  
*“Special Factors—Fees and Expenses”*  
*“Proposal No. 1 – The Merger Proposal—The Merger Agreement”*  
*“Proposal No. 1 – The Merger Proposal—Form of Contingent Value Rights Agreement”*
- (c) **Expenses.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Summary Term Sheet Relating to the Merger—Expense Reimbursement and Termination Fee Provisions”*  
*“Special Factors—Fees and Expenses”*



*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger—Compensation of the Special Committee”*  
*“Proposal No. 1: The Merger Proposal—The Merger Agreement”*

- (d) **Borrowed Funds.** Not applicable.

#### **Item 11. Interest in Securities of the Subject Company**

##### **Regulation M-A Item 1008**

- (a) **Securities Ownership.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Special Factors—Interest of Steel Connect’s Directors and Executive Officers in the Merger”*  
*“Important Information Regarding the Parent Group Members”*  
*“Important Additional Information Regarding Steel Connect—Security Ownership of Certain Beneficial Owners and Management”*
- (b) **Securities Transactions.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Important Additional Information Regarding Steel Connect—Transactions in Common Stock”*

#### **Item 12. The Solicitation or Recommendation**

##### **Regulation M-A Item 1012**

- (d) **Intent to Tender or Vote in a Going-Private Transaction.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Summary Term Sheet Relating to the Merger”*  
*“Questions and Answers About the Annual Meeting and the Merger”*  
*“Special Factors—Background of the Merger”*  
*“Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*  
*“Special Factors—The Parent Group Members’ Purposes and Reasons for the Merger”*  
*“Special Factors—Position of the Parent Group as to Fairness of the Merger”*  
*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*  
*“Important Information Regarding the Parent Group Members”*  
*“Proposal No. 1: The Merger Proposal—Vote Required”*  
*“Proposal No. 1: The Merger Proposal—Support Agreement”*  
*“Important Additional Information Regarding Steel Connect—Security Ownership of Certain Beneficial Owners and Management”*  
*Annex C: Voting and Support Agreement*
- (e) **Recommendations of Others.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Summary Term Sheet Relating to the Merger”*  
*“Questions and Answers About the Annual Meeting and the Merger”*  
*“Special Factors—Background of the Merger”*  
*“Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*  
*“Special Factors—The Parent Group Members’ Purposes and Reasons for the Merger”*  
*“Special Factors—Position of the Parent Group as to Fairness of the Merger”*  
*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*

#### **Item 13. Financial Statements**

##### **Regulation M-A Item 1010**

- (a) **Financial Information.** The audited financial statements included in the Company’s Annual Report on Form 10-K for the fiscal years ended July 31, 2021, and July 31, 2020, filed with the Securities and Exchange Commission on October 29, 2021, are incorporated herein by reference and included as Exhibits (a)(6) and (a)(7), respectively, hereto. The unaudited financial statements included in the Company’s Quarterly Report on Form 10-Q for the quarter ended April 30, 2022, filed with the Securities and Exchange Commission on June 14, 2022, are incorporated herein by reference and included as Exhibit (a)(8) hereto. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:  
*“Important Additional Information Regarding Steel Connect—Selected Historical Consolidated Financial Information”*

*“Important Additional Information Regarding Steel Connect—Book Value Per Share”*  
*“Where You Can Find Additional Information”*

- (b) **Pro Forma Information.** Not applicable.

**Item 14. Persons/Assets, Retained, Employed, Compensated or Used**

**Regulation M-A Item 1009**

- (a)-(b) Solicitations or Recommendations; Employees and Corporate Assets. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

*“Summary Term Sheet Relating to the Merger”*

*“Questions and Answers About the Annual Meeting and the Merger”*

*“Special Factors—Background of the Merger”*

*“Special Factors—Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger”*

*“Special Factors—Opinion of Houlihan Lokey Capital, Inc., Financial Advisor to the Special Committee”*

*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*

*“Special Factors—Fees and Expenses”*

*Annex B: Opinion of Houlihan Lokey Capital, Inc.*

**Item 15. Additional Information**

**Regulation M-A Item 1011**

- (b) **Golden Parachute Compensation.** The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

*“Summary Term Sheet Relating to the Merger—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*

*“Special Factors—Interests of Steel Connect’s Directors and Executive Officers in the Merger”*

- (c) **Other Material Information.** The information set forth in the Proxy Statement, including all annexes thereto, is incorporated herein by reference.

**Item 16. Exhibits****Regulation M-A Item 1016**

- (a) (1) [Preliminary Proxy Statement of Steel Connect, Inc. \(incorporated by reference to the Steel Connect, Inc. Schedule 14A filed concurrently with the Securities and Exchange Commission, and incorporated herein by reference.\)](#)
  - (a) (2) [Form of Proxy Card \(incorporated herein by reference to the Proxy Statement\).](#)
  - (a) (3) [Letter to the Company Stockholders \(incorporated herein by reference to the Proxy Statement\).](#)
  - (a) (4) [Notice of Annual Meeting of Stockholders \(incorporated herein by reference to the Proxy Statement\).](#)
  - (a) (5) [Joint Press Release of the Company and Steel Partners dated June 13, 2022 \(filed as Exhibit 99.1 to Steel Connect, Inc.'s Current Report on Form 8-K, filed June 13, 2022 and incorporated herein by reference\).](#)
  - (a) (6) [Steel Connect, Inc. Annual Report on Form 10-K for the fiscal year ended July 31, 2021, filed with the SEC on October 29, 2021 \(incorporated herein by reference\).](#)
  - (a) (7) [Amendment No. 1 to the Steel Connect, Inc. Annual Report on Form 10-K/A for the fiscal year ended July 31, 2021, filed with the SEC on November 30, 2021 \(incorporated herein by reference\).](#)
  - (a) (8) [Steel Connect, Inc. Quarterly Report on Form 10-Q for the quarter ended April 30, 2022, filed with the SEC on June 14, 2022 \(incorporated herein by reference\).](#)
  - (b) None.
  - (c) (1) [Opinion of Houlihan Lokey Capital, Inc. \(incorporated herein by reference to Annex B of the Proxy Statement\).](#)
  - (c) (2) [Discussion Materials, dated March 9, 2021, prepared by Houlihan Lokey Capital, Inc. for the Special Committee of the Board of Directors of Steel Connect, Inc.](#)
  - (c) (3) [Selected Observations, dated March 31, 2021, prepared by Houlihan Lokey Capital, Inc. for the Special Committee of the Board of Directors of Steel Connect, Inc.](#)
  - (c) (4) [Preliminary Discussion Materials, dated September 9, 2021, prepared by Houlihan Lokey Capital, Inc. for the Special Committee of the Board of Directors of Steel Connect, Inc.](#)
  - (c) (5) [Preliminary Discussion Materials, dated October 21, 2021, prepared by Houlihan Lokey Capital, Inc. for the Special Committee of the Board of Directors of Steel Connect, Inc.](#)
  - (c) (6) [Preliminary Discussion Materials, dated January 10, 2022, prepared by Houlihan Lokey Capital, Inc. for the Special Committee of the Board of Directors of Steel Connect, Inc.](#)
  - (c) (7) [Preliminary Discussion Materials, dated April 4, 2022, prepared by Houlihan Lokey Capital, Inc. for the Special Committee of the Board of Directors of Steel Connect, Inc.](#)
  - (c) (8) [Discussion Materials, dated June 12, 2022, prepared by Houlihan Lokey Capital, Inc. for the Special Committee of the Board of Directors of Steel Connect, Inc.](#)
  - (d) (1) [Agreement and Plan of Merger, dated June 12, 2022, by and among Steel Partners Holdings L.P., SP Merger Sub, Inc. and Steel Connect, Inc. \(incorporated herein by reference to Annex A of the Proxy Statement\).](#)
  - (d) (2) [Voting and Support Agreement, dated as of June 12, 2022, by and among Steel Connect, Inc., Steel Partners Holdings L.P., Handy & Harman Ltd., WHX CS Corp., Steel Partners, Ltd., SPH Group LLC, SPH Group Holdings LLC, Steel Partners Holdings GP Inc., Steel Excel Inc., Warren G. Lichtenstein and Jack L. Howard \(incorporated herein by reference to Annex C of the Proxy Statement\).](#)
  - (d) (3) [Form of Contingent Value Rights Agreement \(incorporated herein by reference to Annex D of the Proxy Statement\)](#)
  - (d) (4) [Certificate of Amendment of Restated Certificate of Incorporation of Steel Connect, Inc. \(incorporated herein by reference to Annex F of the Proxy Statement\)](#)
  - (f) [Section 262 of the General Corporation Law of the State of Delaware \(incorporated herein by reference to Annex E of the Proxy Statement\).](#)
  - (g) None.
- 107 [Filing Fee Table.](#)

**SIGNATURES**

After due inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: July 8, 2022

**STEEL CONNECT, INC.**

By: /s/ Jason Wong  
Name: Jason Wong  
Title: Chief Financial Officer

**STEEL PARTNERS HOLDINGS L.P.**

By: Steel Partners Holdings GP Inc.,  
its general partner

By: /s/ Jack L. Howard  
Name: Jack L. Howard  
Title: President

**SP MERGER SUB, INC.**

By: /s/ Gordon A. Walker  
Name: Gordon A. Walker  
Title: President

**HANDY & HARMAN LTD.**

By: /s/ Jason Wong  
Name: Jason Wong  
Title: Senior Vice President

**WHX CS CORP.**

By: /s/ Jason Wong  
Name: Jason Wong  
Title: Senior Vice President

**STEEL PARTNERS, LTD.**

By: /s/ Jack L. Howard  
Name: Jack L. Howard  
Title: President

**SPH GROUP LLC**

By: Steel Partners Holdings GP Inc.,  
its managing member

By: /s/ Jack L. Howard

Name: Jack L. Howard

Title: President

**SPH GROUP HOLDINGS LLC**

By: Steel Partners Holdings GP Inc., its Manager

By: /s/ Jack L. Howard

Name: Jack L. Howard

Title: President

**STEEL PARTNERS HOLDINGS GP INC.**

By: /s/ Jack L. Howard

Name: Jack L. Howard

Title: President

**STEEL EXCEL, INC.**

By: /s/ Jason Wong

Name: Jason Wong

Title: Senior Vice President

**WARREN G. LICHTENSTEIN**

/s/ Warren G. Lichtenstein

**JACK L. HOWARD**

/s/ Jack L. Howard



# Project Carbon

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PRESENTATION TO THE SPECIAL COMMITTEE OF THE BOARD OF DIRECTORS

MARCH 9, 2021 | CONFIDENTIAL | PRELIMINARY DRAFT

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# Agenda

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- ❖ Process Update
- ❖ ModusLink Preliminary Observations
- ❖ Additional Considerations
- ❖ Next Steps

# Preliminary ModusLink Financial Observations

(dollars in millions)

	Fiscal Year Ended July 31,			Fiscal Year Ending July 31,					CAGR 2018 to 2020	CAGR 2021E to 2025E
	2018	2019	2020	2021E	2022E	2023E	2024E	2025E		
<b>Revenue</b>	<b>\$345.9</b>	<b>\$332.9</b>	<b>\$338.5</b>	<b>\$234.2</b>	<b>\$236.5</b>	<b>\$240.3</b>	<b>\$249.5</b>	<b>\$259.3</b>	<b>-1.1%</b>	<b>2.6%</b>
Growth %	NA	-3.8%	1.7%	-30.8%	1.0%	1.6%	3.8%	3.9%		
Base Business VAR	143.5	131.6	145.2	114.2	116.6	116.0	118.3	123.3		
New Business VAR	7.8	9.9	3.0	6.2	5.0	7.5	10.0	10.0		
<b>A VAR</b>	<b>\$151.3</b>	<b>\$141.5</b>	<b>\$148.2</b>	<b>\$120.4</b>	<b>\$121.6</b>	<b>\$123.5</b>	<b>\$128.3</b>	<b>\$133.3</b>	<b>-1.0%</b>	<b>2.6%</b>
Growth %	NA	-6.5%	4.7%	-18.8%	1.0%	1.6%	3.8%	3.9%		
% of Revenue	43.7%	42.5%	43.8%	51.4%	51.4%	51.4%	51.4%	51.4%		
Cost of Goods Sold	(119.4)	(106.0)	(84.4)	(71.5)	(72.0)	(74.1)	(77.0)	(80.0)		
<b>B Gross Profit</b>	<b>\$31.9</b>	<b>\$35.5</b>	<b>\$63.8</b>	<b>\$48.9</b>	<b>\$49.6</b>	<b>\$49.4</b>	<b>\$51.3</b>	<b>\$53.3</b>	<b>41.3%</b>	<b>2.2%</b>
% of Revenue	9.2%	10.7%	18.8%	20.9%	21.0%	20.6%	20.6%	20.6%		
% of VAR	21.1%	25.1%	43.0%	40.6%	40.8%	40.0%	40.0%	40.0%		
Operating Expenses [1]	(31.3)	(39.3)	(35.8)	(36.6)	(35.4)	(35.4)	(35.4)	(35.4)		
Depreciation and Amortization	6.8	5.6	4.1	3.5	3.5	3.5	3.5	3.5		
Total Adjustments [2]	(12.4)	3.4	0.4	2.8	0.0	0.0	0.0	0.0		
<b>C Adjusted EBITDA</b>	<b>(\$4.9)</b>	<b>\$5.2</b>	<b>\$32.5</b>	<b>\$18.6</b>	<b>\$17.7</b>	<b>\$17.5</b>	<b>\$19.4</b>	<b>\$21.4</b>	<b>NMF</b>	<b>3.5%</b>
% of Revenue	-1.4%	1.6%	9.6%	8.0%	7.5%	7.3%	7.8%	8.3%		
% of VAR	-3.3%	3.7%	21.9%	15.5%	14.6%	14.2%	15.1%	16.1%		

## Selected Commentary

- A** After stabilizing in FY 2018 – FY 2020, VAR is projected to decline ~20% in FY 2021 before rebounding at a CAGR of ~2.5% over the projection period. VAR declines in FY 2021 are attributable primarily to (i) customer exits and (ii) organic volume declines at certain top customers.
- B** Gross profit doubled from FY 2018 to FY 2020 amid a management program to cut direct labor costs and exit unprofitable accounts, with gross margins generally projected to remain elevated.
- C** Management is forecasting that EBITDA will grow at a CAGR of ~3.5% after FY 2021, driven primarily by (i) new business VAR outpacing erosion in the baseline business and (ii) continued cost discipline supporting elevated profit margins.

Note: Operating expenses burdened with \$800k payable to Steel Partners for certain services.

1. FY 2021E operating expenses consist of \$33.8 million of recurring SG&A expense and \$2.8 million of one-time expenses added-back to arrive at Adjusted EBITDA, which include (i) \$1.2 million restructuring expense and (ii) \$1.6 million one-time non-cash charge.

2. FY 2018 Adjustments consist primarily of \$12.7mm reversal of gain on sale of long-lived assets. FY 2019 Adjustments consist primarily of \$3.0mm add-back of asset impairment charge. Adjustments also include strategic consulting & related fees, executive severance & employee retention, restructuring expense, other gain or loss on sale of long-lived assets and dormant entity non-cash charge.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items; CAGR refers to Compound Annual Growth Rate; E refers to Estimated; FY refers to Fiscal Year; NA refers to not available; NMF refers to not meaningful figure; VAR refers to Value-Added Revenue.

Source: Company management.



# ModusLink Long-Term Value Added-Revenue (VAR) Performance

## ModusLink VAR vs. Third Party Logistics Industry Value Added ("IVA")<sup>1</sup>

(VAR dollars in millions; IVA dollars in billions)



## VAR: New Business vs. Erosion

(dollars in millions)



1. Defined as the market value of goods and services produced by the industry minus the cost of goods and services used in production. Also described as the industry's contribution to GDP, or profit plus wages and depreciation, per IBIS World; 2. Refers to fiscal years for ModusLink and calendar years for industry data; 3. Represents 9-year (CY 2011 – 2020) CAGR due to unavailability of CY 2010 data. CAGR refers to Compound Annual Growth Rate; E refers to Estimated; FY refers to Fiscal Year; VAR refers to Value-Added Revenue. Source: Company management, IBIS World, World Bank.

# ModusLink Profitability Observations

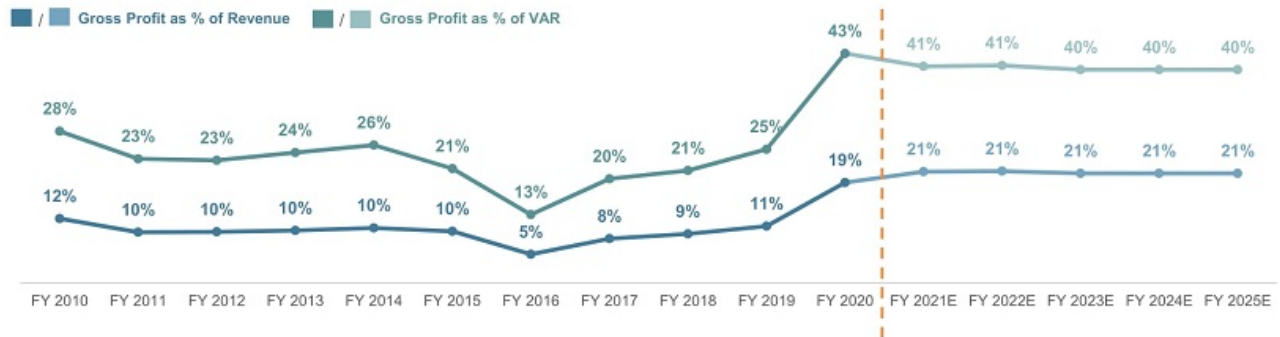
## Gross Profit<sup>1</sup>

(dollars in millions)



## Gross Margins<sup>1</sup>

■ / ■ Gross Profit as % of Revenue ■ / ■ Gross Profit as % of VAR

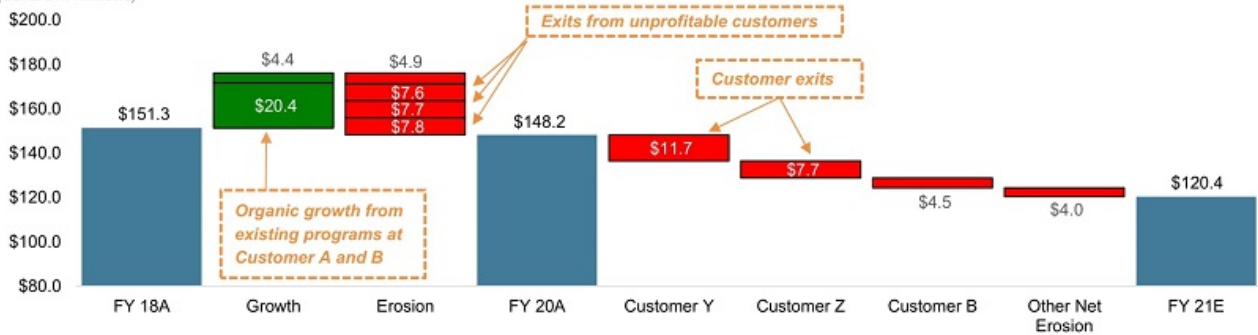


<sup>1</sup> Data shown for FY 2010 – FY 2017 represents information for the entire company (prior to the acquisition of IWCO).  
E refers to Estimated; FY refers to Fiscal Year VAR refers to Value-Added Revenue.  
Source: Company management, Capital IQ, public filings.

# ModusLink FY 2018 to FY 2021E VAR & Gross Profit Bridge

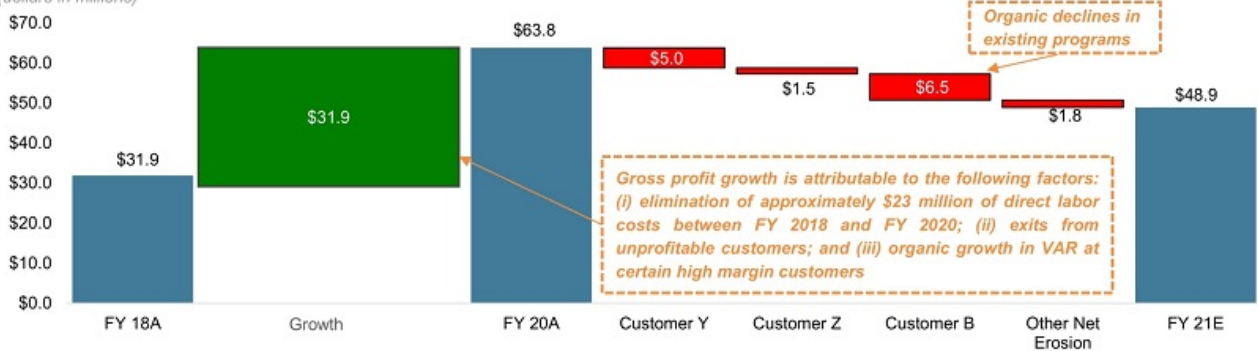
## VAR Bridge

(dollars in millions)



## Gross Profit Bridge

(dollars in millions)



FY refers to Fiscal Year; VAR refers to Value-Added Revenue.  
Source: Company management.

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# Summary Comparison of FY 2021 Forecast vs. Original Budget

## 1H FY 2021

(\$ in millions)	1H FY'21 Original Budget	1H FY'21 Actual	Difference \$
<b>VAR</b>			
Base Business VAR	58.8	63.7	\$4.9
New Business VAR	3.3	1.9	A (\$1.5)
<b>Total VAR</b>	<b>\$62.1</b>	<b>\$65.5</b>	<b>\$3.4</b>
% of Revenue	44.1%	50.8%	6.6%
Cost of Goods Sold	35.3	38.1	B \$0.8
<b>Gross Profit</b>	<b>\$26.9</b>	<b>\$29.5</b>	<b>\$2.6</b>
% of Revenue	19.1%	22.8%	3.8%
% of VAR	43.2%	45.0%	1.7%
Recurring SG&A	19.3	16.3	B (\$2.9)
Nonrecurring Opex <sup>1,2</sup>	0.7	2.8	\$2.1
Add: Depreciation and Amortization	1.9	1.8	(\$0.1)
<b>Adjusted EBITDA</b>	<b>\$9.5</b>	<b>\$15.0</b>	<b>\$5.4</b>
% of Revenue	6.8%	11.6%	4.8%
% of VAR	15.3%	22.8%	7.5%

## 2H FY 2021

(\$ in millions)	2H FY'21 Original Budget	2H FY'21 Current Projections	Difference \$
<b>VAR</b>			
Base Business VAR	53.7	50.5	(\$3.1)
New Business VAR	7.3	4.3	C (\$3.0)
<b>Total VAR</b>	<b>\$61.0</b>	<b>\$54.8</b>	<b>(\$6.2)</b>
% of Revenue	45.0%	52.2%	7.2%
Cost of Goods Sold	35.8	35.4	D (\$0.4)
<b>Gross Profit</b>	<b>\$25.2</b>	<b>\$19.4</b>	<b>(\$5.8)</b>
% of Revenue	18.6%	18.5%	-0.1%
% of VAR	41.3%	35.4%	-5.9%
Recurring SG&A	18.7	17.5	D (\$1.2)
Nonrecurring Opex <sup>1</sup>	0.0	0.0	\$0.0
Add: Depreciation and Amortization	1.7	1.7	(\$0.0)
<b>Adjusted EBITDA</b>	<b>\$8.2</b>	<b>\$3.6</b>	<b>(\$4.5)</b>
% of Revenue	6.0%	3.5%	-2.6%
% of VAR	13.4%	6.6%	-6.8%

### Selected Commentary

- A 1H VAR – Base business outperformance driven by outperformance at most accounts (including ~\$2.5mm variance from delayed Customer Y / Customer Z exits) offset by underperformance in new business generation.
- B 1H Costs – Gross margins elevated given VAR outperformance, with SG&A below budget primarily due to reductions/delays in certain budgeted sales hires and marketing spend.
- C 2H VAR – 2H VAR forecasted to be lower than budget primarily due to headwinds tied to existing Customer B program (~\$5mm negative variance), continued delays in new contracts tied to COVID-related logos and substantial reduction in the pipeline.
- D 2H Costs – Despite lower VAR forecast than originally budgeted, COGS largely unchanged due to certain fixed costs. SG&A forecast below budget due to pull-back in sales/marketing spend amid pipeline reduction.
- E 2H Adjusted EBITDA – 2H Adjusted EBITDA forecast of \$3.6mm is lower than 1H Adj. EBITDA due to (among other factors): (i) headwinds at Customer B, (ii) Customer Y and Customer Z exits, (iii) elevated COGS margins due to VAR reduction and (iv) slightly higher SG&A level.

1. Recurring SG&A and non-recurring opex sum up to \$36.6 million of FY21E operating expenses shown on page 3.

2. Non-recurring opex consists of restructuring expense (\$0.7 million budgeted vs. \$1.2 million actual), as well as \$1.6 million actual non-cash charge that was not budgeted. Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items; FY refers to Fiscal Year; H refers to Half; NMF refers to not meaningful figure; SG&A refers to Selling, General and Administrative expenses; VAR refers to Value-Added Revenue. Source: Company management.

# Financial Projections Comparison

- Below is a comparison of the current financial projections prepared by ModusLink management to a prior set of projections developed in connection with a refinancing process undertaken in September 2020 (that did not ultimately result in a refinancing)
- Key differences include:
  - Cumulative impact of lower new business assumptions due to lack of momentum in new customer pipeline / contract delays
  - Lower profit margins due to factors including operating leverage

(dollars in millions)	September Projections Fiscal Year ended July 31,					Current Projections Fiscal Year ended July 31,					Difference Fiscal Year ended July 31,				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
<b>VAR</b>															
Base Business VAR	112.5	119.7	126.7	131.4	141.3	114.2	116.6	116.0	118.3	123.3	1.8	(3.1)	(10.6)	(13.1)	(18.1)
New Business VAR	10.7	10.0	10.0	15.0	15.0	6.2	5.0	7.5	10.0	10.0	(4.5)	(5.0)	(2.5)	(5.0)	(5.0)
<b>Total VAR</b>	<b>\$123.1</b>	<b>\$129.7</b>	<b>\$136.7</b>	<b>\$146.4</b>	<b>\$156.3</b>	<b>\$120.4</b>	<b>\$121.6</b>	<b>\$123.5</b>	<b>\$128.3</b>	<b>\$133.3</b>	<b>(\$2.8)</b>	<b>(\$8.1)</b>	<b>(\$13.1)</b>	<b>(\$18.1)</b>	<b>(\$23.1)</b>
Growth %	-16.9%	5.3%	5.4%	7.1%	6.8%	-18.8%	1.0%	1.6%	3.8%	3.9%	-1.9%	-4.4%	-3.7%	-3.3%	-2.9%
Less: Cost of Goods Sold	71.1	73.9	76.5	80.5	84.4	71.5	72.0	74.1	77.0	80.0	0.4	(2.0)	(2.4)	(3.5)	(4.5)
<b>Gross Profit</b>	<b>\$52.1</b>	<b>\$55.8</b>	<b>\$60.1</b>	<b>\$65.9</b>	<b>\$71.9</b>	<b>\$48.9</b>	<b>\$49.6</b>	<b>\$49.4</b>	<b>\$51.3</b>	<b>\$53.3</b>	<b>(\$3.2)</b>	<b>(\$6.2)</b>	<b>(\$10.7)</b>	<b>(\$14.6)</b>	<b>(\$18.6)</b>
% of Revenue	18.8%	19.4%	20.2%	21.2%	22.1%	20.9%	21.0%	20.6%	20.6%	20.6%	2.1%	1.6%	0.3%	-0.6%	-1.5%
% of VAR	42.3%	43.0%	44.0%	45.0%	46.0%	40.6%	40.8%	40.0%	40.0%	40.0%	-1.6%	-2.2%	-4.0%	-5.0%	-6.0%
Less: SG&A <sup>1</sup>	38.0	38.0	38.0	38.0	38.0	35.4	35.4	35.4	35.4	35.4	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)
Add: Depreciation and Amortization	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5	3.5	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Add: Adjustments	0.0	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0	0.0
<b>Adjusted EBITDA</b>	<b>\$17.7</b>	<b>\$21.4</b>	<b>\$25.8</b>	<b>\$31.5</b>	<b>\$37.6</b>	<b>\$18.6</b>	<b>\$17.7</b>	<b>\$17.5</b>	<b>\$19.4</b>	<b>\$21.4</b>	<b>\$0.9</b>	<b>(\$3.7)</b>	<b>(\$8.3)</b>	<b>(\$12.1)</b>	<b>(\$16.2)</b>
% of Revenue	6.4%	7.4%	8.7%	10.1%	11.5%	7.9%	7.5%	7.3%	7.6%	8.3%	1.5%	0.0%	-1.4%	-2.3%	-3.3%
% of VAR	14.4%	16.5%	18.9%	21.5%	24.0%	15.5%	14.6%	14.2%	15.1%	16.1%	1.1%	-2.0%	-4.7%	-6.4%	-8.0%

- VAR CAGR: ~6%
- Gross Margin: ~300 to 400 bps expansion
- SG&A: ~\$3 million increase relative to recent levels to support growth

- VAR CAGR: ~2.5%
- Gross Margin: ~50 bps compression
- SG&A: Remains near recent levels

- Cumulative VAR Reduction: ~9%
- Cumulative Adjusted EBITDA Reduction: ~29%

1. SG&A for FY 2021 excludes restructuring expenses of \$0.7 million in the September Projections and \$1.2 million in the Current Projections. Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items; CAGR refers to Compound Annual Growth Rate; SG&A refers to Selling, General and Administrative expenses; VAR refers to Value-Added Revenue. Source: Company management.

## ModusLink Process Observations

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- ❖ 200+ parties contacted between launch in early 2019 and re-launch in early 2020
- ❖ Four LOI's received, with offers ranging between ~\$15mm - \$60mm<sup>1</sup>
- ❖ FY 2020 results reflect profitability turnaround, but certain topline headwinds have surfaced in FY 2021
- ❖ Certain considerations raised by parties during sales process remain:
  - No clear path to winning new logos and/or top-line growth
  - Complexity of global operations raises scalability concerns
  - Unsustainable lack of investment in the business

1. Documentation of \$60 million offer subject to confirmation.  
Source: Company management and financial advisor.

## Next Steps & Timing

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- ❖ ModusLink Next Steps
- ❖ IWCO Projections & Corporate Review
- ❖ Preparation of Preliminary Financial Analyses
- ❖ Discussion of Potential Response Considerations

# Disclaimer

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# Project Carbon

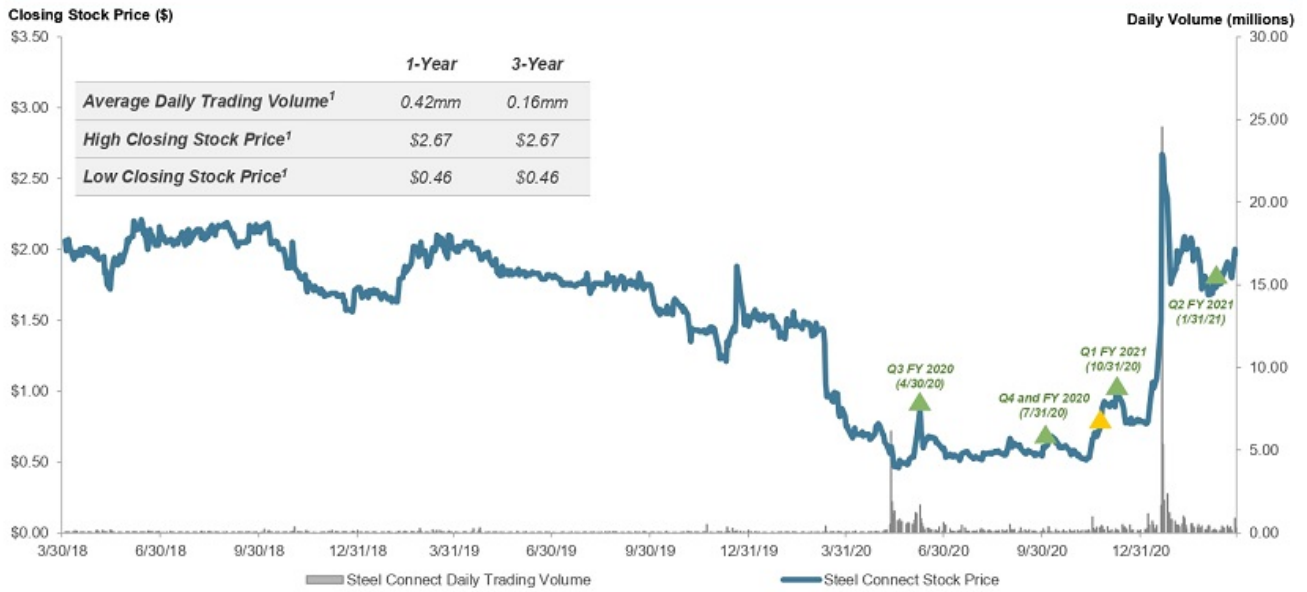
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SELECTED OBSERVATIONS

MARCH 31, 2021 | CONFIDENTIAL

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# Steel Connect: Trading History (Last 3 Years)



## Selected Key Events

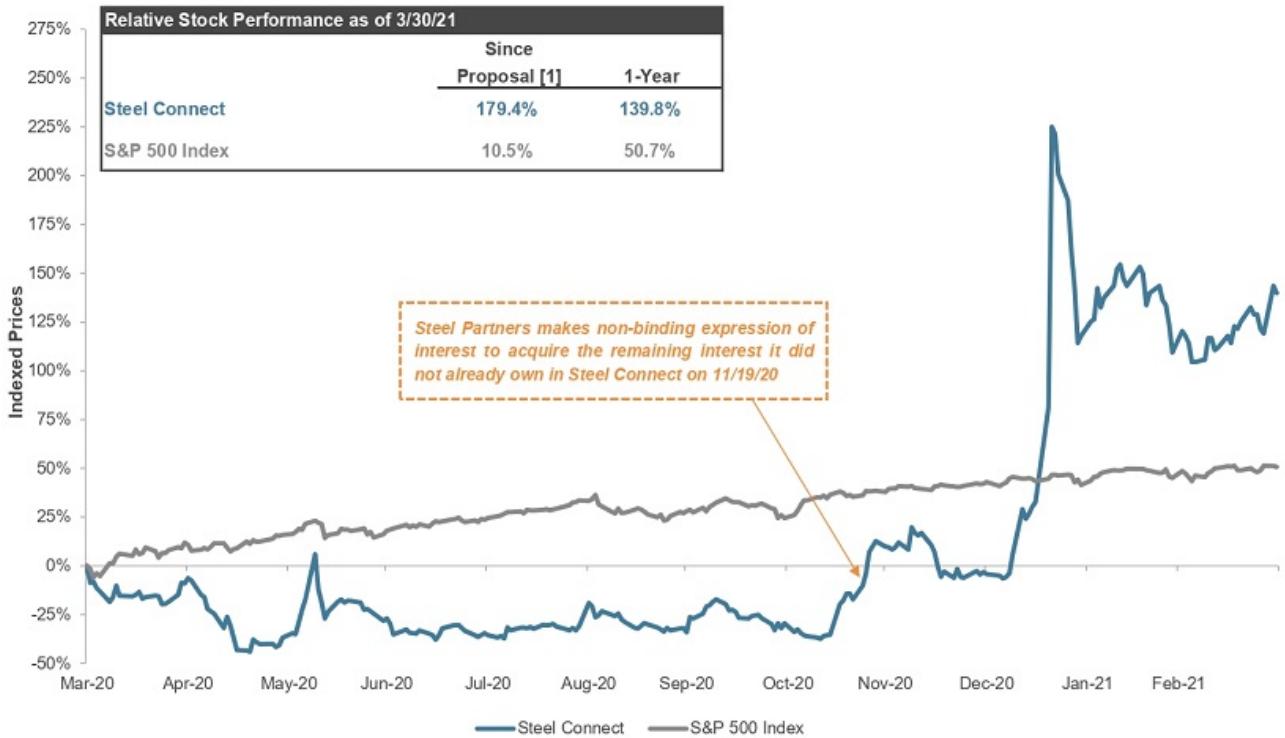
Event	Date	Comment
▲	11/19/20	Steel Connect announced that Steel Partners made a non-binding expression of interest to acquire the remaining interest that it did not already own in Steel Connect on November 19, 2020. Under the proposed transaction, each share of Steel Connect's common stock will be exchanged for a per share consideration consisting of cash and units of Steel Partners Holdings L.P.'s publicly traded 6% Series A Preferred Units, implying a \$0.65 - \$0.72 per share value range of the Steel Connect's common stock.
▲	Various	Announcement of Steel Connect's recent quarterly or annual financial results

<sup>1</sup> Per Capital IQ, as of 3/30/21 close.  
 FY refers to Fiscal Year; Q refers to Quarter.  
 Sources: Capital IQ and public filings.

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# Steel Connect: Relative Stock Performance (Last 1 Year)

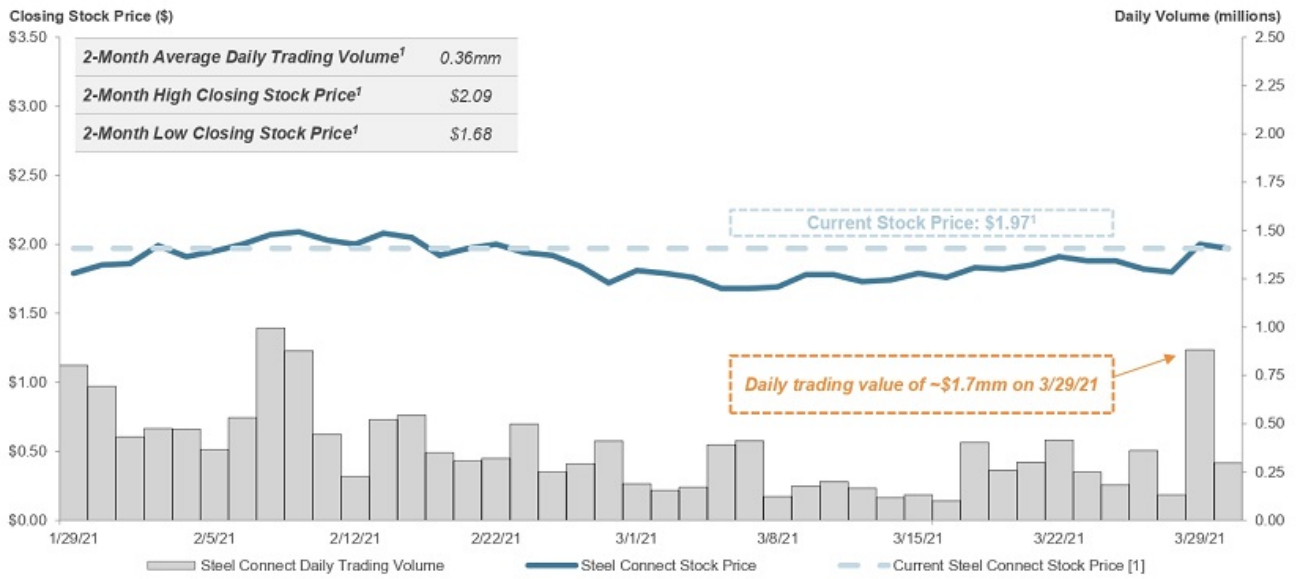
## Steel Connect vs. S&P 500 Index



1. Since 11/19/20, the date in which Steel Partners made a non-binding expression of interest to acquire the remaining interest that it did not already own in Steel Connect.  
Sources: Capital IQ as of 3/30/21.

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# Steel Connect: Trading History (Last 2 Months)



## Historical VWAPs<sup>2</sup>

(dollars per share)

1-Day	5-Day	10-Day	20-Day	1-Month	2-Month
\$1.98	\$1.93	\$1.88	\$1.82	\$1.82	\$1.90

1. Per Capital IQ, as of 3/30/21 close.

2. VWAP based on cumulative trading activity over designated number of trading days (based on intraday trading) per Bloomberg as of 3/30/21.

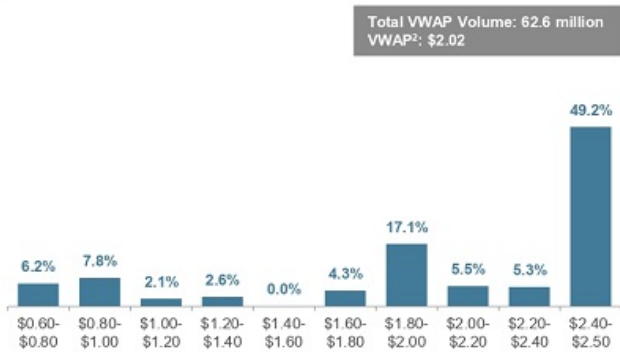
VWAP refers to Volume Weighted Average Price.

Sources: Capital IQ, Bloomberg and public filings.

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# Steel Connect: Selected Historical Trading Activity

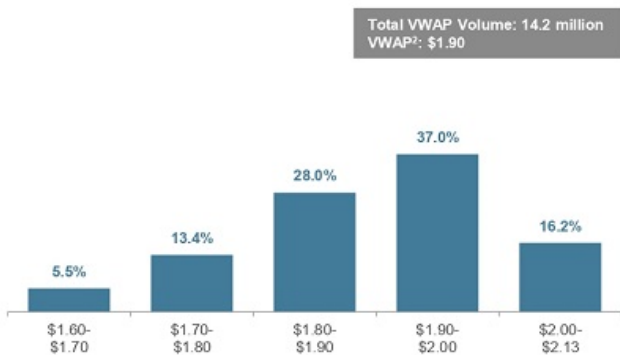
## Since Proposal<sup>1</sup>



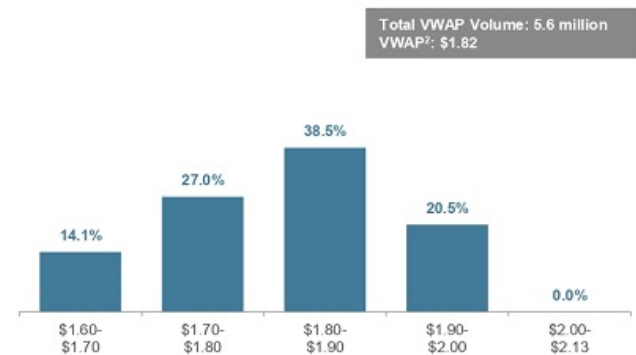
## Last Three Months



## Last Two Months



## Last One Month

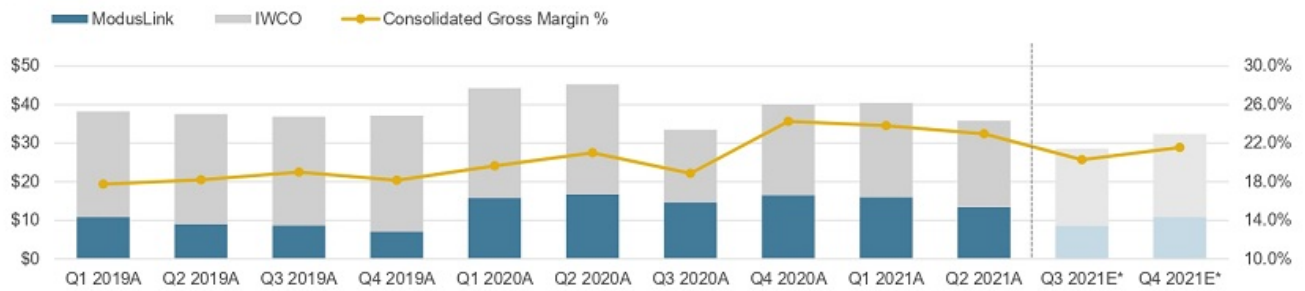


1. Since 11/19/20, the date in which Steel Partners made a non-binding expression of interest to acquire the remaining interest that it did not already own in Steel Connect.  
2. Based on VWAP over specified period (last two months or one month).  
VWAP refers to Volume-Weighted Average Price.  
Source: Bloomberg as of 3/30/21.  
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# Selected Historical and Projected Financial Information

## Gross Profit By Quarter (FY 2019 – FY 2021)

(dollars in millions)



## Adjusted EBITDA<sup>1</sup> By Quarter (FY 2019 – FY 2021)

(dollars in millions)



\* Per Company management, projected figures for IWCO exclude the impact of 606 adjustments and sales and use tax accruals; as such, the projected figures for IWCO are presented on a slightly different basis than the historical financials, which are based on the figures reported in the Company's public filings.  
<sup>1</sup> Historical Adjusted EBITDA based on figures reported in the Company's public filings.  
 A refers to Actual; Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items; E refers to Estimated; FY refers to Fiscal Year; Q refers to Quarter.  
 Source: Public filings, Company management.  
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# Observations from Recent Shareholder Communications

## General Process Observations

- "The Special Committee is completing their 11<sup>th</sup> week of review which likely includes management interviews, business forecasting, company and individual business segment valuation and advanced negotiations with Steel Partners. Investors should expect an update any day"
- "[We] would not support a deal to tender our STCN shares below \$4.00 per share in cash"

## Observations Related to Cited Value Drivers

	Shareholder Observations	Additional Observations
Overall Business <sup>1</sup>	<ul style="list-style-type: none"> <li>□ A discounted valuation to peers EV/EBITDA multiples, FCF yield, and sum-of-the-parts valuation scenarios <i>(valued at \$6.00 – \$10.00+ per share)</i></li> </ul>	<ul style="list-style-type: none"> <li>□ \$6.00 to \$10.00 per share referenced by shareholder (based on current capital structure) implies the following<sup>2</sup>:                             <ul style="list-style-type: none"> <li>✓ ~\$700mm – \$950mm enterprise value</li> <li>✓ ~8x – 11x FY 2020 EBITDA of ~\$87mm</li> <li>✓ ~10x – 14x FY 2021E EBITDA of ~\$69mm</li> </ul> </li> </ul>
IWCO & ModusLink "Sum of the Parts"	<ul style="list-style-type: none"> <li>□ Upside based on a sum-of-the-parts analysis                             <ul style="list-style-type: none"> <li>✓ ModusLink EV ~\$250mm – \$400mm</li> <li>✓ IWCO EV ~\$500mm – \$700mm</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Results of recent ModusLink process</li> <li>□ IWCO purchased for TEV of ~\$475mm in 2017                             <ul style="list-style-type: none"> <li>✓ LTM EBITDA of ~\$82mm at time of acquisition vs. EBITDA of ~\$60mm today</li> </ul> </li> </ul>
NOL	<ul style="list-style-type: none"> <li>□ Partial value for the company's \$2.1 billion in NOL tax assets <i>(valued at \$2.00 – \$3.00 per share)</i></li> </ul>	<ul style="list-style-type: none"> <li>□ \$1.8 billion of NOL's expire by 2023</li> </ul>
Litigation	<ul style="list-style-type: none"> <li>□ Value for pending shareholder litigation advancing against the company and SPLP for the dilutive convertible preferred issue in December 2017 <i>(valued at \$1.00 per share)</i></li> </ul>	<ul style="list-style-type: none"> <li>□ Related discussions in progress</li> </ul>

<sup>1</sup> Does not include potential value from NOLs or pending litigation.

<sup>2</sup> Does not treat convertible preferred notes on an as-converted basis per shareholder method, despite being in-the-money.

CY refers to Calendar Year; EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization; EV refers to Enterprise Value; FCF refers to Free Cash Flow; NOL refers to Net Operating Loss.

Source: Shareholder communications quoted from Seeking Alpha articles dated 3/26/2021 and 2/9/2021. EBITDA figures and NOL information cited in Additional Observations per Company management.

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# Project Carbon

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PRELIMINARY DISCUSSION MATERIALS FOR THE SPECIAL COMMITTEE

SEPTEMBER 9, 2021 | CONFIDENTIAL | PRELIMINARY DRAFT

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# Executive Summary

<b>Proposal Overview</b>	<ul style="list-style-type: none"><li>▪ On November 19, 2020, the Board of Directors of Steel Connect, Inc. ("Steel Connect", "SC" or the "Company") received a non-binding expression of interest from Steel Partners Holdings L.P. ("Steel Partners" or "SP") to acquire all of the outstanding shares of SC common stock not already owned by SP (the "Proposal") for consideration consisting of an unspecified mix of cash and SP publicly traded 6% Series A Preferred Units</li><li>▪ The Proposal indicated a per share value implied by the consideration in the range of \$0.65 to \$0.72<ul style="list-style-type: none"><li>▪ The high and low ends of the range stated in the Proposal reflect a premium of ~2.1% and a discount of ~7.8%, respectively, in each case over the Company's closing stock price as of the unaffected date<sup>1</sup></li><li>▪ The range stated in the Proposal reflects a discount of ~60%-70% relative to recent stock prices</li></ul></li><li>▪ The Proposal is conditioned on approval by the Special Committee and a majority of holders of outstanding shares of SC common stock excluding SP, senior management or their respective affiliates (such holders, the "Unaffiliated Stockholders")</li><li>▪ SP also indicated that it does not intend to sell its interest in the Company or support an alternative corporate transaction</li></ul>
<b>Situation Overview &amp; Preliminary Observations</b>	<ul style="list-style-type: none"><li>▪ Steel Connect's assets consist primarily of holdings in IWCO Direct Holdings, Inc. ("IWCO") and ModusLink Corporation ("ModusLink" or "ML"), and ~\$2.1 billion of federal NOLs (~\$1.8 billion of which expire in 2023)<sup>2</sup></li><li>▪ IWCO and ModusLink are operated as discrete businesses with separate management teams, customer bases, operations and balance sheets (debt facilities are non-recourse and allow specified distributions to Steel Connect)</li><li>▪ ModusLink's topline has declined at a ~10% CAGR over the last decade. An operating improvement program has recently restored profitability to the business<sup>3</sup> and enabled a renewed focus on topline growth, but meaningful new wins have not yet materialized</li><li>▪ IWCO is a direct mail business that consistently generated gross profits above \$100mm prior to CY 2020<sup>4</sup><ul style="list-style-type: none"><li>▪ Since that time IWCO's financial performance has come under pressure amid secular industry challenges, departures of key management and sales personnel, and ensuing customer attrition and volume reductions</li><li>▪ IWCO has launched a competitive improvement program to stabilize the business that appears to have the support of its lenders, but refinancing risk remains on its ~\$365mm credit facility, which matures in December 2022</li></ul></li><li>▪ Market feedback related to a recent sales process for ModusLink and refinancing process for IWCO may provide insights on implied third-party perspectives on value</li><li>▪ Limited float / liquidity / analyst coverage, with limited capital return opportunities since 2011</li><li>▪ Two months following announcement of the Proposal, the stock experienced particularly elevated trading volume over a 2-day period of ~30mm shares at a \$2.47 VWAP and a closing high of \$2.67 (surpassing the \$2.60 closing high otherwise observed over the last 5 years). Since that time (and including the 2-day period) the stock has traded in a range of \$1.49 to \$2.67<sup>5</sup>, with an overall VWAP of \$2.18, a 3-month VWAP of \$1.98 and a 1-month VWAP of \$1.78</li><li>▪ Shareholder base with substantial retail component, with outreach by a number of investors related to the Proposal</li></ul>

See following page for footnotes.

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## Executive Summary (cont.)

### Potential Next Steps & Other Considerations

- Special Committee to determine whether and how to respond to the Proposal, taking into consideration the status of ongoing discussions with IWCO lenders, as well as FY 2021 results / FY 2022 budget
- Preliminary observations subject to continued diligence / review of the following:
  - Final FY 2021 results for IWCO and ModusLink
  - FY 2022 budgets for IWCO and ModusLink
  - Usability of federal and state NOLs (including, but not limited to, allocations to each of IWCO and ModusLink income streams)
  - Status of discussions with IWCO lenders (financial projections assume that IWCO will be able to extend the maturity on its credit facility, but there are no guarantees it will be able to do so; inability to obtain an extension or alternative financing would result in material adverse implications for the business not reflected in the financial projections, per SC management)
  - Further consideration to factors impacted by scenarios in which IWCO does not operate as a going concern / have positive equity value including (i) potential wind-down costs incurred by SC, (ii) potential changes to corporate cost structure and (iii) usability of NOLs
  - Certain illustrative assumptions associated with the selected transactions approach
- Limited observations / analyses have been conducted to date on Steel Partners

1. Based on closing price on November 19, 2020, the last trading day prior to the date in which the Proposal was publicly announced.

2. Per SC management.

3. ModusLink generated adjusted EBITDA of \$34.4mm in FY 2020 and \$16.9mm in FY 2021, with ML management projecting adjusted EBITDA of \$21.4mm by FY 2025 based on the ML projections prepared by ML management, in consultation with SC management, as authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials (the "ML Projections").

4. IWCO generated adjusted EBITDA of \$60.3mm in FY 2020 and \$56.3mm in FY 2021, with IWCO management projecting adjusted EBITDA of \$65.6mm by FY 2025 based on the IWCO projections prepared by IWCO management, in consultation with SC management, as authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials (the "IWCO Projections").

5. Based on closing stock prices between January 19, 2021 and September 2, 2021.

Source: SC, IWCO and ML managements, public filings, Capital IQ, Bloomberg. All FY 2021 figures preliminary.

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# Overview of Approach to Preliminary Financial Analyses

Component	Description / Treatment	Selected Companies Approach		Illustrative Selected Transactions Approach		Discounted Cash Flow Approach			
		Low	High	Low	High	Low	High		
<i>(dollars in millions, unless otherwise noted)</i>									
Overview of Approach to Preliminary Financial Analyses	<b>IWCO &amp; ML (General)</b>	<ul style="list-style-type: none"> <li>Businesses are valued on a 'sum-of-the-parts' basis given that each unit has discrete management teams, operations and balance sheets</li> <li>IWCO debt facility is non-recourse and permits annual cash flow distributions to SC of up to ~\$5 (not including tax distributions)</li> <li>ML debt facility allows ~\$10 distribution to SC in FY 22, and further amendments may be sought to allow for incremental distributions, assuming sufficient cash flow generation and liquidity</li> </ul>							
	<b>IWCO</b>	<ul style="list-style-type: none"> <li>Management projections assume successful (i) implementation of competitive improvement plan ("CIP") and (ii) extension of credit facilities beyond December 2022 maturity (which may not occur, as discussions with lenders remain ongoing)</li> <li>Enterprise value derived using selected companies, selected transactions and discounted cash flow approaches (without giving effect to one-time CIP outlays)</li> <li>Equity value derived by adjusting enterprise value for ~\$39 cash balance, ~\$364 debt balance and ~\$33 present value of one-time CIP outlays</li> </ul>		Enterprise Value: \$115.0 to \$424.9 Equity Value: \$0.0 to \$66.3		Enterprise Value: \$281.5 to \$394.1 Equity Value: \$0.0 to \$35.4		Enterprise Value: \$337.2 to \$460.7 Equity Value: \$0.0 to \$102.0	
	<b>ModusLink</b>	<ul style="list-style-type: none"> <li>Enterprise value derived using selected companies, selected transactions and discounted cash flow approaches</li> <li>Equity value derived by adjusting enterprise value for ~\$20 net cash balance</li> </ul>		Enterprise Value: \$67.7 to \$106.2 Equity Value: \$87.6 to \$126.1		Enterprise Value: \$67.7 to \$101.5 Equity Value: \$87.6 to \$121.5		Enterprise Value: \$79.5 to \$103.4 Equity Value: \$99.4 to \$123.4	
	<b>Corporate</b>	<ul style="list-style-type: none"> <li>Corporate costs<sup>1</sup>: present value of ~\$7.0-\$7.5 projected annual corporate SG&amp;A costs<sup>2</sup> using a discounted cash flow analysis. Corporate costs consist of: (i) ~\$3.7 management &amp; personnel expenses for time allocated specifically to corporate/accounting/audit matters; (ii) ~\$1.1 board fees; (iii) ~\$1.5 professional fees (legal, stock exchange) and (iv) ~\$0.8 taxes and other expenses (except for illustrative selected transactions approach, which assumes corporate entity is liquidated and incurs \$5 of wind-down cash outlays)</li> <li>Balance sheet adjustments for ~\$36 cash, ~\$15 convertible note<sup>3</sup> and ~\$35 preferred stock<sup>4</sup> (based on higher of outstanding balance / liquidation preference or as-converted)</li> </ul>		\$(39.2) to \$(61.0)		\$(5.0)		\$(39.2) to \$(61.0)	
	<b>NOLs</b>	<ul style="list-style-type: none"> <li>NOLs based primarily on ~\$300 of federal NOLs assumed to be utilized over 8 years per the Consolidated Projections (\$1.8 billion of NOLs expire in 2023). Value ascribed to NOLs in illustrative selected transactions approach gives consideration to S362 limitations, while certain selected companies have NOLs, for conservatism full NOL value is ascribed to selected companies approach</li> </ul>		\$36.8 to \$48.5		\$4.2 to \$4.8		\$36.8 to \$48.5	
	<b>Litigation Settlements</b>	<ul style="list-style-type: none"> <li>Per SC management, Reith litigation assumed to be settled through extinguishment of ~2.9 million shares of common stock and ~0.5 million unvested RSUs, pursuant to publicly-disclosed agreement between the parties, which remains subject to judicial review</li> </ul>							

Note: Present values as of 9/9/21; mid-year convention applied. No weighting ascribed to any particular methodology.

1. Value ranges do not vary across methodologies since analyses are solely based on a discounted cash flow approach, except in the case of the Illustrative Selected Transactions Approach. 2. Based on SC projections prepared by SC management, as authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials (the "SC Projections" and, together with the ML Projections and IWCO Projections, the "Consolidated Projections"). 3. Figures shown above are illustratively based on outstanding principal balance of \$14.9 million; for indications in which the conversion option is implied to be in-the-money (implied per share equity value greater than \$2.37 per share), the balance sheet deduction is reduced to \$0 and the diluted shares outstanding is increased by 6.3 million shares. 4. Figures shown above are illustratively based on liquidation preference of \$35.0 million; for indications in which the conversion option is implied to be in-the-money (implied per share equity value greater than \$1.95 per share), the balance sheet deduction is reduced to \$0 and the diluted shares outstanding is increased by 17.9 million shares.

Source: Refer to pages 9-11 for additional details and sources for figures referenced above.

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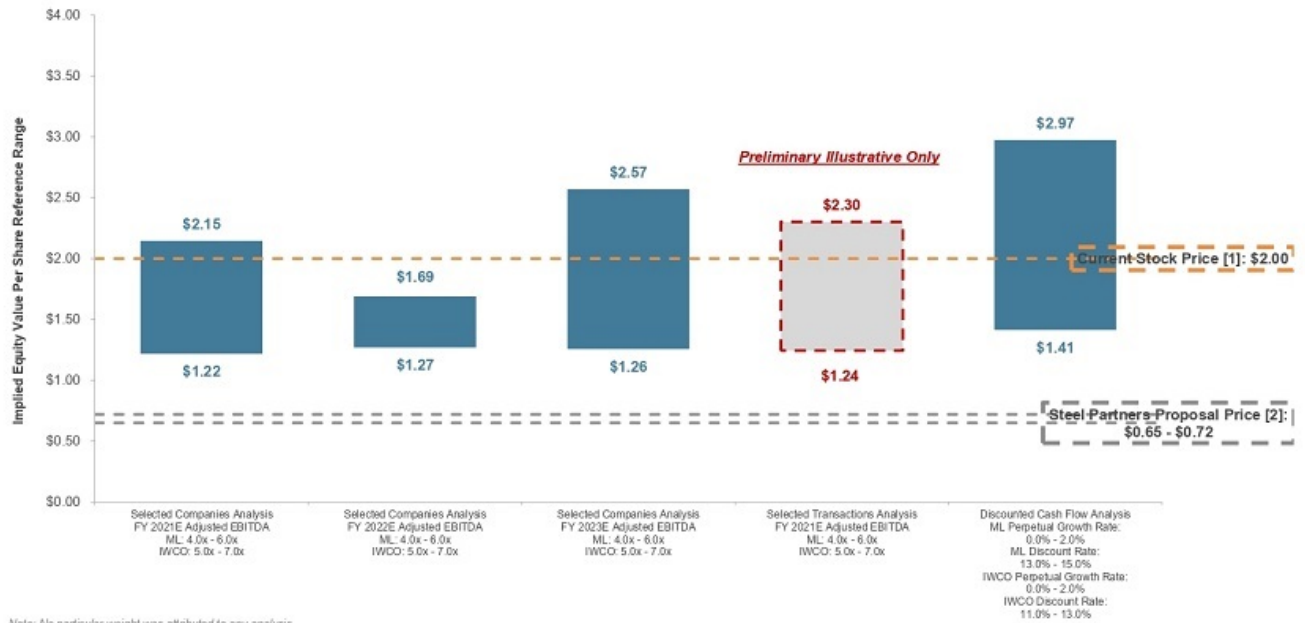
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# Preliminary Financial Analyses Summary

Steel Connect

*IWCO value reference ranges across Selected Companies and DCF approaches reflect implied per share values ranging between \$0.57 and \$0.81 for conservatism, and remain subject to continued review and diligence, which will likely have a downward impact on per share value reference ranges shown below – particularly in scenarios where IWCO does not have positive value*

## Implied Equity Value Per Share Reference Ranges



Note: No particular weight was attributed to any analysis.

1. Based on closing stock price as of 9/2/21.

2. Steel Partners Proposal based on consideration in the form of cash and Steel Partners 6.0% Series A Preferred Units, implied by Steel Partners to be valued in a range of \$0.65 to \$0.72 per share.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items. E refers to Estimated. FY refers to Fiscal Year.

Source: Refer to following page for additional details and sources.

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# Preliminary Financial Analyses Summary (cont.)

## Steel Connect

**NOL value reference ranges across Selected Companies and DCF approaches reflect implied per share values ranging between \$0.57 and \$0.81 for conservatism, and remain subject to continued review and diligence, which will likely have a downward impact on per share value reference ranges shown below – particularly in scenarios where IWCO does not have positive value**

(dollars and shares outstanding in millions, except per share values)

	Selected Companies Analysis		Selected Companies Analysis		Selected Companies Analysis		Selected Transactions Analysis [10] [11]		Discounted Cash Flow Analysis	
	FY 2021E		FY 2022E		FY 2023E		FY 2021E		Perpetual Growth Rate	
	Adjusted EBITDA	Adjusted EBITDA	Adjusted EBITDA	Adjusted EBITDA	Adjusted EBITDA	Adjusted EBITDA	Adjusted EBITDA	Adjusted EBITDA	Adjusted EBITDA	Adjusted EBITDA
<b>Implied Equity Value Reference Range - IWCO [1]</b>	\$0.0 --	\$35.4	\$0.0 --	\$0.0	\$0.0 --	\$66.3	\$0.0 --	\$35.4	\$0.0 --	\$102.0
<b>Implied Equity Value Reference Range - ModusLink</b>	\$87.6 --	\$121.5	\$90.7 --	\$126.1	\$90.0 --	\$125.0	\$87.6 --	\$121.5	\$99.4 --	\$123.4
Present Value of Steel Connect Corporate Expenses [2]	(39.2) --	(61.0)	(39.2) --	(61.0)	(39.2) --	(61.0)	(5.0) --	(5.0)	(39.2) --	(61.0)
Present Value of Net Operating Losses [2] [3] [4]	36.8 --	48.5	36.8 --	48.5	36.8 --	48.5	4.2 --	4.8	36.8 --	48.5
Steel Connect Cash and Cash Equivalents as of 7/31/2021 [5] [6]	38.1 --	38.1	38.1 --	38.1	38.1 --	38.1	38.1 --	38.1	38.1 --	38.1
Convertible Senior Notes as of 7/31/2021 [6] [7]	(14.9) --	(14.9)	(14.9) --	(14.9)	(14.9) --	0.0	(14.9) --	(14.9)	(14.9) --	0.0
Series C Convertible Preferred Stock as of 7/31/2021 [5] [8]	(35.0) --	0.0	(35.0) --	(35.0)	(35.0) --	0.0	(35.0) --	0.0	(35.0) --	0.0
<b>Implied Total Equity Value Reference Range</b>	<b>73.4</b>	<b>167.6</b>	<b>76.5</b>	<b>101.7</b>	<b>75.7</b>	<b>216.8</b>	<b>74.9</b>	<b>179.8</b>	<b>85.2</b>	<b>251.0</b>
Diluted Shares Outstanding [5] [9]	60.2 --	78.1	60.2 --	60.2	60.2 --	84.4	60.2 --	78.1	60.2 --	84.4
<b>Implied Equity Value Per Share Reference Range</b>	<b>\$1.22 --</b>	<b>\$2.15</b>	<b>\$1.27 --</b>	<b>\$1.69</b>	<b>\$1.26 --</b>	<b>\$2.57</b>	<b>\$1.24 --</b>	<b>\$2.30</b>	<b>\$1.41 --</b>	<b>\$2.97</b>

Note: Refer to following pages for derivation of IWCO and ML equity value reference ranges. Present value of Steel Connect corporate expenses based on the SC Projections of ~\$7.0-\$7.5mm of corporate expenses, tax-affected and based on a discount rate range of 11.0% to 15.0% across the selected companies and DCF approaches; selected transactions approach assumes liquidation of corporate entity and \$5 million of wind-down/severance cash outlays, based on discussions with SC management.

- In the event that certain equity value reference range indications for IWCO are not positive, values are shown as "0" for conservatism given that IWCO debt is non-recourse. However, it is possible that SC may incur wind-down costs or otherwise use its cash balance to support IWCO activities.
- Scenarios resulting in equity value for IWCO that is not positive would limit usability of NOLs and may present opportunities for a reduction in corporate costs. While factoring in such adjustments would likely result in net diminution in the low end of the implied equity value per share reference ranges shown above, given insufficient information and for conservatism, no adjustments have been made. Subject to continued review.
- NOL value reference ranges subject to continued diligence and review. Reflects net present value of tax savings from federal and state NOLs. Net present value of tax savings from utilization of the Company's federal NOL balance of ~\$2.1 billion (of which ~\$1.8 billion expires in 2023) based on the Consolidated Projections and a discount rate range of 15.0% to 18.0%. Per SC management, state NOLs are not projected to have material value; as such, the low end of the range ascribes zero value to the state NOLs and the high end of the range ascribes \$2.5mm of value to the NOLs, based on the maximum potential value per SC management. Foreign NOLs are not projected to be utilized, per SC management.
- While a number of the selected companies have NOL balances that may impact their TEVEBITDA multiples, we have added the full present value of the Company's NOLs to all of the selected companies approaches for conservatism. The value reference range for the Company's NOLs under the selected transactions analysis is illustratively based on application of S382 limitations on the ability to utilize the Company's existing NOLs; consideration was not given to potential impact of NUBIG on illustrative S382 limitation amounts, given limited applicability.
- Per SC management.
- Reflects corporate cash and cash equivalents held by SC as of 7/31/21, does not reflect any potential cash from settlement of Donald Reith litigation.
- Reflects outstanding principal balance of Convertible Senior Notes as of 7/31/21, except for indications under which conversion option is deemed to be in-the-money (implied per share equity value greater than \$2.37 per share), in which case the outstanding balance is reduced to \$0 and the diluted shares outstanding figure is increased by 6.3 million shares.
- Reflects liquidation preference of outstanding Series C Convertible Preferred Stock as of 7/31/21, except for indications under which conversion option is deemed to be in-the-money (implied per share equity value greater than \$1.96 per share), in which case the liquidation preference is reduced to \$0 and the diluted shares outstanding figure is increased by 17.9 million shares.
- Based on total shares outstanding as of 7/31/21 pro forma for the impact of the pending Donald Reith litigation settlement; reflects 60.2 million common shares outstanding, plus the impact of 12.0 thousand stock options outstanding, to the extent in-the-money (based on the treasury method). Also reflects dilutive impact of Convertible Senior Notes and Series C Convertible Preferred stock to the extent in-the-money.
- Illustrative selected transactions approach assumes buyers would pay SC proceeds for IWCO and ModusLink and that SC would wind down the corporate entity. For illustrative purposes, assumes NOL value reference ranges based on applying S382 limitations to existing NOL balance and assumes wind-down/severance cash outlays of \$5 million, based on discussion with SC management. Subject to continued review.
- For illustrative purposes, selected transactions approach that applies 5.0 – 7.0x multiple range to IWCO FY 2022 Adjusted EBITDA of \$23.0 million without taking into account PV of restructuring activities would result in an implied per share value reference range of \$1.24 to \$1.81.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items. E refers to Estimated. FY refers to Fiscal Year.

Source: SC, IWCO and ML managements; Consolidated Projections; Capital IQ; Bloomberg; public filings.

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# IWCO: Preliminary Financial Analyses Summary

(dollars in millions)

	Selected Companies Analysis			Selected Companies Analysis			Selected Companies Analysis			<i>(Preliminary Illustrative Only)</i>					
	FY 2021E			FY 2022E			FY 2023E			FY 2021E					
	Adjusted EBITDA			Adjusted EBITDA			Adjusted EBITDA			Adjusted EBITDA					
Corresponding Base Amount	\$56.3			\$23.0			\$60.7			\$56.3					
Selected Multiples Range	5.0x – 7.0x			5.0x – 7.0x			5.0x – 7.0x			5.0x – 7.0x					
<b>Implied Enterprise Value Reference Range</b>	<b>\$281.5</b>	–	<b>\$394.1</b>	<b>\$115.0</b>	–	<b>\$161.0</b>	<b>\$303.5</b>	–	<b>\$424.9</b>	<b>\$281.5</b>	–	<b>\$394.1</b>	<b>\$337.2</b>	–	<b>\$460.7</b>
Cash and Cash Equivalents as of 7/31/2021 [1]	38.8	–	38.8	38.8	–	38.8	38.8	–	38.8	38.8	–	38.8	38.8	–	38.8
Implied Total Enterprise Value Reference Range	\$320.3	–	\$432.9	\$153.8	–	\$199.8	\$342.3	–	\$463.8	\$320.3	–	\$432.9	\$376.0	–	\$499.5
Total Debt as of 7/31/2021 [1]	(364.3)	–	(364.3)	(364.3)	–	(364.3)	(364.3)	–	(364.3)	(364.3)	–	(364.3)	(364.3)	–	(364.3)
Present Value of Restructuring Activities [1] [2]	(32.7)	–	(33.1)	(32.7)	–	(33.1)	(32.7)	–	(33.1)	(32.7)	–	(33.1)	(32.7)	–	(33.1)
<b>Implied Total Equity Value Reference Range [3]</b>	<b>(\$76.8)</b>	–	<b>\$35.4</b>	<b>(\$243.3)</b>	–	<b>(\$197.7)</b>	<b>(\$54.7)</b>	–	<b>\$66.3</b>	<b>(\$76.8)</b>	–	<b>\$35.4</b>	<b>(\$21.0)</b>	–	<b>\$102.0</b>

1. Per SC and IWCO managements.

2. Reflects present value of cash flows related to restructuring activities in connection with the CIP at IWCO; based on discount rate range of 11.0% - 13.0%.

3. Equity value cannot equal less than zero; negative equity values are shown above for illustrative purposes to demonstrate extent to which equity is out-of-the-money.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

Source: SC and IWCO managements; IWCO Projections; Capital IQ; Bloomberg; public filings.

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# ModusLink: Preliminary Financial Analyses Summary

(dollars in millions)

	Selected Companies Analysis FY 2021		Selected Companies Analysis FY 2022E		Selected Companies Analysis FY 2023E		<b>(Preliminary Illustrative Only)</b> Selected Transactions Analysis FY 2021		Discounted Cash Flow Analysis	
	Adjusted EBITDA		Adjusted EBITDA		Adjusted EBITDA		Adjusted EBITDA		Perpetual Growth Rate	Discount Rate
Corresponding Base Amount	\$16.9		\$17.7		\$17.5		\$16.9		0.0%	13.0% -- 15.0%
Selected Multiples Range	4.0x -- 6.0x	4.0x -- 6.0x	4.0x -- 6.0x	4.0x -- 6.0x	4.0x -- 6.0x	4.0x -- 6.0x	4.0x -- 6.0x	4.0x -- 6.0x		
<b>Implied Enterprise Value Reference Range</b>	<b>\$67.7 -- \$101.5</b>	<b>\$70.8 -- \$106.2</b>	<b>\$70.0 -- \$105.0</b>	<b>\$67.7 -- \$101.5</b>	<b>\$79.5 -- \$103.4</b>					
Cash and Cash Equivalents as of 7/31/2021 [1] [2]	20.1 -- 20.1	20.1 -- 20.1	20.1 -- 20.1	20.1 -- 20.1	20.1 -- 20.1	20.1 -- 20.1	20.1 -- 20.1	20.1 -- 20.1	20.1 -- 20.1	20.1 -- 20.1
Implied Total Enterprise Value Reference Range	\$87.8 -- \$121.6	\$90.8 -- \$126.2	\$90.1 -- \$125.1	\$87.8 -- \$121.6	\$99.6 -- \$123.5					
Total Debt as of 7/31/2021 [1]	(0.1) -- (0.1)	(0.1) -- (0.1)	(0.1) -- (0.1)	(0.1) -- (0.1)	(0.1) -- (0.1)	(0.1) -- (0.1)	(0.1) -- (0.1)	(0.1) -- (0.1)	(0.1) -- (0.1)	(0.1) -- (0.1)
<b>Implied Equity Value Reference Range</b>	<b>\$87.6 -- \$121.5</b>	<b>\$90.7 -- \$126.1</b>	<b>\$90.0 -- \$125.0</b>	<b>\$87.6 -- \$121.5</b>	<b>\$99.4 -- \$123.4</b>					

1. Per SC and ML managements.

2. Per SC management, assuming the ML business continues to generate sufficient cash flows and maintain sufficient liquidity, the expectation is that ML would likely dividend to SC the remaining \$10 million allowable under its existing credit facility; in addition, SC management has indicated that a portion of ML's cash and cash equivalents balance is currently offshore and would potentially be subject to repatriation tax.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

Source: SC and ML managements; ML Projections; Capital IQ; Bloomberg; public filings.

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# Preliminary Selected Observations Related to IWCO

## General Observations

- IWCO has been a leader in direct mail for ~50 years
- Direct mail space has been undergoing secular decline, with projected CY 2020-2025 CAGR of ~(-5)%<sup>1</sup> as customers continue to move towards digital and omni-channel solutions
- IWCO pursuing strategic repositioning initiatives given industry backdrop, but efforts have been complicated by the following factors:
  - Substantial management team departures in CY 2020
  - Sales team turnover appears to have contributed to loss of a number of key customers in CY 2020 and CY 2021
  - Significant financial leverage limits operating flexibility and ability to invest in strategic repositioning
- IWCO management is implementing a competitive improvement plan ("CIP") to stabilize the business and enhance profitability

## Competitive Improvement Plan

- The CIP is designed to achieve the following specific objectives: (i) retain profitable customers by enhancing quality of direct mail services relative to price, (ii) enhance margins through cost reduction and (iii) position IWCO to service SMEs with omni-channel offerings
- Key components of Phase I of the CIP include:
  - Investments in digital presses and epic inserters to facilitate transition to fully digital production platform
  - Consolidation from 7 to 3 facilities and substantial headcount reductions
  - Exits from unprofitable customers
- One-time costs and investments are estimated at ~\$35mm, with certain equipment to be furnished via operating leases
- Implementation of Phase I of the CIP is expected to be complete by the end of CY 2022

Source: SC and IWCO managements.

1. Per S&P Kagan.

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## Projections: Certain Observations & Qualifications

Per IWCO and Steel Connect management:

- Financial projections contemplate successful implementation of Phase I of the CIP (which positions IWCO as the premier digital direct mail company) with run-rate EBITDA achieved by the outer years of the projection period
- Financial projections do not contemplate meaningful revenue contributions or related investments in infrastructure or certain other costs associated with providing omni-channel solutions
- With regards to the existing credit facility, which matures in 2022:
  - Financial projections assume that IWCO will retain sufficient liquidity to remain in compliance with the terms of its credit facility through maturity
  - IWCO will need to refinance its credit facility (or obtain alternative financing) to continue to operate as a going concern
  - Steel Connect / IWCO managements are in discussions with lenders regarding an amendment; lenders appear supportive of the CIP
  - Although the financial projections assume that IWCO will be able to extend the maturity of its credit facility, there are no guarantees that IWCO will be able to obtain such an extension (or alternative financing)
  - If IWCO is not able to obtain an extension or alternative financing, there would be material adverse implications for the business not reflected in the projections

## Additional Considerations & Open Items

- IWCO analyses are based on a "going concern" approach, are based on financial projections, and account for one-time CIP costs/investments
- If IWCO does not operate as a going concern and/or does not have positive equity value, the following factors need to be further evaluated: (i) wind-down costs to / other cash outlays by Steel Connect; (ii) potential changes to the corporate cost structure; and (iii) usability of existing NOLs (and would likely result in a downward revision to preliminary indications shown)
- FY 2021 results are shown on a preliminary basis and will be finalized towards the end of September
- IWCO management is preparing its FY 2022 budget, which will be finalized towards the end of September
- Discussions with lenders around an extension and IWCO goodwill impairment testing remain underway

# IWCO: Historical and Projected Financial Observations

(dollars in millions)

	Fiscal Year Ended July 31,			Fiscal Year Ending July 31,				CAGR 2019 to 2021	CAGR 2021 to 2025E
	2019	2020	2021E	2022E	2023E	2024E	2025E		
<b>A Revenue</b>	<b>\$486.9</b>	<b>\$444.4</b>	<b>\$389.8</b>	<b>\$263.0</b>	<b>\$279.4</b>	<b>\$294.8</b>	<b>\$309.5</b>	<b>-10.5%</b>	<b>-5.6%</b>
Growth %		-8.7%	-12.3%	-32.5%	6.2%	5.5%	5.0%		
<b>B Cost of Sales (Goods Sold)</b>	<b>(372.7)</b>	<b>(345.2)</b>	<b>(303.6)</b>	<b>(208.5)</b>	<b>(189.4)</b>	<b>(200.9)</b>	<b>(213.2)</b>		
Gross Profit	\$114.2	\$99.2	\$86.3	\$54.5	\$90.0	\$93.9	\$96.3		
Margin %	23.5%	22.3%	22.1%	20.7%	32.2%	31.9%	31.1%		
Selling, General, and Administrative [1]	(124.6)	(87.5)	(96.0)	(75.6)	(70.2)	(64.1)	(66.0)		
Depreciation and Amortization	46.9	46.2	37.1	31.0	33.1	34.2	35.3		
Total Adjustments [2]	32.5	2.4	28.9	13.1	7.9	0.0	0.0		
<b>E Adjusted EBITDA</b>	<b>\$69.0</b>	<b>\$60.3</b>	<b>\$56.3</b>	<b>\$23.0</b>	<b>\$60.7</b>	<b>\$64.0</b>	<b>\$65.6</b>	<b>-9.7%</b>	<b>3.9%</b>
Margin %	14.2%	13.6%	14.4%	8.7%	21.7%	21.7%	21.2%		
Growth %		-12.7%	-6.6%	-59.2%	164.0%	5.4%	2.6%		
Depreciation and Amortization	(46.9)	(46.2)	(37.1)	(31.0)	(33.1)	(34.2)	(35.3)		
<b>Adjusted EBIT</b>	<b>\$22.1</b>	<b>\$14.0</b>	<b>\$19.2</b>	<b>(\$8.0)</b>	<b>\$27.7</b>	<b>\$29.8</b>	<b>\$30.3</b>	<b>-6.9%</b>	<b>12.1%</b>
Margin %	4.5%	3.2%	4.9%	-3.0%	9.9%	10.1%	9.8%		
Growth %		-36.6%	36.7%	NMF	NMF	7.7%	1.7%		
<b>2 Total Adjustments:</b>									
Loss on Sale of Long-lived Assets	0.4	0.4	0.0	0.0	0.0	0.0	0.0		
Adjustments related to tax liabilities	32.1	1.9	0.0	0.0	0.0	0.0	0.0		
Impairment of long-lived assets	0.0	0.0	25.9	0.0	0.0	0.0	0.0		
Restructuring Expenses	0.0	0.0	3.0	13.1	7.9	0.0	0.0		
Other	0.1	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Total Adjustments</b>	<b>\$32.5</b>	<b>\$2.4</b>	<b>\$28.9</b>	<b>\$13.1</b>	<b>\$7.9</b>	<b>\$0.0</b>	<b>\$0.0</b>		

## Selected Commentary

- A** Revenues declined in FY20 as a result of industry headwinds, including COVID-related impacts; revenues are projected to continue declining in FY21 and FY22, including as a result of material customer attrition and certain strategic exits, before stabilizing in the outer years of the projection period
- B** Significant margin improvements are projected to result from both cost-cutting initiatives and the exiting of certain lower margin customer accounts
- C** One-time CIP Phase I implementation outlays of ~\$35mm are projected, with purchase of equipment, severance payments and facility closure costs comprising key expenditures. CIP assumptions include: (i) certain equipment is furnished through operating leases due to credit facility compliance requirements; (ii) direct mail optimization program is completed and (iii) no significant investments made in omni-channel infrastructure

## Restructuring Activities Detail

	Fiscal Year Ending July 31,			
	2022E	2023E	2024E	2025E
<b>C Restructuring Activities Detail</b>				
Lease Buyout Payments	\$0.0	(\$5.2)	\$0.0	\$0.0
Severance and Retention	(7.1)	(2.5)	0.0	0.0
Professional Fees and Other One-Time Costs	(6.0)	(0.2)	0.0	0.0
<b>Total Restructuring Expenses</b>	<b>(\$13.1)</b>	<b>(\$7.9)</b>	<b>\$0.0</b>	<b>\$0.0</b>
Purchase of Capital Equipment	(14.2)	0.0	0.0	0.0
Capital Lease Payments	(2.1)	(1.8)	(1.8)	(0.1)
Proceeds from Equipment Sales and Inventory Reduction	2.0	3.2	0.0	0.0
<b>Total Restructuring Cash Flows</b>	<b>(\$27.4)</b>	<b>(\$6.4)</b>	<b>(\$1.8)</b>	<b>(\$0.1)</b>

1. SG&A burdened with \$1.3 million paid to Steel Connect in connection with allocation of time of shared personnel to IWCO, but excludes the remaining portion of the \$5.0 million distribution payable to Steel Connect pursuant to the existing credit facility. Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items. Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items. CAGR refers to Compound Annual Growth Rate. E refers to Estimated. FY refers to Fiscal Year. NMF refers to Not Meaningful Figure. Source: SC and IWCO managements; historical figures per SC and IWCO managements and public filings; projected figures per IWCO Projections.

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# IWCO Revenue Observations and Industry Trends

IWCO figures on the pages that follow are presented on a calendar year basis, consistent with how IWCO management has historically prepared detailed figures. These figures will differ from certain pages that are presented based on the Company's fiscal year end of July 31.

## IWCO Revenue vs. Direct Mail Advertising Market Performance

(Revenue dollars in millions; Industry dollars in billions)

■ IWCO  
■ Industry<sup>1</sup>



Revenue CAGRs	IWCO Revenue	Industry <sup>1</sup>
CY 2011 – CY 2019	3.1%	-1.8%
CY 2019 – CY 2020	-16.9%	-23.1%
CY 2020 – CY 2025E	-5.0%	-4.9%
CY 2020 – CY 2022E	-21.6%	-4.1%
CY 2022E – CY 2025E	8.0%	-5.4%

## U.S. Offline Advertising & Marketing Spend<sup>2</sup>

(dollars in billions)



## U.S. Online Advertising & Marketing Spend<sup>2</sup>

(dollars in billions)



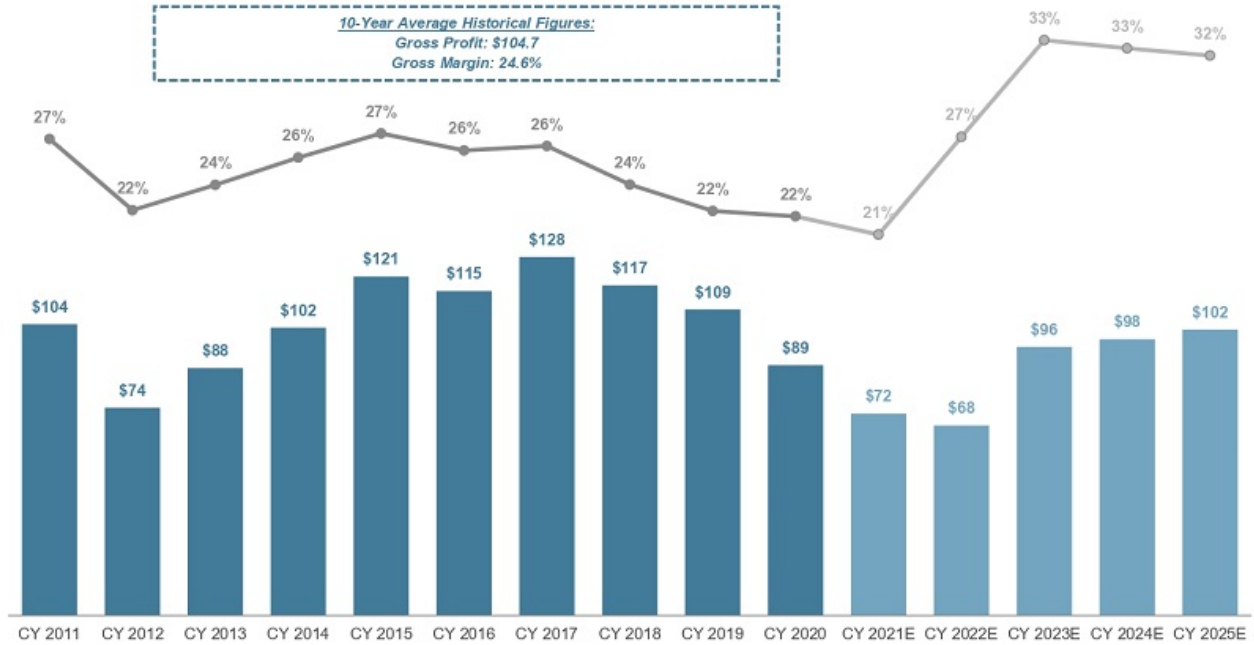
1. Reflects Direct Mail Industry Advertising Revenue per S&P Kagan. 2. Per Winterberry studies provided by SC management. CAGR refers to Compound Annual Growth Rate. CY refers to Calendar Year. E refers to Estimated. Source: SC and IWCO managements, Public filings, S&P Kagan, Winterberry, historical figures per SC and IWCO managements and public filings; projected figures per IWCO Projections.

# IWCO Profitability Observations

## Gross Profit

(dollars in millions)

■ / ■ Gross Profit  
■ / ■ Gross Margin %

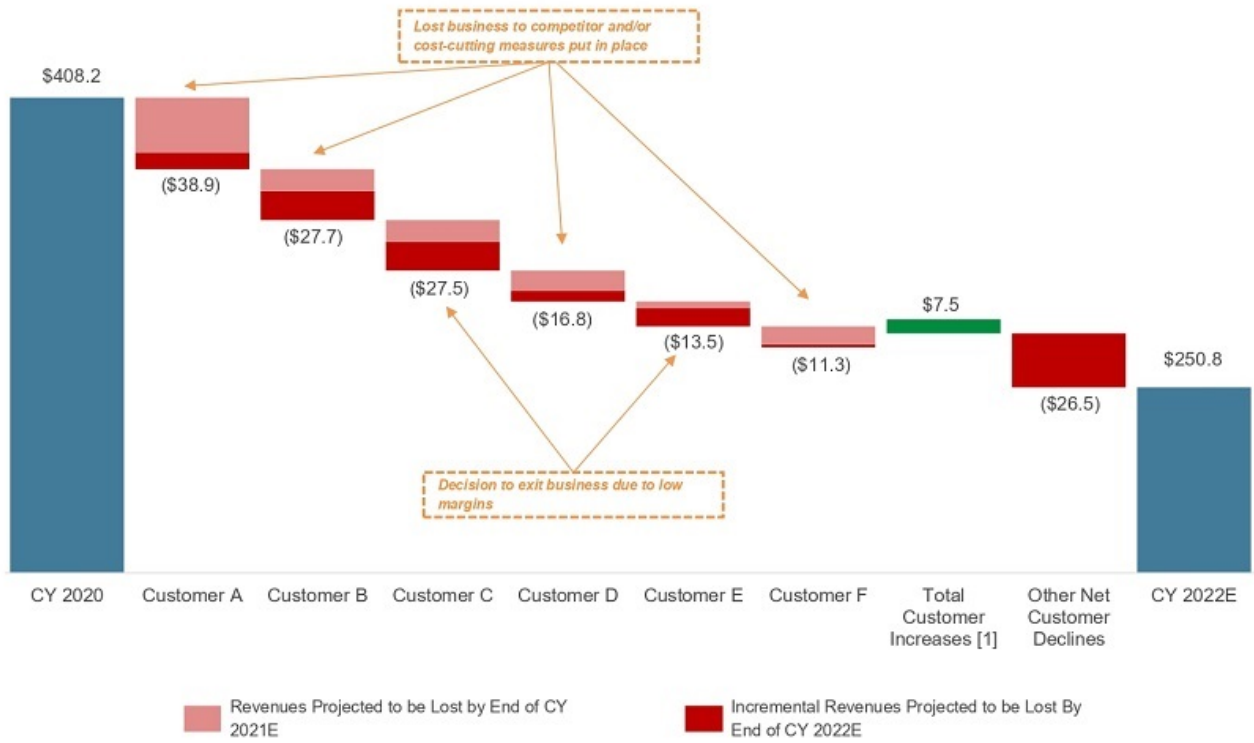


Note: IWCO figures shown above are presented on a calendar year basis; these figures will differ from certain pages that are presented based on the Company's fiscal year end of July 31. CY refers to Calendar Year. E refers to Estimated.

Source: Historical figures per SC and IWCO managements and public filings; projected figures per IWCO Projections.  
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# IWCO CY 2020 to CY 2022E Revenue Bridge

(dollars in millions)



Note: IWCO figures shown above are presented on a calendar year basis; these figures will differ from certain pages that are presented based on the Company's fiscal year end of July 31.  
 1. Reflects aggregate revenue increases from four of IWCO's top customers that are expected to experience revenue increases between CY 2020 and CY 2022E.  
 CY refers to Calendar Year. E refers to Estimated.  
 Source: SC and IWCO managements, IWCO Projections.  
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# IWCO: Preliminary Selected Companies Analysis

(dollars in millions, except per share values)

Selected Company	Share Price [2]	Equity Market Value [2,3]	Enterprise Value [2,3]	Enterprise Value [1] to Adjusted EBITDA		
				FY 2021E [4]	FY 2022E [5]	FY 2023E [5]
<b>Printing Services</b>						
Cimpress plc	\$96.61	2,574.5	4,052.7	13.2x	10.7x	9.8x
Dai Nippon Printing Co., Ltd.	\$24.18	6,759.6	5,760.1	5.5x	5.7x	5.4x
Deluxe Corporation	\$39.39	1,724.3	3,394.6	9.0x	7.9x	7.4x
Ennis, Inc.	\$19.39	508.5	427.1	7.3x	NA	NA
Kyodo Printing Co., Ltd.	\$23.99	198.7	309.7	5.3x	NA	NA
Quad/Graphics, Inc.	\$4.16	245.0	997.8	4.1x	NA	NA
R. R. Donnelley & Sons Company	\$4.87	371.7	1,689.9	4.7x	4.3x	NA
Toppan Inc.	\$17.58	5,994.3	5,254.5	4.4x	4.7x	NA
Transcontinental Inc.	\$19.28	1,678.2	2,237.9	5.9x	6.0x	6.0x
Low				4.1x	4.3x	5.4x
High				13.2x	10.7x	9.8x
Median				5.5x	5.8x	6.7x
Mean				6.6x	6.5x	7.1x
<b>Diversified Marketing Services</b>						
Cheil Worldwide Inc.	\$20.55	\$2,081.5	\$1,701.7	7.6x	6.7x	6.2x
Dentsu Group Inc.	\$37.50	10,550.8	11,662.3	6.8x	6.4x	6.3x
Omnicom Group Inc.	\$74.34	16,204.3	18,921.4	8.8x	8.1x	7.8x
Publicis Groupe S.A.	\$67.43	17,012.6	18,542.8	7.0x	6.7x	6.5x
The Interpublic Group of Companies, Inc.	\$37.51	14,779.6	16,027.3	9.5x	9.4x	9.1x
WPP plc	\$13.81	15,984.7	18,550.1	7.7x	6.7x	6.1x
Low				6.8x	6.4x	6.1x
High				9.5x	9.4x	9.1x
Median				7.6x	6.7x	6.4x
Mean				7.9x	7.3x	7.0x
<b>All Selected Companies</b>						
Low				4.1x	4.3x	5.4x
High				13.2x	10.7x	9.8x
Median				7.0x	6.7x	6.4x
Mean				7.1x	6.9x	7.1x

Note: No company used in this analysis for comparative purposes is identical to IWCO.

1. Enterprise Value equals equity market value + debt outstanding + preferred stock + minority interests – cash and cash equivalents.

2. Based on closing prices as of 9/2/21.

3. Based on diluted shares.

4. FY 2021E multiples based on reported LTM June 2021 financials for all of the selected companies, except for Ennis, Inc. and Transcontinental Inc., whose financials have been calendarized to IWCO's fiscal year end of July 31.

5. Multiples based on forward looking financial information have been calendarized to IWCO's fiscal year end of July 31 for all of the selected companies, except for Cimpress plc whose fiscal year end is June 30.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items, E refers to Estimated, FY refers to Fiscal Year, NA refers to Not Available.

Source: Bloomberg, Capital IQ and public filings.

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# IWCO: Preliminary Selected Benchmarking Data

Size (LTM Revenue, millions)	Size [1] (Enterprise Value as of 9/2/21, millions)	Revenue Growth (FY 2019 to FY 2021E Revenue)	Revenue Growth (FY 2021E to FY 2022E Revenue)
<b>Printing Services</b>	<b>Printing Services</b>	<b>Printing Services</b>	<b>Printing Services</b>
Toppan Inc. \$13,470.8	Dai Nippon Printing Co., Ltd. \$5,711.8	Deluxe Corporation 0.1%	Cimpress plc 7.0%
Dai Nippon Printing Co., Ltd. \$12,217.6	Toppan Inc. \$5,198.7	Toppan Inc. -0.3%	Deluxe Corporation 4.0%
R. R. Donnelley & Sons Company \$4,858.5	Cimpress plc \$4,052.7	Dai Nippon Printing Co., Ltd. -2.1%	R. R. Donnelley & Sons Company 2.4%
Quad/Graphics, Inc. \$2,922.3	Deluxe Corporation \$3,394.6	Cimpress plc -2.1%	Dai Nippon Printing Co., Ltd. 1.9%
Cimpress plc \$2,592.5	Transcontinental Inc. \$2,237.9	Ennis, Inc. -5.2%	Transcontinental Inc. 0.8%
Deluxe Corporation \$2,066.3	R. R. Donnelley & Sons Company \$1,689.9	R. R. Donnelley & Sons Company -6.8%	Toppan Inc. -0.3%
Transcontinental Inc. \$1,981.9	Quad/Graphics, Inc. \$997.8	Transcontinental Inc. -9.2%	<b>IWCO</b> -32.5%
Kyodo Printing Co., Ltd. \$816.3	Ennis, Inc. \$427.1	<b>IWCO</b> -10.5%	Quad/Graphics, Inc. NA
<b>IWCO</b> \$389.8	Kyodo Printing Co., Ltd. \$308.6	Quad/Graphics, Inc. NA	Ennis, Inc. NA
Ennis, Inc. \$365.9		Kyodo Printing Co., Ltd. NA	Kyodo Printing Co., Ltd. NA
<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>
WPP plc \$17,358.5	Omnicom Group Inc. \$18,921.4	Publicis Groupe S.A. 3.1%	Cheil Worldwide Inc. 9.7%
Omnicom Group Inc. \$13,962.1	WPP plc \$18,550.1	The Interpublic Group of Companies, Inc. 2.0%	The Interpublic Group of Companies, Inc. 8.5%
Publicis Groupe S.A. \$11,707.0	Publicis Groupe S.A. \$16,542.8	Dentsu Group Inc. -2.9%	Dentsu Group Inc. 5.3%
Dentsu Group Inc. \$8,845.2	The Interpublic Group of Companies, Inc. \$16,077.3	Omnicom Group Inc. -4.2%	Publicis Groupe S.A. 4.5%
The Interpublic Group of Companies, Inc. \$8,536.3	Dentsu Group Inc. \$11,598.4	WPP plc -5.6%	Omnicom Group Inc. 4.3%
Cheil Worldwide Inc. \$2,513.5	Cheil Worldwide Inc. \$1,631.7	Cheil Worldwide Inc. -7.5%	WPP plc -0.4%
<b>IWCO</b> \$388.0		<b>IWCO</b> -10.5%	<b>IWCO</b> -32.5%
<b>Revenue Growth</b> (FY 2021E to FY 2022E Revenue)	<b>Adjusted EBITDA Growth</b> (FY 2019 to FY 2021E Adjusted EBITDA)	<b>Adjusted EBITDA Growth</b> (FY 2021E to FY 2022E Adjusted EBITDA)	<b>Adjusted EBITDA Growth</b> (FY 2021E to FY 2022E Adjusted EBITDA)
<b>Printing Services</b>	<b>Printing Services</b>	<b>Printing Services</b>	<b>Printing Services</b>
Cimpress plc 6.2%	Cimpress plc 9.4%	Deluxe Corporation 9.5%	Cimpress plc 8.9%
Deluxe Corporation 4.7%	R. R. Donnelley & Sons Company 4.8%	Cimpress plc 9.4%	Deluxe Corporation 8.0%
Dai Nippon Printing Co., Ltd. 2.0%	Dai Nippon Printing Co., Ltd. 2.7%	R. R. Donnelley & Sons Company 4.8%	Dai Nippon Printing Co., Ltd. 4.2%
Transcontinental Inc. 0.8%	Toppan Inc. 0.3%	Dai Nippon Printing Co., Ltd. 2.7%	<b>IWCO</b> 3.8%
Toppan Inc. 0.2%	Transcontinental Inc. -1.0%	Toppan Inc. 0.3%	Transcontinental Inc. -0.8%
<b>IWCO</b> -15.3%	Deluxe Corporation -8.3%	Transcontinental Inc. -1.0%	Quad/Graphics, Inc. NA
Quad/Graphics, Inc. NA	<b>IWCO</b> -9.7%	<b>IWCO</b> -59.2%	R. R. Donnelley & Sons Company NA
R. R. Donnelley & Sons Company NA	Quad/Graphics, Inc. NA	Quad/Graphics, Inc. NA	Ennis, Inc. NA
Ennis, Inc. NA	Ennis, Inc. NA	Ennis, Inc. NA	Kyodo Printing Co., Ltd. NA
Kyodo Printing Co., Ltd. NA	Kyodo Printing Co., Ltd. NA	Kyodo Printing Co., Ltd. NA	Toppan Inc. NA
<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>
Cheil Worldwide Inc. 8.2%	WPP plc 15.5%	WPP plc 15.5%	WPP plc 12.0%
The Interpublic Group of Companies, Inc. 6.3%	Cheil Worldwide Inc. 13.5%	Cheil Worldwide Inc. 13.5%	Cheil Worldwide Inc. 10.8%
Dentsu Group Inc. 5.2%	The Interpublic Group of Companies, Inc. 12.7%	The Interpublic Group of Companies, Inc. 12.7%	The Interpublic Group of Companies, Inc. 7.9%
Publicis Groupe S.A. 3.8%	Omnicom Group Inc. 8.7%	Omnicom Group Inc. 8.7%	Omnicom Group Inc. 6.2%
Omnicom Group Inc. 3.3%	Dentsu Group Inc. 7.0%	Dentsu Group Inc. 7.0%	Dentsu Group Inc. 4.4%
WPP plc 1.4%	Publicis Groupe S.A. 4.4%	Publicis Groupe S.A. 4.4%	Publicis Groupe S.A. 3.9%
<b>IWCO</b> -15.3%	<b>IWCO</b> -9.7%	<b>IWCO</b> -59.2%	<b>IWCO</b> 3.8%

Note: No company shown for comparative purposes is identical to IWCO.

1. Based on public trading prices of common stock.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public, other than for IWCO, in which case LTM refers to Latest 12 Months.

NA refers to Not Available.

Sources: Bloomberg, Capital IQ, SC and IWCO managements, IWCO Projections and public filings.

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# IWCO: Preliminary Selected Benchmarking Data (cont.)

Profitability (FY 2021E Adjusted EBITDA to FY 2021E Revenue)		Profitability (FY 2022E to FY 2023E Average Adjusted EBITDA Margin)		Profitability (FY 2021E Adjusted EBIT to FY 2021E Revenue)		Profitability (FY 2022E to FY 2023E Average Adjusted EBIT Margin)	
<b>Printing Services</b>							
Deluxe Corporation	19.6%	<b>IWCO [1]</b>	<b>21.7%</b>	Deluxe Corporation	19.6%	<b>IWCO [1]</b>	<b>9.9%</b>
Transcontinental Inc.	18.7%	Deluxe Corporation	20.8%	Transcontinental Inc.	18.7%	Toppan Inc.	8.4%
Ennis, Inc.	15.7%	Transcontinental Inc.	18.3%	Ennis, Inc.	15.7%	Dai Nippon Printing Co., Ltd.	8.1%
<b>IWCO</b>	<b>14.4%</b>	Cimpress plc	13.8%	Cimpress plc	13.3%	<b>IWCO</b>	<b>4.9%</b>
Cimpress plc	13.3%	Dai Nippon Printing Co., Ltd.	8.3%	Toppan Inc.	8.4%	R. R. Donnelley & Sons Company	7.7%
Toppan Inc.	8.4%	R. R. Donnelley & Sons Company	7.9%	Dai Nippon Printing Co., Ltd.	8.1%	<b>IWCO</b>	<b>4.9%</b>
Dai Nippon Printing Co., Ltd.	8.1%	Ennis, Inc.	NA	R. R. Donnelley & Sons Company	7.7%	Ennis, Inc.	NA
R. R. Donnelley & Sons Company	7.7%	Toppan Inc.	NA	<b>IWCO</b>	<b>4.9%</b>	Quad/Graphics, Inc.	NA
Quad/Graphics, Inc.	NA	R. R. Donnelley & Sons Company	NA	Quad/Graphics, Inc.	NA	Kyodo Printing Co., Ltd.	NA
Kyodo Printing Co., Ltd.	NA	Kyodo Printing Co., Ltd.	NA	Kyodo Printing Co., Ltd.	NA		
<b>Diversified Marketing Services</b>							
Publicis Groupe S.A.	22.2%	Publicis Groupe S.A.	22.2%	Publicis Groupe S.A.	22.2%	Publicis Groupe S.A.	22.2%
Dentsu Group Inc.	19.0%	<b>IWCO [1]</b>	<b>21.7%</b>	Dentsu Group Inc.	19.0%	Dentsu Group Inc.	19.0%
The Interpublic Group of Companies, Inc.	17.4%	Dentsu Group Inc.	19.0%	The Interpublic Group of Companies, Inc.	17.4%	The Interpublic Group of Companies, Inc.	17.4%
Omnicom Group Inc.	15.6%	The Interpublic Group of Companies, Inc.	18.0%	Omnicom Group Inc.	15.6%	Omnicom Group Inc.	15.6%
WPP plc	14.9%	WPP plc	17.7%	WPP plc	14.9%	WPP plc	14.9%
<b>IWCO</b>	<b>14.4%</b>	Omnicom Group Inc.	16.3%	Cheil Worldwide Inc.	8.8%	<b>IWCO [1]</b>	<b>9.9%</b>
Cheil Worldwide Inc.	8.8%	Cheil Worldwide Inc.	9.2%	<b>IWCO</b>	<b>4.9%</b>	Cheil Worldwide Inc.	8.8%
<b>Relative Depreciation (LTM Depr. to LTM Adjusted EBITDA)</b>							
<b>Printing Services</b>							
Ennis, Inc.	31.3%	<b>IWCO [1]</b>	<b>65.9%</b>	Ennis, Inc.	0.9%	<b>IWCO</b>	<b>1.1%</b>
Deluxe Corporation	35.0%	Ennis, Inc.	0.9%	<b>IWCO</b>	<b>1.1%</b>	Cimpress plc	1.5%
R. R. Donnelley & Sons Company	38.5%	<b>IWCO</b>	<b>65.9%</b>	Cimpress plc	1.5%	R. R. Donnelley & Sons Company	1.6%
Transcontinental Inc.	44.3%	Deluxe Corporation	35.0%	R. R. Donnelley & Sons Company	1.6%	Quad/Graphics, Inc.	1.7%
Dai Nippon Printing Co., Ltd.	45.1%	Transcontinental Inc.	44.3%	Quad/Graphics, Inc.	1.7%	Transcontinental Inc.	3.2%
Toppan Inc.	49.0%	Toppan Inc.	49.0%	Transcontinental Inc.	3.2%	Dai Nippon Printing Co., Ltd.	3.8%
Cimpress plc	56.4%	Cimpress plc	56.4%	Dai Nippon Printing Co., Ltd.	3.8%	Toppan Inc.	3.8%
<b>IWCO</b>	<b>65.9%</b>	<b>IWCO</b>	<b>65.9%</b>	Toppan Inc.	3.8%	Deluxe Corporation	4.0%
Quad/Graphics, Inc.	69.0%	Quad/Graphics, Inc.	69.0%	Deluxe Corporation	4.0%	Kyodo Printing Co., Ltd.	7.1%
Kyodo Printing Co., Ltd.	92.6%	Kyodo Printing Co., Ltd.	92.6%	Kyodo Printing Co., Ltd.	7.1%		
<b>Diversified Marketing Services</b>							
Omnicom Group Inc.	10.0%	Omnicom Group Inc.	10.0%	Omnicom Group Inc.	0.3%	<b>IWCO</b>	<b>1.1%</b>
Cheil Worldwide Inc.	10.3%	Cheil Worldwide Inc.	10.3%	Cheil Worldwide Inc.	0.3%	Publicis Groupe S.A.	1.4%
WPP plc	14.8%	WPP plc	14.8%	WPP plc	1.7%	WPP plc	1.7%
The Interpublic Group of Companies, Inc.	16.8%	The Interpublic Group of Companies, Inc.	16.8%	The Interpublic Group of Companies, Inc.	1.8%	Dentsu Group Inc.	2.2%
Publicis Groupe S.A.	21.4%	Publicis Groupe S.A.	21.4%	Publicis Groupe S.A.	1.4%		
Dentsu Group Inc.	43.9%	Dentsu Group Inc.	43.9%	Dentsu Group Inc.	2.2%		
<b>IWCO</b>	<b>65.9%</b>	<b>IWCO</b>	<b>65.9%</b>	<b>IWCO</b>	<b>1.1%</b>		
<b>Internal Investment (LTM Capital Expenditures to LTM Revenue)</b>							
<b>Printing Services</b>							
Ennis, Inc.	0.9%	<b>IWCO [1]</b>	<b>1.1%</b>	Ennis, Inc.	0.9%	<b>IWCO</b>	<b>1.1%</b>
<b>IWCO</b>	<b>1.1%</b>	Ennis, Inc.	0.9%	<b>IWCO</b>	<b>1.1%</b>	Cimpress plc	1.5%
Cimpress plc	1.5%	<b>IWCO</b>	<b>1.1%</b>	Cimpress plc	1.5%	R. R. Donnelley & Sons Company	1.6%
R. R. Donnelley & Sons Company	1.6%	Deluxe Corporation	35.0%	R. R. Donnelley & Sons Company	1.6%	Quad/Graphics, Inc.	1.7%
Quad/Graphics, Inc.	1.7%	Transcontinental Inc.	44.3%	Quad/Graphics, Inc.	1.7%	Transcontinental Inc.	3.2%
Transcontinental Inc.	3.2%	Toppan Inc.	49.0%	Transcontinental Inc.	3.2%	Dai Nippon Printing Co., Ltd.	3.8%
Dai Nippon Printing Co., Ltd.	3.8%	Cimpress plc	56.4%	Dai Nippon Printing Co., Ltd.	3.8%	Toppan Inc.	3.8%
Toppan Inc.	3.8%	<b>IWCO</b>	<b>65.9%</b>	Toppan Inc.	3.8%	Deluxe Corporation	4.0%
Deluxe Corporation	4.0%	Quad/Graphics, Inc.	69.0%	Deluxe Corporation	4.0%	Kyodo Printing Co., Ltd.	7.1%
Kyodo Printing Co., Ltd.	7.1%	Kyodo Printing Co., Ltd.	92.6%	Kyodo Printing Co., Ltd.	7.1%		
<b>Diversified Marketing Services</b>							
Cheil Worldwide Inc.	0.3%	Omnicom Group Inc.	10.0%	Omnicom Group Inc.	0.3%	<b>IWCO</b>	<b>1.1%</b>
Omnicom Group Inc.	0.5%	Cheil Worldwide Inc.	10.3%	Cheil Worldwide Inc.	0.3%	Publicis Groupe S.A.	1.4%
<b>IWCO</b>	<b>1.1%</b>	WPP plc	14.8%	WPP plc	1.7%	WPP plc	1.7%
Publicis Groupe S.A.	1.4%	The Interpublic Group of Companies, Inc.	16.8%	The Interpublic Group of Companies, Inc.	1.8%	Dentsu Group Inc.	2.2%
WPP plc	1.7%	Publicis Groupe S.A.	21.4%	Publicis Groupe S.A.	1.4%		
The Interpublic Group of Companies, Inc.	1.8%	Dentsu Group Inc.	43.9%	Dentsu Group Inc.	2.2%		
<b>IWCO</b>	<b>1.1%</b>	<b>IWCO</b>	<b>65.9%</b>	<b>IWCO</b>	<b>1.1%</b>		
Dentsu Group Inc.	2.2%						

Note: No company shown for comparative purposes is identical to IWCO.

1. IWCO Margin based on FY 2023E.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items.

Depr. refers to Depreciation.

E refers to Estimated.

LTM refers to the most recently completed 12-month period for which financial information has been made public, other than for IWCO, in which case LTM refers to Latest 12 Months.

NA refers to Not Available.

Sources: Bloomberg, Capital IQ, SC and IWCO managements, IWCO Projections and public filings.

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# IWCO: Preliminary Selected Transactions Analysis

## Printing Services

(dollars in millions)

<u>Announced</u>	<u>Effective</u>	<u>Target</u>	<u>Acquiror</u>	<u>Transaction Value [1]</u>	<u>Transaction Value / LTM Adjusted EBITDA [2]</u>	<u>LTM Adjusted EBITDA Margin % [2]</u>
<b>Printing Services</b>						
7/16/2020	10/1/2020	InnerWorkings, Inc.	HH Global Limited	\$253.1	6.8x	3.5%
2/26/2019	7/2/2019	Multi-Color Corporation	WS Packaging Group, Inc.	\$2,520.1	8.8x	16.5%
10/23/2018	12/10/2018	Communisys plc	Output Services Group, Inc.	\$224.7	5.9x	8.0%
2/15/2017	3/27/2017	The Garvey Group, LLC and Graphic Tech LLC	IntegraColor, LLC (nka:Orora Visual LLC)	\$54.0	5.8x	10.3%
12/15/2016	1/5/2017	Register Print Group Inc.	IntegraColor, LLC (nka:Orora Visual LLC)	\$44.0	5.8x	18.1%
12/1/2014	6/8/2015	Courier Communications LLC	R. R. Donnelley & Sons Company	\$307.5	8.4x	13.3%
10/24/2013	1/31/2014	Consolidated Graphics, Inc.	R. R. Donnelley & Sons Company	\$702.2	5.5x	12.2%
Low				\$44.0	5.5x	3.5%
High				\$2,520.1	8.8x	18.1%
Median				\$253.1	5.9x	12.2%
Mean				\$586.5	6.7x	11.7%

<b>Acquisition of IWCO</b>						
<u>Announced</u>	<u>Effective</u>	<u>Target</u>	<u>Acquiror</u>	<u>Transaction Value [1]</u>	<u>Transaction Value / LTM Adjusted EBITDA [2]</u>	<u>LTM Adjusted EBITDA Margin % [2]</u>
12/18/2017	12/15/2017	IWCO Direct	ModusLink Global Solutions, Inc.	\$476.0	5.8x	17.5%

Note: No company used in this analysis for comparative purposes is identical to IWCO, and no transaction used in this analysis for comparative purposes is identical to the Proposal.  
 1. Transaction Value refers to the implied enterprise value of target company, based on the announced transaction equity price and other public information available at the time of the announcement.  
 2. Based on reported metric for the most recent LTM period for which information was made public prior to the announcement of the transaction.  
 Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.  
 Sources: Capital IQ, public filings, press releases.

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# IWCO: Preliminary Selected Transactions Analysis (cont.)

## Diversified Marketing Services

(dollars in millions)

Announced	Effective	Target	Acquiror	Transaction Value [1]	Transaction Value / LTM Adjusted EBITDA [2]	LTM Adjusted EBITDA Margin % [2]
<b>Diversified Marketing Services</b>						
6/28/2021	Pending	ZelaDisplay AB	Alpha Acquisition AB	\$109.1	16.5x	15.0%
12/21/2020	8/2/2021	MDC Partners Inc.	Stagwell Media LP ; The Stagwell Group LLC	\$1,201.4	9.2x	10.5%
2/25/2020	4/27/2020	Growww Media Co., Ltd.	Hakuhodo Zeta Inc.	\$96.0	6.2x	11.7%
12/10/2019	4/20/2020	Sanoma Media Netherlands	DPG Media	\$510.4	6.5x	19.7%
10/8/2019	10/25/2019	Firewood Marketing, Inc.	MediaMonks	\$150.0	13.2x	NA
4/14/2019	7/2/2019	Epsilon Data Management, LLC	Publicis Groupe Holdings B.V.; MMS USA Investments, Inc.	\$4,400.0	8.2x	28.2%
12/4/2018	12/24/2018	MightyHive, Inc.	S4 Capital plc	\$150.0	13.5x	27.3%
10/31/2018	11/2/2018	Eleven Inc.	Vision 7 Communications U.S. Inc.	\$30.0	NA	NA
1/2/2018	4/1/2018	Daehong Communications Inc.	LOTTE Corporation	\$208.6	5.5x	9.7%
12/22/2017	8/24/2018	Goldbach Group AG	Tamedia AG	\$180.7	4.8x	7.4%
10/2/2017	12/7/2017	Asatsu-DK Inc	Bain Capital Private Equity, LP	\$1,186.5	17.3x	2.2%
5/11/2017	7/3/2017	Havas SA	Vivendi SA	\$4,069.8	9.9x	16.6%
2/20/2017	4/12/2017	SinnerSchrader Aktiengesellschaft	Accenture Holding GmbH & Co. KG	\$103.4	16.9x	NA
11/17/2016	12/23/2016	Creston plc	RedWhiteBlue Champion Limited	\$89.3	5.5x	12.0%
8/3/2016	9/27/2016	Sizmek Inc	Vector Capital	\$76.8	8.8x	4.7%
Low				\$30.0	4.8x	2.2%
High				\$4,400.0	17.3x	28.2%
Median				\$150.0	9.0x	11.8%
Mean				\$837.5	10.1x	13.7%

Note: No company used in this analysis for comparative purposes is identical to IWCO, and no transaction used in this analysis for comparative purposes is identical to the Proposal.

1. Transaction Value refers to the implied enterprise value of target company, based on the announced transaction equity price and other public information available at the time of the announcement.

2. Based on reported metric for the most recent LTM period prior to the announcement of the transaction.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

NA refers to Not Available.

Sources: Capital IQ, public filings, press releases.

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# IWCO: Preliminary Discounted Cash Flow Analysis

(dollars in millions)

	Projected Fiscal Year Ending July 31,				Terminal Value Assumptions
	2022E	2023E	2024E	2025E	
Revenue	\$263.0	\$279.4	\$294.8	\$309.5	\$309.5
Growth %	-32.5%	6.2%	5.5%	5.0%	
Cost of Sales (Goods Sold)	(208.5)	(189.4)	(200.9)	(213.2)	(203.1)
Selling, General, and Administrative	(75.6)	(70.2)	(64.1)	(66.0)	(48.8)
Depreciation and Amortization (Book Basis)	31.0	33.1	34.2	35.3	8.0
Total Adjustments	13.1	7.9	0.0	0.0	0.0
<b>Adjusted EBITDA</b>	<b>\$23.0</b>	<b>\$60.7</b>	<b>\$64.0</b>	<b>\$65.6</b>	<b>\$65.6</b>
Margin %	8.7%	21.7%	21.7%	21.2%	21.2%
Total Adjustments	(13.1)	(7.9)	0.0	0.0	0.0
Depreciation and Amortization (Tax Basis) [1]	(13.8)	(13.8)	(13.8)	(12.4)	(8.0)
<b>Taxable EBIT</b>	<b>(\$3.9)</b>	<b>\$39.0</b>	<b>\$50.1</b>	<b>\$53.3</b>	<b>\$57.6</b>
Taxes [2]	0.0	(10.1)	(13.0)	(13.9)	(15.0)
<b>Unlevered Earnings</b>	<b>(\$3.9)</b>	<b>\$28.9</b>	<b>\$37.1</b>	<b>\$39.4</b>	<b>\$42.6</b>
Depreciation and Amortization (Tax Basis) [1]	13.8	13.8	13.8	12.4	8.0
Capital Expenditures	(1.2)	(5.2)	(8.0)	(8.0)	(8.0)
Change in Net Working Capital	11.4	(1.0)	(1.1)	(1.2)	(1.2)
Restructuring Expense Add-Back [3]	13.1	7.9	0.0	0.0	0.0
Other [4]	(0.0)	(1.7)	(0.6)	(0.2)	0.0
<b>Unlevered Free Cash Flows</b>	<b>\$33.2</b>	<b>\$42.7</b>	<b>\$41.3</b>	<b>\$42.4</b>	<b>\$41.5</b>

Discount Rate	Present Value of Cash Flows (2022 - 2025)	PV of Terminal Value Based on Perpetual Growth Rate for 2025 Unlevered Free Cash Flow			Implied Enterprise Value		
		0.00%	1.00%	2.00%	0.00%	1.00%	2.00%
11.00%	\$130.6	\$264.8	\$294.2	\$330.1	\$395.4	\$424.8	\$460.7
11.50%	\$129.5	\$249.5	\$276.0	\$308.0	\$378.9	\$405.4	\$437.5
12.00%	\$128.4	\$235.5	\$259.5	\$288.2	\$363.9	\$387.9	\$416.6
12.50%	\$127.3	\$222.7	\$244.5	\$270.4	\$350.0	\$371.8	\$397.7
13.00%	\$126.3	\$210.9	\$230.8	\$254.2	\$337.2	\$357.1	\$380.6

Discount Rate	Implied 2025E Adjusted EBITDA Terminal Multiple [5]		
	0.00%	1.00%	2.00%
11.00%	6.1x	6.7x	7.5x
11.50%	5.8x	6.4x	7.2x
12.00%	5.6x	6.1x	6.8x
12.50%	5.4x	5.9x	6.5x
13.00%	5.2x	5.7x	6.2x

Discount Rate	PV of Terminal Value as a % of Enterprise Value		
	0.00%	1.00%	2.00%
11.00%	67.0%	69.3%	71.7%
11.50%	65.8%	68.1%	70.4%
12.00%	64.7%	66.9%	69.2%
12.50%	63.6%	65.7%	68.0%
13.00%	62.5%	64.6%	66.8%

Note: Present values as of 9/9/21; mid-year convention applied.

1. Reflects depreciation and amortization expense on a tax basis, per SC and IWCO managements.
  2. Tax at 26.0%, per SC and IWCO managements.
  3. Reflects add-back for restructuring expenses included in SG&A, the impact of which is separately captured in our analyses.
  4. Includes 806 adjustment.
  5. Implied from corresponding discount rate and perpetual growth rate applied to 2025 unlevered free cash flow.
- Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.  
 EBIT refers to Earnings Before Interest and Taxes.  
 E refers to Estimated.  
 PV refers to Present Value.  
 Source: SC and IWCO managements, IWCO Projections.

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# Preliminary Selected Observations Related to ModusLink

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## General Observations

- In recent years, ModusLink management implemented an operating improvement plan involving strategic exits from unprofitable customers and right-sizing its cost structure (including elimination of ~\$23mm of direct labor costs)
- ModusLink has a number of longstanding blue chip customers, but faces substantial customer concentration challenges
- With successful implementation of cost savings initiatives, ModusLink is focused on sourcing growth through (i) cross-selling at top customers and (ii) adding new logos
- However, FY 2021 saw year-over-year VAR declines due to the following factors:
  - Continued customer exits
  - Slowing end-market momentum at certain top customers
  - Challenges in converting marketing efforts into new wins (including due to ongoing build-out of sourcing infrastructure)

## Updates Since 3/9/2021 Discussion

- FY 2021 results registered slightly below forecasts as of March 2021, as the shortage in semiconductor chips continued to impact demand at certain top customers
  - FY 21E VAR of \$117.0mm vs. \$120.4mm (~3% lower)
  - FY 21E gross profit of \$47.4mm vs. \$48.9mm (~3% lower)
  - FY 21E Adj. EBITDA of \$16.9mm vs. \$18.6mm (~9% lower)
- ModusLink continues to identify new prospects but has not to date converted on material new wins
- Medium-to-long term outlook remains unchanged, with no changes to financial projections

## Prior Sales Process Observations

- 200+ parties contacted between launch in early 2019 and re-launch in early 2020
- Four LOIs received, with offers ranging between ~\$15mm – \$60mm<sup>1</sup>
- FY 2020 results reflect profitability turnaround, but certain topline headwinds have surfaced in FY 2021
- Certain considerations raised by parties during sales process remain:
  - No clear path to winning new logos and/or top-line growth
  - Complexity of global operations raises scalability concerns
  - Unsustainable lack of investment in the business

## Open Items & Additional Considerations

- FY 2021 results are shown on a preliminary basis and will be finalized towards the end of September
- ModusLink management is preparing its FY 2022 budget, which will be finalized towards the end of September
- Steel Connect management has indicated that, assuming solid financial performance, sufficient liquidity and compliance with existing credit facilities, a distribution of up to \$10mm of cash from ModusLink to Steel Connect is likely in FY 2022
- Steel Connect management will continue to periodically consider amendments to the existing credit facility to permit cash distributions from ModusLink to Steel Connect

1. Documentation of \$60 million offer subject to confirmation.  
Source: SC and ML managements, financial advisor.  
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# ModusLink Historical and Projected Financial Information

(dollars in millions)

	Fiscal Year Ended July 31,			Fiscal Year Ending July 31,				CAGR 2019 to 2021	CAGR 2021 to 2025E
	2019	2020	2021	2022E	2023E	2024E	2025E		
<b>A Revenue</b>	<b>\$332.9</b>	<b>\$338.5</b>	<b>\$226.0</b>	<b>\$236.5</b>	<b>\$240.3</b>	<b>\$249.5</b>	<b>\$259.3</b>	<b>-17.6%</b>	<b>3.5%</b>
Growth %	1.7%	-33.2%		4.6%	1.6%	3.8%	3.9%		
Cost of Materials	(191.4)	(190.3)	(109.0)	(114.9)	(116.8)	(121.3)	(126.0)		
<b>B VAR</b>	<b>\$141.5</b>	<b>\$148.2</b>	<b>\$117.0</b>	<b>\$121.6</b>	<b>\$123.5</b>	<b>\$128.3</b>	<b>\$133.3</b>	<b>-9.1%</b>	<b>3.3%</b>
Growth %	4.7%	-21.1%		3.9%	1.6%	3.8%	3.9%		
% of Revenue	42.5%	43.8%	51.8%	51.4%	51.4%	51.4%	51.4%		
Cost of Goods Sold	(106.0)	(84.4)	(69.5)	(72.0)	(74.1)	(77.0)	(80.0)		
<b>C Gross Profit</b>	<b>\$35.5</b>	<b>\$63.8</b>	<b>\$47.4</b>	<b>\$49.6</b>	<b>\$49.4</b>	<b>\$51.3</b>	<b>\$53.3</b>	<b>15.6%</b>	<b>3.0%</b>
% of Revenue	10.7%	18.8%	21.0%	21.0%	20.6%	20.6%	20.6%		
% of VAR	25.1%	43.0%	40.6%	40.8%	40.0%	40.0%	40.0%		
Operating Expenses	(39.3)	(35.8)	(37.9)	(35.4)	(35.4)	(35.4)	(35.4)		
Depreciation and Amortization	5.6	4.1	3.4	3.5	3.5	3.5	3.5		
Total Adjustments [1]	7.2	2.4	4.0	0.0	0.0	0.0	0.0		
<b>Adjusted EBITDA</b>	<b>\$9.1</b>	<b>\$34.4</b>	<b>\$16.9</b>	<b>\$17.7</b>	<b>\$17.5</b>	<b>\$19.4</b>	<b>\$21.4</b>	<b>36.7%</b>	<b>6.0%</b>
Growth %	279.7%	-50.8%		4.6%	-1.1%	10.8%	10.3%		
% of Revenue	2.7%	10.2%	7.5%	7.5%	7.3%	7.8%	8.3%		
% of VAR	6.4%	23.2%	14.5%	14.6%	14.2%	15.1%	16.1%		
Depreciation and Amortization	(5.6)	(4.1)	(3.4)	(3.5)	(3.5)	(3.5)	(3.5)		
<b>Adjusted EBIT</b>	<b>\$3.4</b>	<b>\$30.3</b>	<b>\$13.5</b>	<b>\$14.2</b>	<b>\$14.0</b>	<b>\$15.9</b>	<b>\$17.9</b>	<b>99.1%</b>	<b>7.3%</b>
Growth %	788.2%	-55.4%		4.9%	-1.3%	13.5%	12.6%		
% of Revenue	1.0%	8.9%	6.0%	6.0%	5.8%	6.4%	6.9%		
Severance	1.0	3.1	(0.1)	0.0	0.0	0.0	0.0		
Provision for Asset Impairment	3.0	0.0	0.0	0.0	0.0	0.0	0.0		
Bad Debt Expense	0.9	0.2	(0.1)	0.0	0.0	0.0	0.0		
Cyber-Attack Impact	1.5	(0.7)	0.0	0.0	0.0	0.0	0.0		
Penalties & Fines	0.8	(0.2)	(0.0)	0.0	0.0	0.0	0.0		
SAP Project Costs	0.0	0.0	2.6	0.0	0.0	0.0	0.0		
France / Hungary Non-Cash Charge	0.0	0.0	1.6	0.0	0.0	0.0	0.0		
<b>Total Adjustments</b>	<b>\$7.2</b>	<b>\$2.4</b>	<b>\$4.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>		

## Selected Commentary

- A** After stabilizing in FY 2019 – FY 2020, VAR declined by ~21% in FY 2021 as a result of (i) customer exits and (ii) organic volumes declines at certain top customers. VAR is expected to stabilize again, growing at ~3.3% over the projection period.
- B** Gross profit nearly doubled between FY 2019 and FY 2020 amid a management program to cut direct labor costs and exit unprofitable accounts, with gross margins generally projected to remain elevated (at levels approximating FY 2021 performance).
- C** ModusLink management is forecasting that Adjusted EBITDA will grow at a CAGR of ~6.0% after FY 2021, driven primarily by (i) new business VAR outpacing erosion in the baseline business and (ii) continued cost discipline supporting elevated profit margins.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items; CAGR refers to Compound Annual Growth Rate; E refers to Estimated; FY refers to Fiscal Year; NA refers to not available; NMF refers to not meaningful figure; VAR refers to Value-Added Revenue.  
Source: SC and ML managements, historical figures per SC and ML managements and public filings; projected figures per ML Projections.  
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# ModusLink Long-Term Value Added-Revenue (VAR) Performance

## ModusLink VAR vs. Third Party Logistics Industry Value Added ("IVA")<sup>1</sup>

(VAR dollars in millions; IVA dollars in billions)



## VAR: New Business vs. Erosion

(dollars in millions)



1. Defined as the market value of goods and services produced by the industry minus the cost of goods and services used in production. Also described as the industry's contribution to GDP, or profit plus wages and depreciation, per IBIS World. 2. Refers to fiscal years for ModusLink and calendar years for industry data; 3. Represents 9-year (CY 2011 – 2020) CAGR due to unavailability of CY 2010 data. CAGR refers to Compound Annual Growth Rate; E refers to Estimated; FY refers to Fiscal Year; VAR refers to Value-Added Revenue. Source: SC and ML managements, IBIS World, World Bank, historical figures per SC and ML managements and public filings, projected figures per ML Projections. CONFIDENTIAL - PRELIMINARY DRAFT - SUBJECT TO FURTHER REVIEW



# ModusLink Profitability Observations

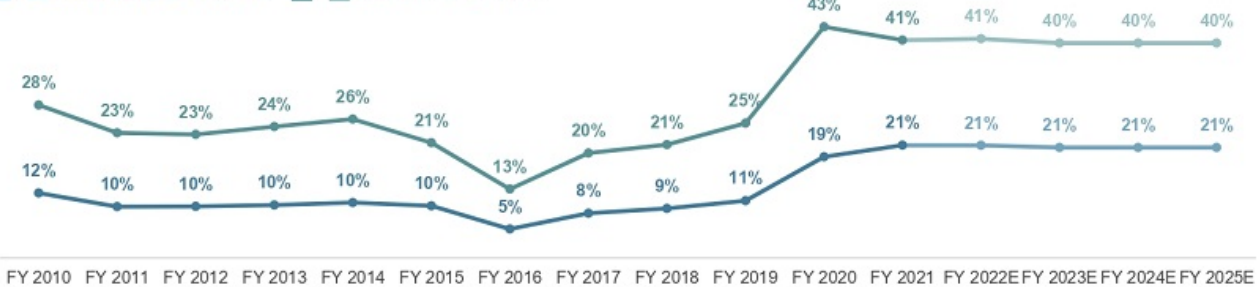
## Gross Profit<sup>1</sup>

(dollars in millions)



## Gross Margins<sup>1</sup>

■ / ■ Gross Profit as % of Revenue ■ / ■ Gross Profit as % of VAR

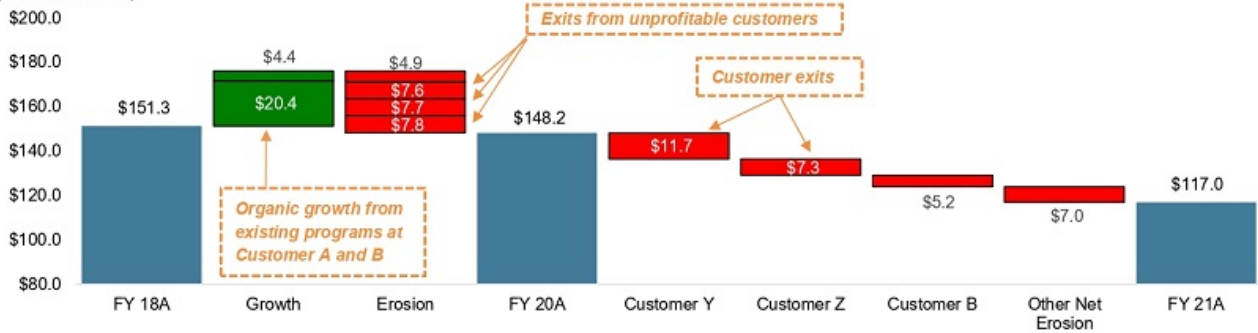


<sup>1</sup> Data shown for FY 2010 – FY 2017 represents information for the entire company (prior to the acquisition of IWCO). E refers to Estimated; FY refers to Fiscal Year; VAR refers to Value-Added Revenue. Source: Historical figures per SC and ML managements and public filings; projected figures per ML Projections. CONFIDENTIAL - PRELIMINARY DRAFT - SUBJECT TO FURTHER REVIEW

# ModusLink FY 2018 to FY 2021 VAR & Gross Profit Bridge

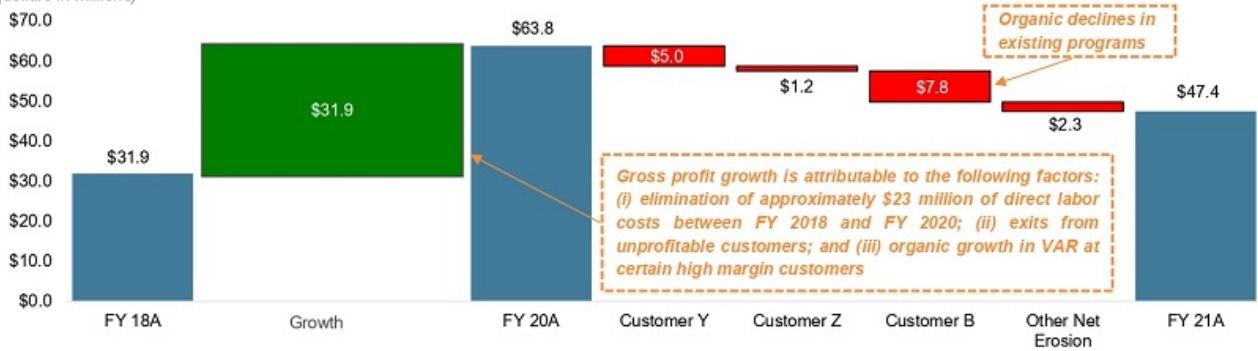
## VAR Bridge

(dollars in millions)



## Gross Profit Bridge

(dollars in millions)



FY refers to Fiscal Year; VAR refers to Value-Added Revenue.  
Source: SC and ML managements, ML Projections.

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# ModusLink: Preliminary Selected Companies Analysis

(dollars in millions, except per share values)

Selected Company	Share Price [2]	Equity Market Value [2,3]	Enterprise Value [2,3]	Enterprise Value [1] to Adjusted EBITDA		
				FY 2021E [4]	FY 2022E [5]	FY 2023E [5]
Celestica Inc.	\$9.29	1,289.4	1,377.2	5.3x	4.1x	N/A
CJ Logistics Corporation	\$147.67	\$2,945.2	\$4,614.4	6.7x	6.4x	6.0x
Clipper Logistics plc	\$12.85	\$1,341.4	\$1,338.4	21.5x	10.8x	9.3x
Deutsche Post AG	\$70.56	87,240.1	90,578.2	8.3x	6.6x	6.5x
FedEx Corporation	\$267.09	72,958.0	86,750.0	8.6x	7.4x	6.8x
Flex Ltd.	\$19.03	9,620.3	10,706.3	6.5x	6.7x	6.3x
Jabil Inc.	\$61.48	9,355.9	10,975.5	5.4x	5.0x	5.1x
Kerry Logistics Network Limited	\$3.46	6,265.5	7,209.0	8.1x	7.6x	8.5x
Kuehne + Nagel International AG	\$371.47	44,773.3	44,501.2	21.7x	15.7x	16.3x
United Parcel Service, Inc.	\$198.19	173,433.2	186,087.2	13.5x	12.1x	11.4x
Wincanton plc	\$5.57	709.5	693.0	6.6x	4.8x	4.4x
XPO Logistics, Inc.	\$88.53	10,458.2	14,037.2	15.3x	9.2x	9.7x
Low				5.3x	4.1x	4.4x
High				21.7x	15.7x	16.3x
Median				8.2x	7.0x	6.8x
Mean				10.6x	8.0x	8.2x

Note: No company used in this analysis for comparative purposes is identical to ModusLink.

1. Enterprise Value equals equity market value + debt outstanding + preferred stock + minority interests – cash and cash equivalents.

2. Based on closing prices as of 9/2/21.

3. Based on diluted shares.

4. FY 2021E multiples based on reported LTM June 2021 financials for all of the selected companies, except for Clipper Logistics plc, FedEx Corporation, Kerry Logistics Network Limited, and Wincanton plc, whose financials have been calendarized to ModusLink's fiscal year end of July 31, as well as Jabil Inc., whose multiples are based on FY August 2021 estimates.

5. Multiples based on forward looking financial information have been calendarized to ModusLink's fiscal year end of July 31 for all of the selected companies, except for Jabil Inc., whose fiscal year end is August 31.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

Source: Bloomberg, Capital IQ and public filings.

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# ModusLink: Preliminary Selected Benchmarking Data

Size (LTM Revenue, millions)	Size (1) (Enterprise Value as of 9/2021, millions)	Revenue Growth (FY 2019 to FY 2021 Revenue)	Revenue Growth (FY 2021 to FY 2023E Revenue)
United Parcel Service, Inc. \$92,466.0	United Parcel Service, Inc. \$186,087.2	Kerry Logistics Network Limited 28.7%	Clipper Logistics plc 7.8%
Deutsche Post AG \$87,470.9	Deutsche Post AG \$90,578.2	Clipper Logistics plc 23.1%	Jabil Inc. 4.6%
FedEx Corporation \$83,959.0	FedEx Corporation \$86,750.0	United Parcel Service, Inc. 11.3%	FedEx Corporation 4.2%
Jabil Inc. \$29,175.7	Kuehne + Nagel International AG \$44,501.2	FedEx Corporation 10.6%	Kuehne + Nagel International AG 4.1%
Kuehne + Nagel International AG \$26,062.0	XPO Logistics, Inc. \$14,037.2	Kuehne + Nagel International AG 8.3%	Flex Ltd. 3.4%
Flex Ltd. \$25,313.0	Jabil Inc. \$10,975.5	XPO Logistics, Inc. 8.8%	United Parcel Service, Inc. 3.4%
XPO Logistics, Inc. \$11,399.5	Flex Ltd. \$10,706.3	Jabil Inc. 8.1%	Wincanton plc 3.2%
CJ Logistics Corporation \$9,547.0	Kerry Logistics Network Limited \$7,209.0	Deutsche Post AG 7.5%	CJ Logistics Corporation 3.1%
Kerry Logistics Network Limited \$8,774.2	CJ Logistics Corporation \$4,614.4	CJ Logistics Corporation 5.9%	ModusLink 3.1%
Celestica Inc. \$5,592.3	Celestica Inc. \$1,377.2	Wincanton plc 3.3%	Kerry Logistics Network Limited 3.0%
Wincanton plc \$1,699.7	Clipper Logistics plc \$1,338.4	Flex Ltd. -1.5%	Deutsche Post AG 2.9%
Clipper Logistics plc \$962.7	Wincanton plc \$693.0	Celestica Inc. -4.3%	XPO Logistics, Inc. 1.9%
<b>ModusLink \$226.0</b>		<b>ModusLink -17.6%</b>	Celestica Inc. NA
Adjusted EBITDA Growth (FY 2019 to FY 2021 Adjusted EBITDA)	Adjusted EBITDA Growth (FY 2021 to FY 2023E Adjusted EBITDA)	Profitability (LTM Adjusted EBITDA to LTM Revenue)	Profitability (FY 2021 to FY 2023 Average Adjusted EBITDA Margin)
Kerry Logistics Network Limited 42.9%	Clipper Logistics plc 23.5%	United Parcel Service, Inc. 14.9%	United Parcel Service, Inc. 15.7%
Deutsche Post AG 37.9%	Wincanton plc 14.5%	Deutsche Post AG 12.4%	Deutsche Post AG 14.3%
ModusLink 36.3%	Jabil Inc. 12.4%	FedEx Corporation 11.6%	FedEx Corporation 12.7%
Clipper Logistics plc 35.8%	FedEx Corporation 8.3%	XPO Logistics, Inc. 8.1%	Clipper Logistics plc 10.4%
Kuehne + Nagel International AG 33.0%	Deutsche Post AG 7.5%	Kuehne + Nagel International AG 7.9%	XPO Logistics, Inc. 10.1%
Flex Ltd. 16.9%	United Parcel Service, Inc. 7.2%	Kerry Logistics Network Limited 7.8%	Kerry Logistics Network Limited 10.0%
Jabil Inc. 15.0%	XPO Logistics, Inc. 7.1%	<b>ModusLink 7.9%</b>	Kuehne + Nagel International AG 8.9%
United Parcel Service, Inc. 14.5%	Kuehne + Nagel International AG 5.4%	CJ Logistics Corporation 7.3%	Wincanton plc 7.5%
Celestica Inc. 14.0%	CJ Logistics Corporation 3.8%	Flex Ltd. 6.5%	ModusLink 7.4%
CJ Logistics Corporation 14.0%	Flex Ltd. 3.8%	Clipper Logistics plc 6.5%	CJ Logistics Corporation 7.2%
FedEx Corporation 12.9%	<b>ModusLink 1.7%</b>	Jabil Inc. 6.5%	Jabil Inc. 7.0%
XPO Logistics, Inc. 8.9%	Kerry Logistics Network Limited -1.8%	Wincanton plc 5.1%	Flex Ltd. 6.2%
Wincanton plc 4.9%	Celestica Inc. NA	Celestica Inc. 4.7%	Celestica Inc. NA
Profitability (LTM Adjusted EBIT to LTM Revenue)	Profitability (FY 2021 to FY 2023 Average Adjusted EBIT Margin)	Relative Depreciation (LTM Depr. to LTM Adjusted EBITDA)	Internal Investment (LTM Capital Expenditures to LTM Revenue)
United Parcel Service, Inc. 11.9%	United Parcel Service, Inc. 12.5%	Kuehne + Nagel International AG 11.5%	Wincanton plc 0.7%
Deutsche Post AG 10.2%	Deutsche Post AG 9.5%	Wincanton plc 14.7%	Kuehne + Nagel International AG 0.8%
FedEx Corporation 7.1%	FedEx Corporation 8.2%	Clipper Logistics plc 15.3%	Celestica Inc. 0.9%
Kuehne + Nagel International AG 6.9%	Kuehne + Nagel International AG 6.4%	Deutsche Post AG 17.8%	Clipper Logistics plc 1.0%
Kerry Logistics Network Limited 6.2%	<b>ModusLink 5.9%</b>	<b>ModusLink 20.1%</b>	<b>ModusLink 1.4%</b>
Clipper Logistics plc 6.0%	XPO Logistics, Inc. 5.8%	Kerry Logistics Network Limited 20.4%	Flex Ltd. 1.4%
Wincanton plc 4.3%	Clipper Logistics plc 5.8%	United Parcel Service, Inc. 20.6%	Kerry Logistics Network Limited 1.9%
Flex Ltd. 4.0%	Wincanton plc 4.8%	Celestica Inc. 35.4%	CJ Logistics Corporation 2.4%
XPO Logistics, Inc. 3.9%	Flex Ltd. 4.4%	Flex Ltd. 38.0%	Jabil Inc. 4.2%
Jabil Inc. 3.6%	Jabil Inc. 4.3%	FedEx Corporation 38.8%	Deutsche Post AG 4.5%
Celestica Inc. 3.0%	CJ Logistics Corporation 3.4%	Jabil Inc. 44.5%	XPO Logistics, Inc. 4.6%
CJ Logistics Corporation 2.9%	Kerry Logistics Network Limited NA	XPO Logistics, Inc. 51.5%	United Parcel Service, Inc. 5.4%
	Celestica Inc. NA	CJ Logistics Corporation 61.0%	FedEx Corporation 7.8%

Note: No company shown for comparative purposes is identical to ModusLink; certain selected companies do not report VAR.

1. Based on public trading prices of common stock.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items.

Depr. refers to Depreciation.

E refers to Estimated.

LTM refers to the most recently completed 12-month period for which financial information has been made public, other than for ModusLink, in which case LTM refers to Latest 12 Months.

NA refers to Not Available.

Source: Bloomberg, Capital IQ, SC and ML managements, public filings, and ML Projections.

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# ModusLink: Preliminary Selected Transactions Analysis

(dollars in millions)

Announced	Effective	Target	Acquirer	Transaction Value [1]	Transaction Value / LTM Adjusted EBITDA [2]	LTM Adjusted EBITDA Margin % [2]
7/1/2021	Pending	Syncreon.US Inc.	DP World Limited	\$1,200.0	NA	NA
6/30/2021	6/30/2021	Quad Logistics Services, LLC	Mullen Group Ltd.	\$40.0	8.0x	NA
4/27/2021	8/16/2021	Agility Global Integrated Logistics	DSV Panalpina A/S	\$4,200.0	16.3x	6.2%
5/12/2021	5/12/2021	Lasership, Inc.	American Securities LLC	\$1,700.0	13.0x	NA
3/17/2021	3/17/2021	AIT Worldwide Logistics, Inc.	The Jordan Company, L.P.	\$1,200.0	NA	NA
12/9/2020	7/7/2021	Ingram Micro Inc.	Platinum Equity, LLC	\$7,200.0	6.9x	2.3%
02/19/2020	1/4/2020	Performance Team LLC	A.P. Møller - Mærsk A/S	\$545.0	6.1x	17.1%
1/28/2020	3/2/2020	Prime Distribution Services, Inc.	C.H. Robinson Worldwide, Inc.	\$225.0	NA	NA
11/5/2018	12/3/2018	CaseStack, Inc.	Hub Group, Inc.	\$255.0	11.6x	9.1%
2/17/2015	5/29/2015	APL Logistics Ltd	Kintetsu World Express, Inc.	\$1,200.0	15.0x	4.8%
12/15/2014	1/30/2015	FedEx Supply Chain Distribution System, Inc.	FedEx Corporation	\$1,380.0	NA	NA
7/29/2014	9/2/2014	New Breed Holding Company	XPO Logistics, Inc.	\$615.0	8.0x	12.9%
Low				\$40.0	6.1x	2.3%
High				\$7,200.0	16.3x	17.1%
Median				\$1,200.0	9.8x	7.7%
Mean				\$1,646.7	10.6x	8.7%

Note: No company used in this analysis for comparative purposes is identical to ModusLink, and no transaction used in this analysis for comparative purposes is identical to the Proposal.  
 1. Transaction Value refers to the implied enterprise value of target company, based on the announced transaction equity price and other public information available at the time of the announcement.  
 2. Based on reported metric for the most recent LTM period prior to the announcement of the transaction.  
 Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.  
 NA refers to Not Available.  
 Sources: Capital IQ, public filings, press releases.

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# ModusLink: Preliminary Discounted Cash Flow Analysis

(dollars in millions)

	Projected Fiscal Year Ending July 31,				Terminal Value Assumptions
	2022E	2023E	2024E	2025E	
Revenue	\$236.5	\$240.3	\$249.5	\$259.3	\$259.3
Growth %	4.0%	1.6%	3.8%	3.9%	
Cost of Materials	(114.9)	(116.8)	(121.3)	(126.0)	(126.0)
Cost of Sales (Goods Sold)	(72.0)	(74.1)	(77.0)	(80.0)	(80.0)
Operating Expenses	(35.4)	(35.4)	(35.4)	(35.4)	(36.9)
Depreciation and Amortization (Book Basis)	3.5	3.5	3.5	3.5	5.0
<b>Adjusted EBITDA</b>	<b>\$17.7</b>	<b>\$17.5</b>	<b>\$19.4</b>	<b>\$21.4</b>	<b>\$21.4</b>
% of Revenue	7.5%	7.3%	7.8%	8.3%	8.3%
Depreciation and Amortization (Tax Basis) [1]	(5.1)	(5.1)	(5.1)	(4.2)	(5.0)
<b>Taxable EBIT</b>	<b>\$12.6</b>	<b>\$12.4</b>	<b>\$14.3</b>	<b>\$17.2</b>	<b>\$16.4</b>
Taxes [2]	(3.2)	(3.1)	(3.6)	(4.3)	(4.1)
<b>Unlevered Earnings</b>	<b>\$9.5</b>	<b>\$9.3</b>	<b>\$10.7</b>	<b>\$12.9</b>	<b>\$12.3</b>
Depreciation and Amortization (Tax Basis) [1]	5.1	5.1	5.1	4.2	5.0
Capital Expenditures	(4.0)	(5.0)	(5.0)	(5.0)	(5.0)
Change in Net Working Capital	(0.5)	(0.1)	(0.7)	(0.7)	(0.7)
<b>Unlevered Free Cash Flows</b>	<b>\$10.0</b>	<b>\$9.3</b>	<b>\$10.1</b>	<b>\$11.4</b>	<b>\$11.6</b>

Discount Rate	Present Value of Cash Flows (2022 - 2025)			+	PV of Terminal Value Based on Perpetual Growth Rate for 2025 Unlevered Free Cash Flow			=	Implied Enterprise Value			
	0.00%	1.00%	2.00%		0.00%	1.00%	2.00%		0.00%	1.00%	2.00%	
13.00%	\$32.4	\$58.9	\$64.4		\$71.0	\$91.3	\$96.9		\$103.4	\$88.0	\$93.1	\$99.1
13.50%	\$32.2	\$55.9	\$61.0		\$66.9	\$88.0	\$93.1		\$99.1	\$85.0	\$89.6	\$95.1
14.00%	\$31.9	\$53.1	\$57.7		\$63.2	\$82.2	\$86.4		\$91.4	\$79.5	\$83.5	\$88.0
14.50%	\$31.7	\$50.5	\$54.8		\$59.8							
15.00%	\$31.4	\$48.1	\$52.1		\$56.6							

Discount Rate	Implied 2025E Adjusted EBITDA Terminal Multiple [3]		
	0.00%	1.00%	2.00%
13.00%	4.4x	4.8x	5.3x
13.50%	4.3x	4.7x	5.1x
14.00%	4.1x	4.5x	4.9x
14.50%	4.0x	4.3x	4.7x
15.00%	3.9x	4.2x	4.6x

Discount Rate	PV of Terminal Value as a % of Enterprise Value		
	0.00%	1.00%	2.00%
13.00%	64.5%	66.5%	68.7%
13.50%	63.5%	65.5%	67.5%
14.00%	62.5%	64.4%	66.4%
14.50%	61.5%	63.4%	65.4%
15.00%	60.5%	62.4%	64.3%

Note: Present values as of 9/9/21; mid-year convention applied.

1. Reflects depreciation and amortization expense on a tax basis, per SC and ML managements.

2. Tax at 25.0%, per SC and ML managements.

3. Implied from corresponding discount rate and perpetual growth rate applied to 2025 unlevered free cash flow.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

EBIT refers to Earnings Before Interest and Taxes.

E refers to Estimated.

PV refers to Present Value.

Source: SC and ML managements, ML Projections.

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## Proposal Overview

- On November 19, 2020, the Board of Directors of the Company received a non-binding expression of interest from Steel Partners to acquire all of the outstanding shares of Company common stock not already owned by Steel Partners (the "Proposal") for consideration consisting of an unspecified mix of cash and Steel Partners publicly traded 6% Series A Preferred Units.
- The Proposal indicated that the value per share of Company common stock implied by the consideration was in the range of \$0.65 to \$0.72.
  - The high end of the range stated in the Proposal reflects a premium of 2.1% over the Company's closing stock price on November 19, 2020, immediately prior to announcement of the Proposal, while the low end of the range stated by the Proposal reflects a 7.8% discount to the unaffected closing stock price<sup>1</sup>.
  - The range stated in the Proposal reflects a discount of ~60%-70% relative to recent trading levels (as shown below).
- The Proposal is conditioned on approval by the Special Committee and a majority of holders of outstanding shares of Company common stock not held by Steel Partners, senior management or their respective affiliates or associates.
- Steel Partners also indicated that it does not intend to sell its interest in the Company or support an alternative extraordinary corporate transaction.

	11/19/2020 [1]	9/2/2021	Proposal Premium to Unaffected		Proposal Premium to Current	
	Unaffected	Current	Low (\$0.65)	High (\$0.72)	Low (\$0.65)	High (\$0.72)
1-Day Closing	\$0.71	\$2.00	(7.8%)	2.1%	(67.5%)	(64.0%)
5-Day VWAP	\$0.64	\$1.87	1.2%	12.1%	(65.3%)	(61.5%)
10-Day VWAP	\$0.61	\$1.81	5.9%	17.3%	(64.1%)	(60.2%)
20-Day VWAP	\$0.60	\$1.78	8.0%	19.6%	(63.4%)	(59.5%)
30-Day VWAP	\$0.61	\$1.81	6.9%	18.5%	(64.0%)	(60.1%)
3-Month VWAP	\$0.60	\$1.98	8.4%	20.0%	(67.2%)	(63.7%)
6-Month VWAP	\$0.59	\$1.94	9.9%	21.8%	(66.4%)	(62.8%)
1-Year VWAP	\$0.65	\$1.90	(0.2%)	10.6%	(65.8%)	(62.2%)
	<b>11/19/2020<sup>1</sup></b>	<b>9/2/2021</b>				
52-Week High Closing	\$1.88	\$2.67	(65.4%)	(73.0%)	(75.7%)	(73.0%)
52-Week Low Closing	\$0.46	\$0.51	41.3%	40.1%	26.5%	40.1%

Note: VWAP based on cumulative trading activity over designated number of trading days (based on intraday trading) per Bloomberg.

1. Represents the last trading day prior to the date the Proposal was publicly disclosed.

VWAP refers to Volume-Weighted Average Price.

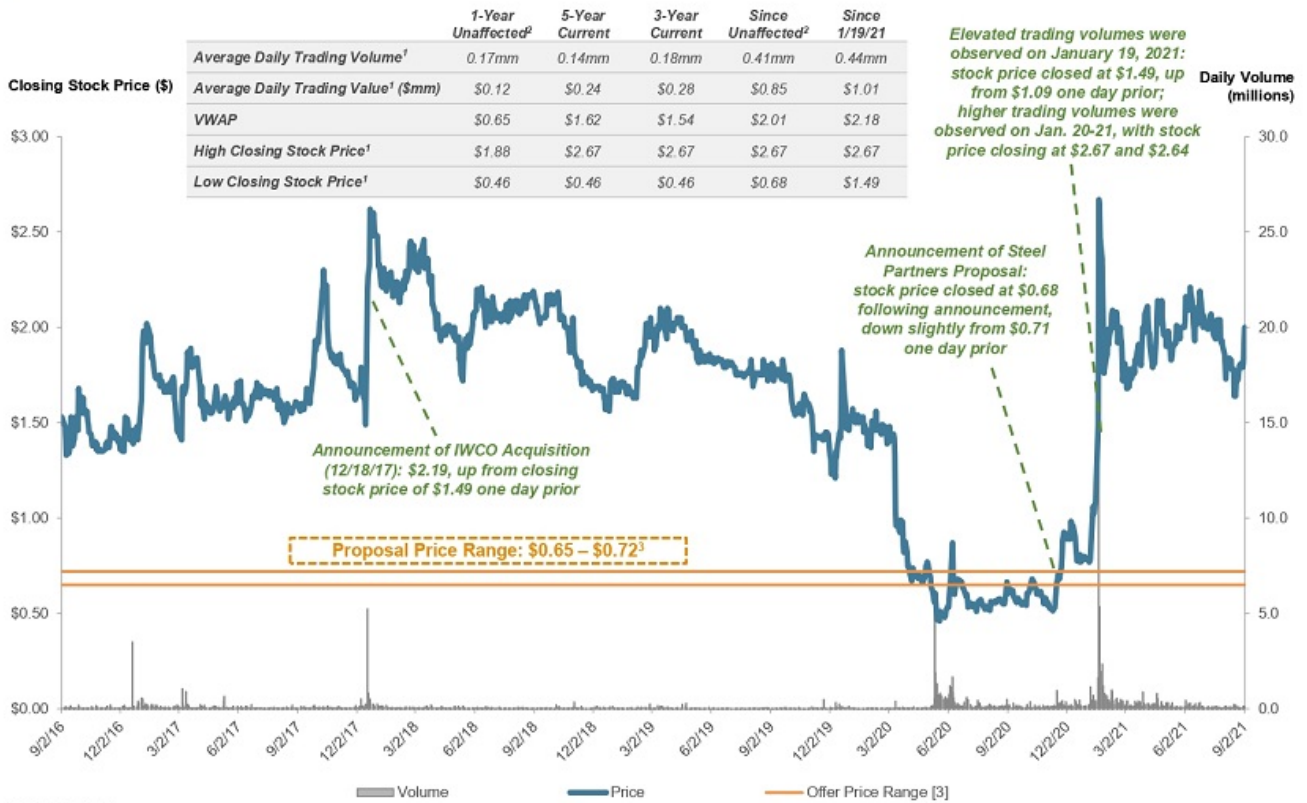
Source: Capital IQ, Bloomberg, public filings.

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# Stock Trading History (Last 5 Years)

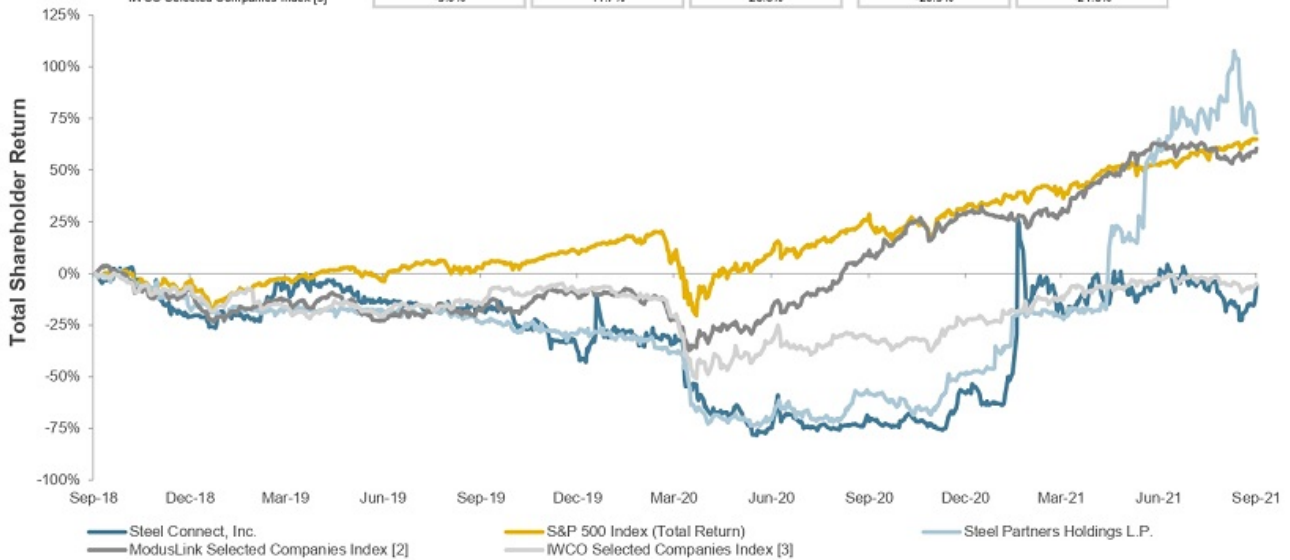
## Steel Connect



1. Per Capital IQ.  
 2. Since 11/19/20, the last trading day prior to the date the Proposal was publicly disclosed.  
 3. Reflects the per share value range implied by the Proposal.  
 Source: Capital IQ, Bloomberg, public filings. Note: All information as of 3/2/21 close (except where otherwise specified)  
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# Relative Total Shareholder Return Information (Last 3 Years)

	Current			Unaffected	
	Three-Year Return	Two-Year Return	Since Unaffected Date [1]	Two-Year Return	One-Year Return
Steel Connect, Inc.	-5.7%	10.5%	183.7%	-59.2%	-50.7%
S&P 500 Index (Total Return)	64.9%	61.1%	27.6%	38.4%	17.0%
Steel Partners Holdings L.P.	68.1%	121.7%	245.3%	-44.8%	-30.1%
ModusLink Selected Companies Index [2]	60.4%	96.3%	28.4%	40.7%	37.3%
IWCO Selected Companies Index [3]	-5.0%	11.7%	28.6%	-20.3%	-21.6%



1. Since 11/19/20, the last trading day prior to the date the Proposal was publicly disclosed.

2. ModusLink Selected Companies Index includes Celestica, Inc., CJ Logistics Corporation, Clipper Logistics plc, Deutsche Post AG, FedEx Corporation, Flex Ltd., Jabil Inc., Kerry Logistics Network Limited, Kuehne + Nagel International AG, United Parcel Service, Inc., Wincanton plc, and XPO Logistics, Inc.

3. IWCO Selected Companies Index includes Cimpress plc, Dai Nippon Printing Co., Ltd., Deluxe Corporation, Ennis, Inc., Kyodo Printing Co., Ltd., Quad/Graphics, Inc., R.R. Donnelley & Sons Company, Toppan Inc., Transcontinental Inc., Cheil Worldwide Inc., Dentsu Group Inc., Omnicom Group Inc., Publicis Groupe S.A., The Interpublic Group of Companies, Inc., WPP plc.

Source: Capital IQ as of 9/2/21.

# Recent Total Shareholder Return Information (Last 1 Year)

## Steel Connect vs. Steel Partners vs. S&P 500 Index



Source: Capital IQ as of 9/2/21.

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# Selected Historical Trading Activity Since Proposal

## Steel Connect

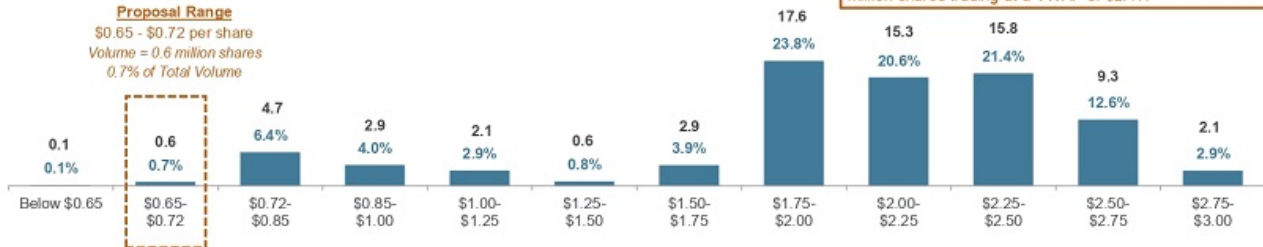
### Trading Activity Since Proposal (11/19/2020)

(shares in millions)

**VWAP Volume: 73.9 million**  
**VWAP: \$2.01**

**Proposal Range**  
\$0.65 - \$0.72 per share  
Volume = 0.6 million shares  
0.7% of Total Volume

Since the Proposal date, ~42.5 million shares (or ~57.5%) have traded above \$2.00 per share. On January 20-21, 2021, elevated trading levels were observed with ~30 million shares trading at a VWAP of \$2.47.



### Last Three Months

(shares in millions)

**VWAP Volume: 6.9 million**  
**VWAP: \$1.98**



### Last One Month

(shares in millions)

**VWAP Volume: 2.1 million**  
**VWAP: \$1.78**

~58.5% of shares have traded above \$2.00 over the last three months, but ~0.9% of shares have traded above that level in the last month



Note: Based on the closing price in one-minute intervals as provided by Bloomberg and the amount of volume transacted during that intraday window. VWAP refers to Volume-Weighted Average Price.

Source: Bloomberg as of 9/2/2021.

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# Ownership Summary

## Steel Connect

(shares outstanding in millions)


Holder	As-Converted Shares [1]		% of Unaffiliated
	Shares	% Outstanding	
Steel Partners Holdings L.P. [1]	42.3	50.2%	
Warren Lichtenstein (Executive Chairman & Interim CEO) [2]	1.5	1.8%	
Jack Howard (Director) [2]	0.8	1.0%	
Glen Kassan (Vice Chairman)	0.4	0.4%	
Other Current / Former Directors and Executive Officers [3] [4]	2.2	2.7%	
<b>Steel Partners and Other Insiders</b>	<b>47.3</b>	<b>56.0%</b>	
Renaissance Technologies Corp.	2.5	3.0%	6.8%
GAMCO Investors, Inc. (NYSE:GBL)	2.5	3.0%	6.8%
The Vanguard Group, Inc.	1.8	2.1%	4.8%
BlackRock, Inc. (NYSE:BLK)	1.0	1.2%	2.8%
Solas Capital Management, LLC	0.9	1.0%	2.3%
Bridgeway Capital Management, Inc.	0.3	0.3%	0.7%
Geode Capital Management, LLC	0.2	0.3%	0.6%
Other Public Shareholders	27.9	33.0%	75.0%
<b>Total Public Float [3]</b>	<b>37.1</b>	<b>44.0%</b>	<b>100.0%</b>
<b>Total As-Converted Shares [1]</b>	<b>84.4</b>	<b>100.0%</b>	

1. Includes (i) 17.9 million shares of common stock underlying the Company's Series C Convertible Preferred Stock and (ii) 6.3 million shares of common stock underlying the Company's Convertible Senior Notes, both of which are owned by Steel Partners, presented on an as-converted basis. Based on total common shares outstanding as of June 1, 2021, per the Company's Form 10-Q for the quarter ended April 30, 2021, as adjusted for certain effects of the Donald Reith litigation settlement described below.

2. Based on shares outstanding as of August 17, 2021 per the Form 4 filings dated August 19, 2021; reflects the surrender of shares by Mr. Lichtenstein and Mr. Howard in connection with the Donald Reith litigation settlement.

3. Source: Capital IQ.

4. Reflects pro forma adjustment to remove 100,000 shares that are expected to be surrendered by Mr. Fejes in connection with the Donald Reith litigation settlement.

 Denotes ownership of Steel Partners' 13D group.

Source: Capital IQ, Bloomberg, public filings.

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# Recent Trading Activity by Shareholder

## Largest Steel Connect Shareholders (Excluding Steel Partners and Other Insiders)

(dollars and shares in actuals)

Stockholder	Latest Shareholdings	% of Total Float	Net Shares Added / (Deducted) by Quarter					
			Q1 CY 2020	Q2 CY 2020	Q3 CY 2020	Q4 CY 2020	Q1 CY 2021	Q2 CY 2021
Renaissance Technologies Corp.	2,537,400	6.8%	(2,342)	283,239	121,943	293,441	(91,033)	(102,444)
% of Holdings Traded			(0.1%)	13.9%	5.3%	12.0%	(3.3%)	(3.9%)
GAMCO Investors, Inc.	2,533,649	6.8%	-	552,000	1,610,920	(7,422)	(511,799)	(278,050)
% of Holdings Traded			0.0%	47.3%	93.7%	(0.2%)	(15.4%)	(9.9%)
The Vanguard Group, Inc.	1,793,573	4.8%	(89,800)	(102,386)	(146,947)	(21,801)	1,228,031	31,156
% of Holdings Traded			(10.0%)	(12.7%)	(20.9%)	(3.9%)	229.8%	1.8%
BlackRock, Inc.	1,032,621	2.8%	(15,971)	(81,325)	15	1,275	2,180	(72,226)
% of Holdings Traded			(1.3%)	(6.9%)	0.0%	0.1%	0.2%	(6.5%)
Solas Capital Management, LLC	867,736	2.3%	61,695	-	-	-	-	68,368
% of Holdings Traded			8.4%	0.0%	0.0%	0.0%	0.0%	8.6%
Bridgeway Capital Management, Inc.	274,845	0.7%	-	(250,600)	(43,000)	(35,200)	(46,155)	68,700
% of Holdings Traded			0.0%	(43.1%)	(13.0%)	(12.2%)	(18.3%)	33.3%
Geode Capital Management, LLC	232,624	0.6%	1,045	-	-	-	29,080	13,335
% of Holdings Traded			0.6%	0.0%	0.0%	0.0%	15.3%	6.1%
VWAP During Quarter			\$1.21	\$0.58	\$0.56	\$0.74	\$2.14	\$2.01
High Closing Stock Price During Quarter			\$1.57	\$0.87	\$0.67	\$0.98	\$2.67	\$2.21
Low Closing Stock Price During Quarter			\$0.75	\$0.46	\$0.51	\$0.51	\$0.77	\$1.79

Note: Net Shares Added / (Deducted) is shown through Q2 CY 2021.

CY refers to Calendar Year; NMF refers to not meaningful figure; Q refers to Quarter; VWAP refers to Volume-Weighted Average Price.

Source: Capital IQ, public filings.

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## Illustrative Premium Observations

**Note: The sensitivities shown are intended to be for illustrative purposes only, and are not intended to be indicative of or provide any conclusions regarding valuation.**

### Implied Per Share Consideration Based on Illustrative Premium to Closing Share Price / VWAP

	Closing Share Price / VWAP [1]	Illustrative Premium to Closing Share Price / VWAP							
		0.0%	5.0%	10.0%	15.0%	20.0%	25.0%	30.0%	35.0%
1-Day Closing	\$2.00	\$2.00	\$2.10	\$2.20	\$2.30	\$2.40	\$2.50	\$2.60	\$2.70
5-Day VWAP	\$1.87	\$1.87	\$1.96	\$2.06	\$2.15	\$2.25	\$2.34	\$2.43	\$2.53
10-Day VWAP	\$1.81	\$1.81	\$1.90	\$1.99	\$2.08	\$2.17	\$2.26	\$2.35	\$2.44
20-Day VWAP	\$1.78	\$1.78	\$1.86	\$1.95	\$2.04	\$2.13	\$2.22	\$2.31	\$2.40
30-Day VWAP	\$1.81	\$1.81	\$1.90	\$1.99	\$2.08	\$2.17	\$2.26	\$2.35	\$2.44
3-Month VWAP	\$1.98	\$1.98	\$2.08	\$2.18	\$2.28	\$2.38	\$2.48	\$2.58	\$2.68
6-Month VWAP	\$1.94	\$1.94	\$2.03	\$2.13	\$2.23	\$2.32	\$2.42	\$2.52	\$2.61
Since Proposal (11/19/20) VWAP	\$2.01	\$2.01	\$2.11	\$2.21	\$2.31	\$2.41	\$2.51	\$2.61	\$2.71
12-Month VWAP	\$1.90	\$1.90	\$2.00	\$2.09	\$2.19	\$2.28	\$2.38	\$2.47	\$2.57
52-week High Closing Price	\$2.67	\$2.67	\$2.80	\$2.94	\$3.07	\$3.20	\$3.34	\$3.47	\$3.60
52-week Low Closing Price	\$0.51	\$0.51	\$0.54	\$0.57	\$0.59	\$0.62	\$0.64	\$0.67	\$0.69

Note: Reference to "Day" is based on trading days and reference to "Month" is based on calendar months.

1. Based on trading information as of 9/2/21.

VWAP refers to Volume-Weighted Average Price.

Source: Capital IQ, Bloomberg.

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# Preliminary Overview of Potential Alternatives

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- ❖ Certain potential alternatives to a transaction with Steel Partners include but are not limited to the following:
  - Status Quo
  - Sale of one or both businesses to one or more third-parties
  - Recapitalization
  - Acquisitions
  - Share Repurchases / Dividends
  
- ❖ Preliminary considerations related to certain alternatives include but are not limited to the following:
  - Steel Partners has indicated that it does not intend to sell its holdings of Company common stock or vote in favor of any alternative sale, merger or similar transaction involving the Company
  - Universe of potential buyers for Steel Connect likely to be limited given that IWCO and ModusLink are distinct businesses with little to no overlap in business models, services provided, customers served and end markets
  - Steel Connect has been exploring the potential sale of the ModusLink business for several years (including via broad market outreach in early 2019 and a follow-on process in early 2020), but has not received any proposals above \$60 million<sup>1</sup>
  - IWCO faces refinancing risk related to ~\$365 million of debt that matures in December 2022 – the business has faced significant headwinds over the last 1-2 years due to secular industry challenges, departures of key management and sales personnel, and resulting customer attrition and volume reductions. IWCO has launched a “competitive improvement plan” to stabilize the business, but its existing capital structure may present challenges to operating flexibility and ability to effectuate a strategic repositioning towards digital and omni-channel offerings
  - The Company has been in discussions with lenders regarding an amendment and maturity extension to its term loan facility at IWCO, but has not yet reached an agreement
  - The Company has limited ability to support incremental leverage to facilitate potential acquisitions or capital return opportunities (i.e., stock buybacks, dividends, etc.) and has not made material distributions to common stockholders or engaged in a material stock buyback since 2011

<sup>1</sup> Documentation of \$60 million subject to confirmation.

Source: SC, IWCO and ML managements, advisors.



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# Present Value of Corporate Costs

(dollars in millions)

	Projected Fiscal Year Ending July 31,			
	2022E	2023E	2024E	2025E
Management Salary and Wages [1]	(\$3.7)	(\$3.7)	(\$3.7)	(\$3.8)
Board Fees	(\$1.1)	(\$1.1)	(\$1.2)	(\$1.2)
Other Professional Fees [2]	(\$1.5)	(\$1.5)	(\$1.6)	(\$1.6)
Tax and Other Expenses	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)
<b>Total Corporate Operating Expenses</b>	<b>(\$7.1)</b>	<b>(\$7.2)</b>	<b>(\$7.3)</b>	<b>(\$7.4)</b>
Taxes @ 26.0%	\$1.8	\$1.9	\$1.9	\$1.9
<b>Tax-Effectuated Corporate Expenses</b>	<b>(\$5.3)</b>	<b>(\$5.3)</b>	<b>(\$5.4)</b>	<b>(\$5.4)</b>

Discount Rate	Present Value of Cash Flows (2022 - 2025)	+	PV of Terminal Value Based on Perpetual Growth Rate for 2025 Tax-Effectuated Corporate Expenses			=	Implied Present Value of Tax-Effectuated Corporate Expenses		
			0.00%	1.00%	2.00%		0.00%	1.00%	2.00%
11.00%	(\$17.6)		(\$34.8)	(\$38.6)	(\$43.3)		(\$52.4)	(\$56.3)	(\$61.0)
12.00%	(\$17.4)		(\$30.9)	(\$34.1)	(\$37.8)		(\$48.3)	(\$51.4)	(\$55.2)
13.00%	(\$17.1)		(\$27.7)	(\$30.3)	(\$33.4)		(\$44.8)	(\$47.4)	(\$50.5)
14.50%	(\$16.7)		(\$23.7)	(\$25.8)	(\$28.1)		(\$40.4)	(\$42.5)	(\$44.8)
15.00%	(\$16.6)		(\$22.6)	(\$24.5)	(\$26.6)		(\$39.2)	(\$41.0)	(\$43.2)

Note: Present values as of 9/9/21; mid-year convention applied. Discount Rate range informed by 11% to 13% discount rate range used for IWCO and 13% to 15% discount rate range used for ModusLink.

1. Includes salary and wages for employees at Steel Connect (primarily related to corporate accounting and audit work) as well as Steel Partners shared services fee, which reflects salaries of Steel Partners employees based on allocation of time for functions performed for the benefit of Steel Connect.

2. Includes legal fees, investor relations fees, and stock market fees, among other professional fees.

E refers to Estimated.

Source: SC management, SC Projections.

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# Steel Partners Series A Preferred Units

## Summary of Selected Key Terms

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<b>Issuer</b>	Steel Partners Holdings L.P.
<b>Issuance History</b>	<ul style="list-style-type: none"><li>• ~2.5 million units issued during 2017 in connection with acquisition of Steel Excel</li><li>• ~5.4 million units issued during 2017 in connection with acquisition of Handy &amp; Harman</li><li>• ~0.2 million units issued during 2018 in connection with acquisition of WebFinancial</li><li>• ~1.6 million units redeemed by Steel Partners in cash in February 2020</li></ul>
<b>Current Number of Units Outstanding<sup>1</sup></b>	6,422,128
<b>Liquidation Preference</b>	\$25.00 per unit; \$160.6 million in aggregate <sup>1</sup>
<b>Dividend</b>	6.0% cumulative dividend, payable quarterly in cash or PIK
<b>Maturity Date</b>	February 7, 2026
<b>Redemption</b>	Can be redeemed by Steel Partners at any time based on liquidation preference (including any accrued or unpaid dividends) either in cash or in the form of Steel Partners common units (based on the 60-day VWAP at the time of redemption)
<b>Conversion</b>	n/a
<b>Voting Rights</b>	None

<sup>1</sup> As of 6/30/21 based on Steel Partners Holdings L.P. Form 10-Q.

VWAP refers to Volume Weighted Average Price.

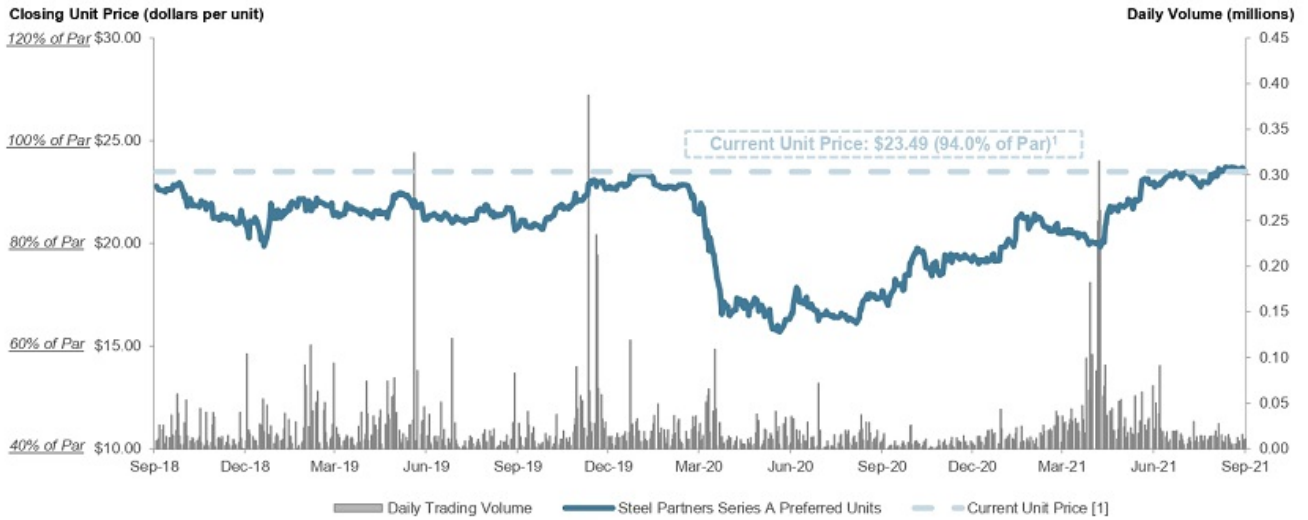
PIK refers to Payment-In-Kind.

Sources: Public filings and Capital IQ.

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# Steel Partners Series A Preferred Units

## Trading History (Last Three Years)



### Historical VWAP<sup>2</sup>

(dollars per unit)

1-Day	10-Day	20-Day	1-Month	3-Month	6-Month	12-Month
<b>\$23.51</b> 94.0% of Par	<b>\$23.58</b> 94.3% of Par	<b>\$23.59</b> 94.4% of Par	<b>\$23.53</b> 94.1% of Par	<b>\$23.20</b> 92.8% of Par	<b>\$21.26</b> 85.0% of Par	<b>\$20.93</b> 83.7% of Par

1. As of 9/2/21 close.

2. Source: Bloomberg. VWAP based on cumulative trading activity over designated number of trading days (based on intraday trading).

VWAP refers to Volume Weighted Average Price.

Sources: Capital IQ and Bloomberg as of 9/2/21.

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# Steel Partners Trading History (Last 3 Years)

## Relative Performance of Common Units vs. Series A Preferred Units



### Selected Trading Statistics

	Steel Partners Common Units	Steel Partners Series A Preferred Units
<b>Current Price</b>	\$28.49	\$23.49 (94.0% of par)
<b>1-Month VWAP<sup>1</sup></b>	\$30.85	\$23.53 (94.1% of par)
<b>3-Month VWAP<sup>1</sup></b>	\$29.15	\$23.20 (92.8% of par)
<b>90-Day Average Daily Trading Volume</b>	~38.0k shares	~13.6k shares
<b>90-Day Average Daily Trading Value</b>	\$1.121 million	\$0.317 million

<sup>1</sup> Source: Bloomberg. VWAP based on cumulative trading activity over designated number of trading days (based on intraday trading).

VWAP refers to Volume Weighted Average Price.

Sources: Capital IQ and Bloomberg as of 9/2/21.

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# Project Carbon

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PRELIMINARY DISCUSSION MATERIALS FOR THE SPECIAL COMMITTEE

OCTOBER 21, 2021 | CONFIDENTIAL | PRELIMINARY DRAFT

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# Financial Projections Comparison

## July 2021 Projections vs. October 2021 Projections

As referenced in the preliminary discussion materials dated 9/9/2021, the budgeting process has been underway for the last several weeks. Below are preliminary updates to the ModusLink and IWCO financial projections made by the respective management teams. No updates have been made to the corporate level financial projections.

### ModusLink

(dollars in millions)	July 2021 Projections					October 2021 Projections					Differentials				
	FY-21E	FY-22E	FY-23E	FY-24E	FY-25E	FY-21E	FY-22E	FY-23E	FY-24E	FY-25E	FY-21E	FY-22E	FY-23E	FY-24E	FY-25E
<b>VAR</b>	\$117.0	\$121.6	\$123.5	\$128.3	\$133.3	\$117.2	\$121.0	\$123.5	\$128.3	\$133.3	\$0.2	(\$0.6)	--	--	--
<b>Gross Profit</b>	\$47.4	\$49.6	\$49.4	\$51.3	\$53.3	\$47.7	\$46.9	\$49.4	\$51.3	\$53.3	\$0.3	(\$2.7)	--	--	--
% VAR	40.6%	40.8%	40.0%	40.0%	40.0%	40.7%	38.7%	40.0%	40.0%	40.0%	0.2%	-2.1%	0.0%	0.0%	0.0%
<b>Adjusted EBITDA</b>	\$16.9	\$17.7	\$17.5	\$19.4	\$21.4	\$17.5	\$16.7	\$17.5	\$19.4	\$21.4	\$0.6	(\$1.0)	--	--	--
% VAR	14.5%	14.6%	14.2%	15.1%	16.1%	15.0%	13.8%	14.2%	15.1%	16.1%	0.5%	-0.7%	0.0%	0.0%	0.0%

- FY 2022 VAR decline of ~0.5% relative to prior FY 2022 forecast due to result of continued impact from global chip shortage on certain customer accounts, offset by (i) longer tail for certain legacy accounts and (ii) assumed uptick in new business wins
- FY 2022 gross profit and adjusted EBITDA forecast lowered by ~5% - 6%, reflecting lower profitability of legacy accounts and new business (relative to core base business), partially offset by expected SG&A cost reductions
- ModusLink management has not revised forecasts beyond 2022

### IWCO

(dollars in millions)	July 2021 Projections					October 2021 Projections					Differentials				
	FY-21E	FY-22E	FY-23E	FY-24E	FY-25E	FY-21E	FY-22E	FY-23E	FY-24E	FY-25E	FY-21E	FY-22E	FY-23E	FY-24E	FY-25E
<b>Revenue</b>	\$389.8	\$263.0	\$279.4	\$294.8	\$309.5	\$384.4	\$287.9	\$298.5	\$313.8	\$332.4	(\$5.4)	\$24.9	\$19.1	\$19.0	\$22.9
<b>Gross Profit</b>	\$86.3	\$54.5	\$90.0	\$93.9	\$96.3	\$81.2	\$55.1	\$91.9	\$96.6	\$100.8	(\$5.1)	\$0.7	\$1.9	\$2.7	\$4.6
Margin %	22.1%	20.7%	32.2%	31.9%	31.1%	21.1%	19.2%	30.8%	30.8%	30.3%	-1.0%	-1.6%	-1.4%	-1.1%	-0.8%
<b>Adjusted EBITDA</b>	\$56.3	\$23.0	\$60.7	\$64.0	\$65.6	\$51.0	\$23.4	\$64.3	\$67.9	\$71.2	(\$5.3)	\$0.4	\$3.6	\$3.9	\$5.5
Margin %	14.4%	8.7%	21.7%	21.7%	21.2%	13.3%	8.1%	21.5%	21.6%	21.4%	-1.2%	-0.6%	-0.2%	-0.1%	0.2%

- IWCO management has revised forecasts for the entire projection period
- Final results for FY 2021 lower than preliminary figures provided due to accelerated customer attrition
- FY 2022 to FY 2025 projections primarily reflect the impact of (i) revisions to customer / product package mix and (ii) adjustments to capex spend associated with the CIP

Note: Financials shown above are based on the Company's fiscal year-end of July 31.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

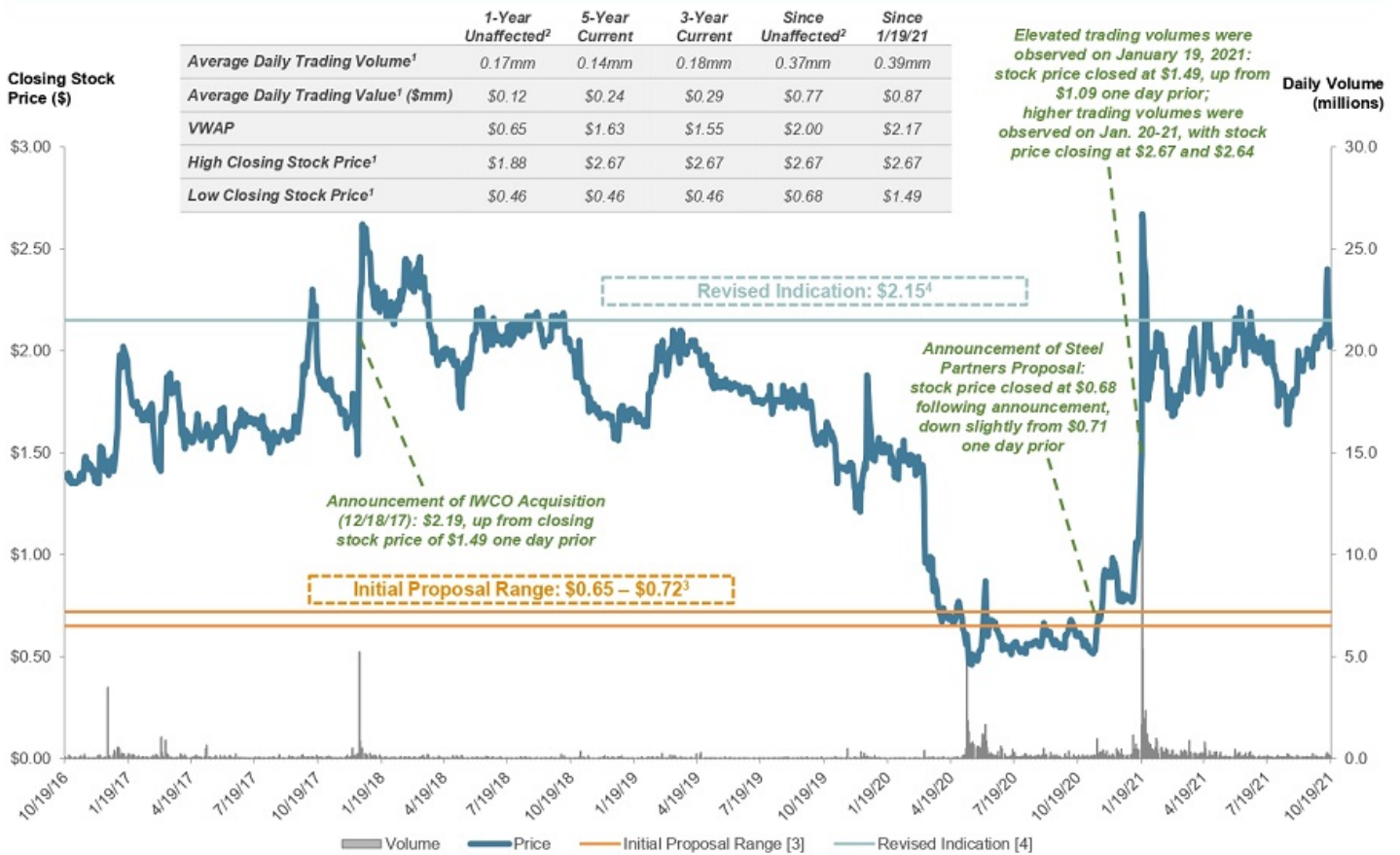
E refers to Estimated; FY refers to Fiscal Year; VAR refers to Value-Added Revenue.

Source: ModusLink projections prepared by ModusLink management, in consultation with Steel Connect management; IWCO projections prepared by IWCO management, in consultation with Steel Connect management.

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# Stock Trading History (Last 5 Years)

## Steel Connect



1. Per Capital IQ.  
 2. Since 11/19/20, the last trading day prior to the date the Initial Proposal was publicly disclosed.  
 3. Reflects the per share value range implied by the Initial Proposal.  
 4. Reflects revised indication from Steel Partners on October 4, 2021.  
 Source: Capital IQ, Bloomberg, public filings. Note: All information as of 10/19/21 close (except where otherwise specified)  
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# Selected Historical Trading Activity Since Proposal

## Steel Connect

### Trading Activity Since Initial Proposal (11/19/2020)

(shares in millions)

**VWAP Volume: 77.0 million**  
**VWAP: \$2.00**

**Intraday High: \$2.85**  
**Intraday Low: \$0.60**

On January 20-21, 2021, elevated trading levels were observed with ~30 million shares trading at a VWAP of \$2.47.

**Initial Proposal Range**  
\$0.65 - \$0.72 per share  
Volume = 0.6 million shares  
0.7% of Total Volume



### Last Three Months

(shares in millions)

**VWAP Volume: 5.9 million**  
**VWAP: \$1.97**

**Intraday High: \$2.45**  
**Intraday Low: \$1.60**



### Last One Month

(shares in millions)

**VWAP Volume: 2.4 million**  
**VWAP: \$2.12**

**Intraday High: \$2.45**  
**Intraday Low: \$1.91**



Note: Based on the closing price in one-minute intervals as provided by Bloomberg and the amount of volume transacted during that intraday window. VWAP refers to Volume-Weighted Average Price. Source: Bloomberg as of 10/19/2021.

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# Illustrative Premium Observations

*Note: The sensitivities shown are intended to be for illustrative purposes only, and are not intended to be indicative of or provide any conclusions regarding valuation.*

## Implied Per Share Consideration Based on Illustrative Premium to Closing Share Price / VWAP

	Average Daily Trading Volume (mm) [1]	ADTV % of Public Float [1]	Closing Share Price / VWAP [2]	Illustrative Premium to Closing Share Price / VWAP							
				0.0%	5.0%	10.0%	15.0%	20.0%	25.0%	30.0%	35.0%
1-Day Closing	0.06	0.2%	\$2.04	\$2.04	\$2.14	\$2.24	\$2.35	\$2.45	\$2.55	\$2.65	\$2.75
5-Day VWAP	0.20	0.5%	\$2.24	\$2.24	\$2.36	\$2.47	\$2.58	\$2.69	\$2.81	\$2.92	\$3.03
10-Day VWAP	0.14	0.4%	\$2.21	\$2.21	\$2.32	\$2.43	\$2.54	\$2.65	\$2.76	\$2.87	\$2.98
20-Day VWAP	0.12	0.3%	\$2.13	\$2.13	\$2.24	\$2.35	\$2.45	\$2.56	\$2.67	\$2.77	\$2.88
30-Day VWAP	0.10	0.3%	\$2.09	\$2.09	\$2.20	\$2.30	\$2.41	\$2.51	\$2.62	\$2.72	\$2.83
3-Month VWAP	0.09	0.3%	\$1.97	\$1.97	\$2.06	\$2.16	\$2.26	\$2.36	\$2.46	\$2.55	\$2.65
6-Month VWAP	0.13	0.3%	\$2.01	\$2.01	\$2.11	\$2.21	\$2.31	\$2.41	\$2.51	\$2.61	\$2.71
Since Initial Proposal (11/19/20) VWAP	0.37	1.0%	\$2.00	\$2.00	\$2.10	\$2.20	\$2.30	\$2.40	\$2.50	\$2.60	\$2.70
12-Month VWAP	0.35	0.9%	\$1.96	\$1.96	\$2.06	\$2.16	\$2.25	\$2.35	\$2.45	\$2.55	\$2.64
52-week High Closing Price	NA	NA	\$2.67	\$2.67	\$2.80	\$2.94	\$3.07	\$3.20	\$3.34	\$3.47	\$3.60
52-week Low Closing Price	NA	NA	\$0.51	\$0.51	\$0.54	\$0.57	\$0.59	\$0.62	\$0.64	\$0.67	\$0.69

Note: Reference to "Day" is based on trading days and reference to "Month" is based on calendar months.

1. Per Capital IQ.

2. Based on trading information per Bloomberg as of 10/19/21.

ADTV refers to Average Daily Trading Volume.

NA refers to Not Available.

VWAP refers to Volume-Weighted Average Price.

Source: Capital IQ, Bloomberg.

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## Illustrative Premium Observations (cont.)

*Note: The sensitivities shown are intended to be for illustrative purposes only, and are not intended to be indicative of or provide any conclusions regarding valuation.*

### Implied Premium (Discount) to Closing Share Price / VWAP Based on Illustrative Per Share Consideration

	Average Daily Trading Volume (mm) [1]	ADTV % of Public Float [1]	Closing Share Price / VWAP [2]	Illustrative Per Share Consideration							
				\$2.15	\$2.20	\$2.25	\$2.30	\$2.35	\$2.40	\$2.45	\$2.50
1-Day Closing	0.06	0.2%	\$2.04	5.4%	7.8%	10.3%	12.7%	15.2%	17.6%	20.1%	22.5%
5-Day VWAP	0.20	0.5%	\$2.24	(4.2%)	(2.0%)	0.3%	2.5%	4.7%	6.9%	9.2%	11.4%
10-Day VWAP	0.14	0.4%	\$2.21	(2.6%)	(0.3%)	2.0%	4.2%	6.5%	8.8%	11.0%	13.3%
20-Day VWAP	0.12	0.3%	\$2.13	0.8%	3.1%	5.5%	7.8%	10.2%	12.5%	14.9%	17.2%
30-Day VWAP	0.10	0.3%	\$2.09	2.7%	5.0%	7.4%	9.8%	12.2%	14.6%	17.0%	19.4%
3-Month VWAP	0.09	0.3%	\$1.97	9.4%	12.0%	14.5%	17.0%	19.6%	22.1%	24.7%	27.2%
6-Month VWAP	0.13	0.3%	\$2.01	7.1%	9.6%	12.1%	14.6%	17.1%	19.5%	22.0%	24.5%
Since Initial Proposal (11/19/20) VWAP	0.37	1.0%	\$2.00	7.3%	9.8%	12.3%	14.8%	17.3%	19.8%	22.3%	24.8%
12-Month VWAP	0.35	0.9%	\$1.96	9.7%	12.3%	14.8%	17.4%	20.0%	22.5%	25.1%	27.6%
52-week High Closing Price	NA	NA	\$2.67	(19.5%)	(17.6%)	(15.7%)	(13.9%)	(12.0%)	(10.1%)	(8.2%)	(6.4%)
52-week Low Closing Price	NA	NA	\$0.51	318.3%	328.0%	337.7%	347.5%	357.2%	366.9%	376.7%	386.4%

Note: Reference to "Day" is based on trading days and reference to "Month" is based on calendar months.

1. Per Capital IQ.

2. Based on trading information as of 10/19/21.

ADTV refers to Average Daily Trading Volume.

NA refers to Not Available.

VWAP refers to Volume-Weighted Average Price.

Source: Capital IQ, Bloomberg.

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## Appendix

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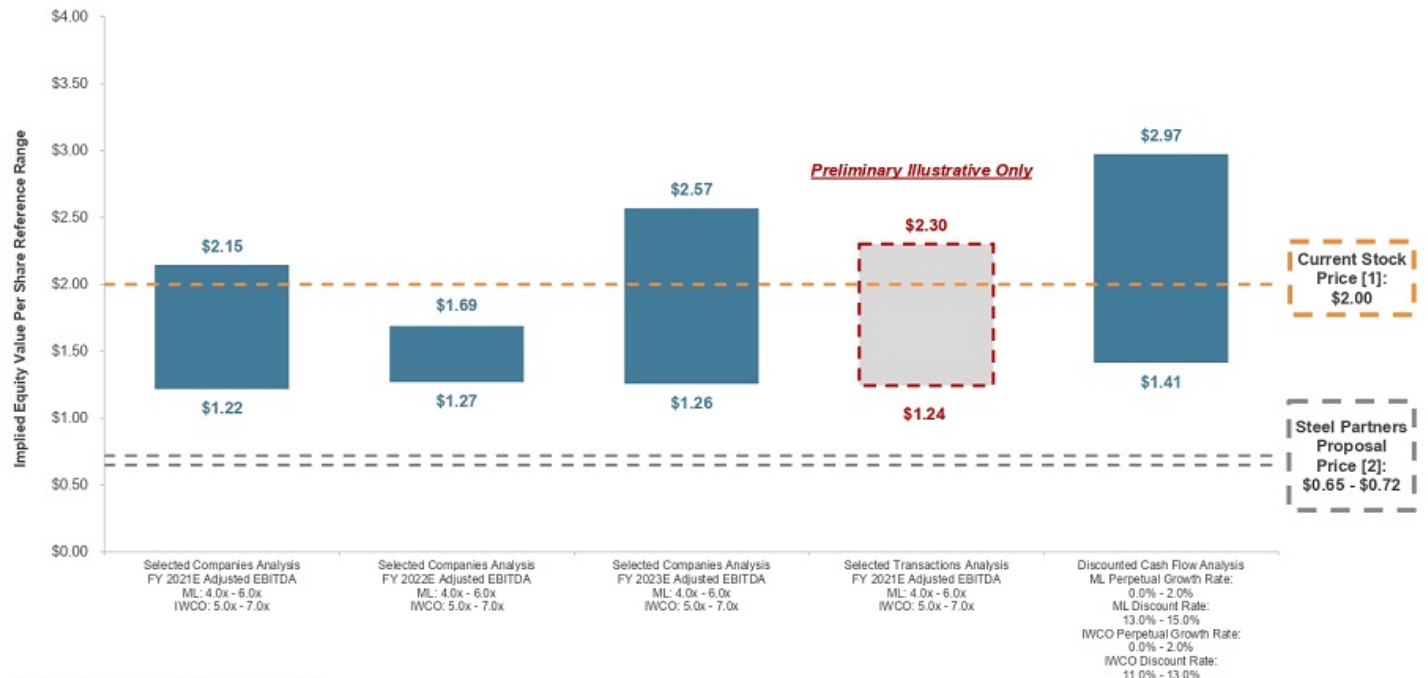
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# Preliminary Financial Analyses Summary – Steel Connect

[Excerpt from Preliminary Discussion Materials Dated 9/9/2021]

NOL value reference ranges across Selected Companies and DCF approaches reflect implied per share values ranging between \$0.57 and \$0.81 for conservatism, and remain subject to continued review and diligence, which will likely have a downward impact on per share value reference ranges shown below – particularly in scenarios where IWCO does not have positive value

## Implied Equity Value Per Share Reference Ranges



Note: No particular weight was attributed to any analysis.

1. Based on closing stock price as of 9/2/21.

2. Steel Partners Proposal based on consideration in the form of cash and Steel Partners 6.0% Series A Preferred Units, implied by Steel Partners to be valued in a range of \$0.65 to \$0.72 per share.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items. E refers to Estimated. FY refers to Fiscal Year.

Source: Steel Connect, IWCO, and ModusLink managements; Capital IQ Bloomberg; public filings.

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# Project Carbon

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PRELIMINARY DISCUSSION MATERIALS FOR THE SPECIAL COMMITTEE

JANUARY 10, 2022 | CONFIDENTIAL | PRELIMINARY DRAFT

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# Selected General Updates Since Preliminary Discussion Materials Dated 9/9/2021

<b>IWCO Direct Holdings, Inc. ("IWCO")</b>	<ul style="list-style-type: none"> <li>▪ IWCO remains in discussions with its lenders over an amendment to extend its credit facility maturing in December 2022 – the lenders are reviewing a proposal recently submitted by IWCO with their advisors</li> <li>▪ IWCO's actual financial results for FY 2021 registered slightly below its previously provided estimates<sup>1,2</sup></li> <li>▪ Implementation of the Competitive Improvement Plan ("CIP") generally remains on track, although supply chain and labor market conditions have created challenges, including delaying delivery of purchased equipment</li> <li>▪ The financial projections for FY 2022 – FY 2025 have been revised to reflect certain developments:<sup>2</sup> <ul style="list-style-type: none"> <li>▪ IWCO has recently onboarded two new customers expected to generate nearly ~\$30mm of combined annual revenues, offsetting certain negative customer volume changes</li> <li>▪ Inflationary environment has resulted in minor gross margin compression</li> <li>▪ Net impact is an upward revision to Adj. EBITDA of ~2% in FY 2022 ramping up to ~9% in FY 2025</li> </ul> </li> </ul>
<b>ModusLink Corporation ("ModusLink" or "ML")</b>	<ul style="list-style-type: none"> <li>▪ Over the last ~3-4 months ML has held informal preliminary discussions with multiple parties around a potential sale <ul style="list-style-type: none"> <li>▪ In September 2021, ML was approached by a party that had expressed interest in an acquisition of ML in 2019 and 2020 – with the most recent preliminary discussions resulting in receipt of an LOI in late November based on a ~\$70 million valuation<sup>3</sup></li> <li>▪ ML, in consultation with its advisors, subsequently reached out to two other parties – neither of which has provided a proposal</li> <li>▪ Discussions are currently on hold amid headwinds in ML's baseline business</li> </ul> </li> <li>▪ ML generally continues to face financial headwinds amid the current environment<sup>4</sup> <ul style="list-style-type: none"> <li>▪ New business wins are on track to exceed performance in recent years – but challenges with top existing customers have overshadowed these results</li> <li>▪ 1Q FY 2022 results (VAR: \$25.3mm, Adj. EBITDA: \$2.1mm) significantly below 1Q FY 2021 results (VAR: \$33.8mm; Adj. EBITDA: \$8.9mm) and mark the third consecutive quarter of VAR performance below ~\$27mm</li> <li>▪ FY 2022 projections have been revised downward to reflect continued pressure tied to the current climate</li> </ul> </li> <li>▪ ML management has indicated that despite substantial uncertainty at the present time, its longer-term view of the business remains unchanged and has not revised projections beyond FY 2022</li> </ul>
<b>Preliminary Financial Analyses</b>	<ul style="list-style-type: none"> <li>▪ Preliminary financial analyses have been updated to reflect the impact of the following factors: (i) recent financial performance, (ii) revisions to financial projections relative to the July 2021 Consolidated Projections<sup>5</sup> referenced in the preliminary discussion materials dated 9/9/2021 and (iii) updated market data related to selected companies and transactions</li> </ul>
<b>STCN Stock Price</b>	<ul style="list-style-type: none"> <li>▪ Recent downward movement in the stock price – VWAP since 11/19/2020 Initial Proposal<sup>6</sup> of \$1.98, 3-month VWAP of \$1.79 and 1-month VWAP of \$1.47 currently vs. \$2.01, \$1.98 and \$1.78, respectively, as of the preliminary discussion materials dated 9/9/2021</li> </ul>

See following page for footnotes.  
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# Selected General Updates Since Preliminary Discussion Materials Dated 9/9/2021 (cont.)

## Ongoing Information Items

- Perspectives of IWCO management on IWCO's LTM financial performance (figures have not yet been provided)
- Perspectives of SC, IWCO and ML managements regarding usability of federal and state NOLs (including, but not limited to, allocations to each of IWCO and ML income streams)
- Status of discussions with IWCO lenders (financial projections assume that IWCO will be able to extend the maturity on its credit facility due 12/2022, but there are no guarantees it will be able to do so; inability to obtain an extension or alternative financing would result in material adverse implications for the business not reflected in the financial projections, per SC management)<sup>7</sup>
- Consideration by SC management to factors impacted by scenarios in which IWCO does not operate as a going concern / have positive equity value including (i) potential wind-down costs incurred by SC, (ii) potential changes to corporate cost structure and (iii) usability of NOLs
- Further review by SC and ML managements of projected ML cash balances to determine amount of existing cash that is "restricted"
- Certain illustrative assumptions associated with the selected transactions approach

1. FY 2021 Revenue and Adj. EBITDA registered at \$387.5mm and \$55.3mm, compared to prior estimates of \$389.8mm and \$56.3mm, respectively.

2. Refer to pg. 6 for additional details.

3. Per discussions with ML management, it is unclear how much of ModusLink's cash balance is factored into the valuation.

4. Refer to pg. 7 for additional details.

5. Steel Connect management previously provided SC projections prepared by SC management as of July 2021 (the "July 2021 SC Projections"); IWCO management previously provided IWCO projections prepared by IWCO management, in consultation with SC management, as of July 2021 (the "July 2021 IWCO Projections"), and ML management previously provided ML projections prepared by ML management, in consultation with SC management, as of July 2021 (the "July 2021 ML Projections" and, together with the July 2021 SC Projections and July 2021 IWCO Projections, the "July 2021 Consolidated Projections")

6. On November 19, 2020, Steel Partners Holdings L.P. ("Steel Partners" or "SP") submitted a non-binding expression of interest to acquire all of the outstanding shares of SC common stock not already owned by SP for consideration with an indicated implied per share value in the range of \$0.65 to \$0.72 (the "Initial Proposal").

7. More specifically, projections assume IWCO will retain sufficient liquidity to complete the CIP process and operate the business through the maturity - however there is a risk of dropping below the minimum liquidity requirement in late 2022, just prior to the credit facility maturity date (which is being contemplated in the amendment discussions with lenders).

Source: Steel Connect, Inc. ("Steel Connect"; "SC" or the "Company"), IWCO and ML managements, public filings, Capital IQ, Bloomberg. VWAP refers to Volume Weighted Average Price.

# IWCO Financial Performance & Outlook Observations

July 2021 IWCO Projections vs. Current Historical & Projected Financials

## Revenue

(dollars in millions)

**Revenue differential in FY 2022 - FY 2025 results from the recent intake of two new customer accounts, as well as price increases offsetting negative customer volume changes.**



% Growth (July 2021)	(12.3%)	(32.5%)	6.2%	5.5%	5.0%
% Growth (Current)	(12.8%)	(25.7%)	3.7%	5.1%	5.9%

## Adjusted EBITDA

(dollars in millions)

**Despite positive revenue differential, EBITDA margins relatively unchanged as inflationary pressures and labor shortages result in cost increases that slightly outpace pricing increases.**



% Margin (July 2021)	14.4%	8.7%	21.7%	21.7%	21.2%
% Margin (Current)	14.3%	8.1%	21.5%	21.6%	21.4%

■ July 2021 IWCO Projections ■ Current Projections

Note: Financials shown above are based on Steel Connect's fiscal year-end of July 31.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items. E refers to Estimated. FY refers to Fiscal Year. Source: IWCO projections prepared by IWCO management, in consultation with Steel Connect management, as authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials (the "IWCO Projections").

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# ModusLink Financial Performance & Outlook Observations

## July 2021 ML Projections vs. Current Historical & Projected Financials

- FY 2021 results registered in-line with preliminary estimates<sup>1</sup>, with the back half of the fiscal year impacted by lower volumes as factors including the shortage in semiconductor chips reduced demand at certain top customers (VAR in 2H was \$51.6mm, compared to \$65.5mm in 1H)
- Q1 FY 2022 results were impacted by similar headwinds to those observed in 2H FY 2021 and were substantially lower than the year-ago period:
  - VAR in Q1 FY 2022 was \$25.3mm, compared to \$33.8mm in Q1 FY 2021 (~25% decline)
  - Adjusted EBITDA in Q1 FY 2022 was \$2.1mm, compared to \$8.9mm in Q1 FY 2021 (~76% decline)
  - LTM 10/31/2021 Adj. EBITDA of \$10.5mm down substantially from \$17.3mm in FY 2021 and \$34.4mm in FY 2020
- FY 2022 projections have been revised relative to the July 2021 ML Projections to reflect the following factors arising from the current environment:
  - Uptick in new business is offset by topline headwinds with existing customers
  - Profitability is negatively impacted primarily by the confluence of topline headwinds and certain fixed costs at existing customers
- ModusLink management has indicated long-term outlook is generally unchanged and has not revised projections for FY 2023 – FY 2025

(dollars in millions)	FY 21			FY 22E			
	July 2021 <sup>1</sup>	Current	Change	July 2021 <sup>1</sup>	Current	Change	
<b>VAR</b>	<b>\$117.0</b>	<b>\$117.2</b>	<b>\$0.2</b>	<b>\$121.6</b>	<b>\$119.7</b>	<b>(\$1.9)</b>	<i>Key accounts down ~\$7 million, partially offset by increase in growth accounts and new business</i>
<b>Gross Profit</b>	<b>\$47.4</b>	<b>\$47.7</b>	<b>\$0.3</b>	<b>\$49.6</b>	<b>\$42.6</b>	<b>(\$7.0)</b>	<i>Key accounts down ~\$7 million given certain fixed costs associated with operations of key accounts</i>
% of VAR	40.6%	40.7%	0.1%	40.8%	35.6%	-5.2%	
<b>Adjusted EBITDA</b>	<b>\$16.9</b>	<b>\$17.3</b>	<b>\$0.3</b>	<b>\$17.7</b>	<b>\$12.4</b>	<b>(\$5.3)</b>	<i>SG&amp;A expenses down ~\$2 million amid implementation of temporary cost-cutting measures</i>
% of VAR	14.5%	14.7%	0.3%	14.6%	10.3%	-4.2%	

Note: Financials shown above are based on Steel Connect's fiscal year-end of July 31.

<sup>1</sup> Based on July 2021 ML Projections.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated. FY refers to Fiscal Year. VAR refers to Value-Added Revenue.

Source: ModusLink projections prepared by ModusLink management, in consultation with Steel Connect management, as authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials (the "ML Projections").

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# Recent Stock Performance

## Stock Performance Since Initial Proposal (11/19/20)



### Last Three Months<sup>1</sup>

(shares in millions)

**VWAP Volume<sup>2</sup>: 5.7 million**  
**VWAP: \$1.79**

**Intraday High: \$2.45**  
**Intraday Low: \$1.31**

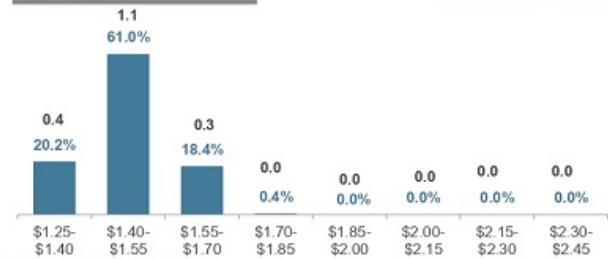


### Last One Month<sup>1</sup>

(shares in millions)

**VWAP Volume<sup>2</sup>: 1.8 million**  
**VWAP: \$1.47**

**Intraday High: \$1.80**  
**Intraday Low: \$1.31**



<sup>1</sup> Based on the closing price in one-minute intervals as provided by Bloomberg and the amount of volume transacted during that intraday window.

<sup>2</sup> Per Bloomberg, reflects the number of shares traded over the period that are included for purposes of the VWAP calculations.

FY refers to Fiscal Year. VWAP refers to Volume-Weighted Average Price.

Source: Bloomberg and Capital IQ as of 1/4/22.

# Illustrative Premium Observations

**Note: The sensitivities shown are intended to be for illustrative purposes only, and are not intended to be indicative of or provide any conclusions regarding valuation.**

## Implied Premium (Discount) to Closing Share Price / VWAP Based on Illustrative Per Share Consideration

	Average Daily Trading Volume (mm) [1]	ADTV % of Public Float [1]	VWAP Volume (mm) [2]	Closing Share Price / VWAP [3]	Illustrative Per Share Consideration							
					\$2.15	\$2.20	\$2.25	\$2.30	\$2.35	\$2.40	\$2.45	\$2.50
1-Day Closing	0.09	0.2%	0.09	\$1.55	38.7%	41.9%	45.2%	48.4%	51.6%	54.8%	58.1%	61.3%
10-Day VWAP	0.10	0.3%	0.96	\$1.46	47.3%	50.8%	54.2%	57.6%	61.0%	64.5%	67.9%	71.3%
20-Day VWAP	0.09	0.3%	1.79	\$1.47	46.7%	50.1%	53.5%	56.9%	60.3%	63.8%	67.2%	70.6%
30-Day VWAP	0.08	0.2%	2.41	\$1.50	43.0%	46.3%	49.7%	53.0%	56.3%	59.7%	63.0%	66.3%
2-Month VWAP	0.08	0.2%	3.07	\$1.56	38.2%	41.4%	44.6%	47.9%	51.1%	54.3%	57.5%	60.7%
3-Month VWAP	0.09	0.2%	5.65	\$1.79	20.2%	23.0%	25.8%	28.6%	31.4%	34.1%	36.9%	39.7%
6-Month VWAP	0.09	0.2%	10.79	\$1.85	16.5%	19.2%	21.9%	24.6%	27.3%	30.0%	32.7%	35.5%
12-Month VWAP	0.32	0.9%	74.83	\$2.08	3.4%	5.8%	8.2%	10.6%	13.0%	15.4%	17.8%	20.2%
12-Month VWAP- Excluding Elevated Trading Dates [4]	0.21	0.6%	48.21	\$1.86	15.3%	18.0%	20.7%	23.4%	26.0%	28.7%	31.4%	34.1%
Since Initial Proposal (11/19/20) VWAP	0.31	0.8%	81.25	\$1.98	8.3%	10.8%	13.4%	15.9%	18.4%	20.9%	23.4%	26.0%
52-week High Closing Price	NA	NA	NA	\$2.67	(19.5%)	(17.6%)	(15.7%)	(13.9%)	(12.0%)	(10.1%)	(8.2%)	(6.4%)
52-week Low Closing Price	NA	NA	NA	\$0.77	179.6%	186.1%	192.6%	199.1%	205.6%	212.1%	218.6%	225.1%

**Every \$0.10 increase in the per share consideration results in an incremental cash outlay of ~\$4 million for Steel Partners.**

Note: Reference to "Day" is based on trading days and reference to "Month" is based on calendar months.

1. Per Capital IQ.

2. Per Bloomberg, reflects the number of shares traded over the period that are included for purposes of the VWAP calculations.

3. Based on trading information per Bloomberg as of 1/4/22.

4. Excludes trading data for January 20, 2021 and January 21, 2021, days on which highly elevated trading levels were observed.

ADTV refers to Average Daily Trading Volume.

NA refers to Not Available.

VWAP refers to Volume-Weighted Average Price.

Source: Capital IQ, Bloomberg.

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# Overview of Approach to Preliminary Financial Analyses

Component	Description / Treatment	Selected Companies Approach		Illustrative Selected Transactions Approach		Discounted Cash Flow Approach			
		Low	High	Low	High	Low	High		
<i>(dollars in millions, unless otherwise noted)</i>									
Overview of Approach to Preliminary Financial Analyses	<b>IWCO &amp; ML (General)</b>	<ul style="list-style-type: none"> <li>Businesses are valued on a 'sum-of-the-parts' basis given that each unit has <u>discrete management teams, operations and balance sheets</u></li> <li>IWCO debt facility is non-recourse and permits annual cash flow distributions to SC of up to ~\$5 (not including tax distributions)</li> <li>ML debt facility allows ~\$10 distribution to SC in FY 22, and further amendments may be sought to allow for incremental distributions, assuming sufficient cash flow generation and liquidity</li> </ul>							
	<b>IWCO</b>	<ul style="list-style-type: none"> <li>IWCO Projections assume successful (i) implementation of CIP and (ii) extension of credit facilities beyond December 2022 maturity (which may not occur, as discussions with lenders remain ongoing)</li> <li><u>Enterprise value</u> derived using selected companies, selected transactions and discounted cash flow approaches (without giving effect to one-time CIP outlays)</li> <li><u>Equity value</u> derived by adjusting enterprise value for ~\$26 cash balance, ~\$363 debt balance and ~\$24 present value of one-time CIP outlays</li> </ul>		<u>Enterprise Value</u> <sup>1</sup> : \$117.2 to \$449.8  <u>Equity Value</u> <sup>1</sup> : \$0.0 to \$89.4		<u>Enterprise Value</u> : \$276.5 to \$387.1  <u>Equity Value</u> : \$0.0 to \$26.7		<u>Enterprise Value</u> : \$367.9 to \$507.3  <u>Equity Value</u> : \$7.7 to \$146.9	
	<b>ModusLink</b>	<ul style="list-style-type: none"> <li><u>Enterprise value</u> derived using selected companies, selected transactions and discounted cash flow approaches</li> <li><u>Equity value</u> derived by adjusting enterprise value for ~\$16 net cash balance</li> </ul>		<u>Enterprise Value</u> <sup>1</sup> : \$49.5 to \$105.0  <u>Equity Value</u> <sup>1</sup> : \$65.9 to \$121.4		<u>Enterprise Value</u> : \$69.1 to \$103.6  <u>Equity Value</u> : \$85.4 to \$119.9		<u>Enterprise Value</u> : \$76.1 to \$100.5  <u>Equity Value</u> : \$92.4 to \$116.8	
	<b>Corporate</b>	<ul style="list-style-type: none"> <li><u>Corporate costs</u><sup>2</sup>: present value of ~\$7.0-\$7.5 projected annual corporate SG&amp;A costs<sup>3</sup> using a discounted cash flow analysis. Corporate costs consist of: (i) ~\$3.7 management &amp; personnel expenses for time allocated specifically to corporate/accounting/audit matters; (ii) ~\$1.1 board fees; (iii) ~\$1.5 professional fees (legal, stock exchange) and (iv) ~\$0.8 taxes and other expenses (except for illustrative selected transactions approach, which assumes corporate entity is liquidated and incurs \$5 of wind-down cash outlays)</li> <li><u>Balance sheet adjustments</u> for ~\$39 cash, ~\$15 convertible note<sup>4</sup> and ~\$35 preferred stock<sup>5</sup> (based on higher of outstanding balance / liquidation preference or as-converted)</li> </ul>		\$(39.4) to \$(61.5)		\$(5.0)		\$(39.4) to \$(61.5)	
	<b>NOLs</b>	<ul style="list-style-type: none"> <li><u>NOLs</u> based primarily on ~\$300 million of federal NOLs assumed to be utilized over 8 years per the Consolidated Projections (\$1.8 billion of NOLs expire in 2023). Value ascribed to NOLs in illustrative selected transactions approach gives consideration to S382 limitations; while certain selected companies have NOLs, for conservatism full NOL value is ascribed to selected companies approach</li> </ul>		\$40.9 to \$47.5		\$3.8 to \$4.3		\$40.9 to \$47.5	

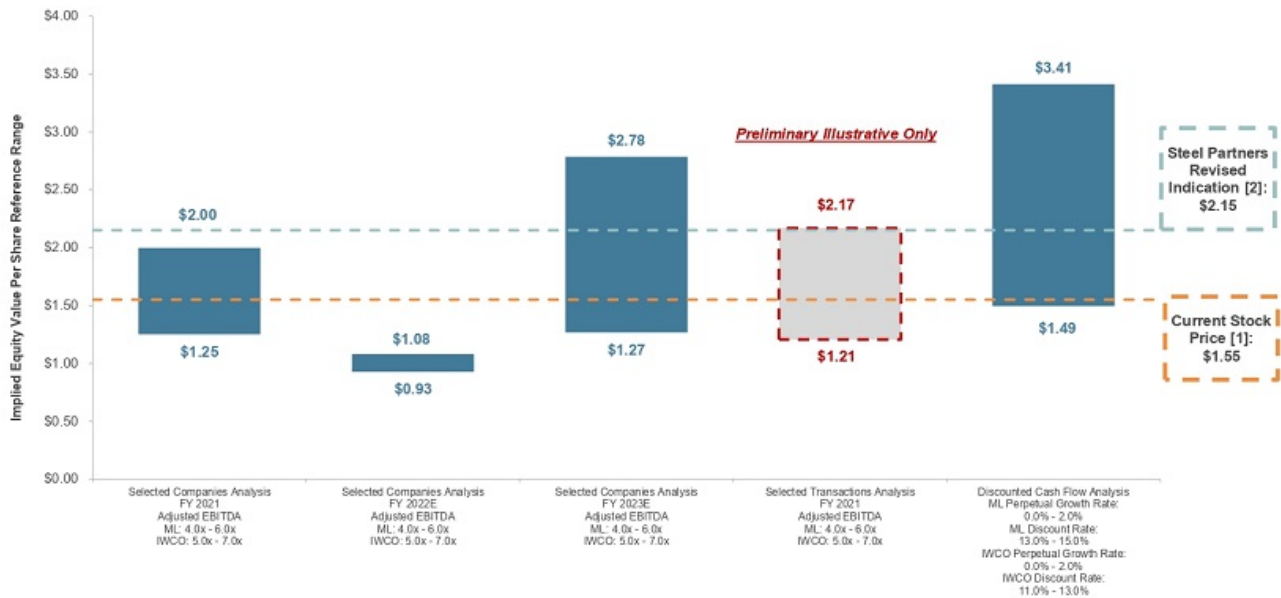
Note: Present values as of 1/10/21; mid-year convention applied. No weighting ascribed to any particular methodology.  
 1. Illustrative LTM 10/31/2021 selected companies approach not reflected given that information to inform a corresponding metric for IWCO is not available. 2. Value ranges do not vary across methodologies since analyses are solely based on a discounted cash flow approach, except in the case of the Illustrative Selected Transactions Approach. 3. Based on SC projections prepared by SC management as authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials (the "SC Projections") and, together with the ML Projections and IWCO Projections, the "Consolidated Projections". 4. Figures shown above are illustratively based on outstanding principal balance of \$14.9 million; for indications in which the conversion option is implied to be in-the-money (implied per share equity value greater than \$2.37 per share), the balance sheet deduction is reduced to \$0 and the diluted shares outstanding is increased by 6.3 million shares. 5. Figures shown above are illustratively based on liquidation preference of \$35.0 million; for indications in which the conversion option is implied to be in-the-money (implied per share equity value greater than \$1.96 per share), the balance sheet deduction is reduced to \$0 and the diluted shares outstanding is increased by 17.9 million shares.  
 Source: Refer to pages 13-15 for additional details and sources for figures referenced above.

# Preliminary Financial Analyses Summary

## Steel Connect

NOL value reference ranges across Selected Companies and DCF approaches reflect implied per share values ranging between \$0.56 and \$0.79 for conservatism, and remain subject to continued review and diligence by SC, IWCO and ML managements, which will likely have a downward impact on per share value reference ranges shown below – particularly in scenarios where IWCO does not have positive value

### Implied Equity Value Per Share Reference Ranges



Note: No particular weight was attributed to any analysis. Selected Companies Analysis approach based on LTM 10/31/2021 not included due to insufficient information for IWCO. Note: Per ML management, ModusLink currently has ~\$10mm of 'trapped cash' potentially subject to repatriation, as well as over ~\$5mm of cash required for near-term net working capital needs; if this cash was excluded from the implied equity value reference ranges for ModusLink, it would result in a reduction of ~\$0.18 to ~\$0.25 to the implied equity value per share references ranges shown above.

1. Based on closing stock price as of 1/4/22.

2. Reflects revised indication from Steel Partners on December 22, 2021, with consideration contemplated to be entirely in the form of cash.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items. E refers to Estimated. FY refers to Fiscal Year.

Source: Refer to following page for additional details and sources.

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# Preliminary Financial Analyses Summary (cont.)

## Steel Connect

**NOL value reference ranges across Selected Companies and DCF approaches reflect implied per share values ranging between \$0.56 and \$0.79 for conservatism, and remain subject to continued review and diligence by SC, IWCO and ML managements, which will likely have a downward impact on per share value reference ranges shown below – particularly in scenarios where IWCO does not have positive value**

(dollars and shares outstanding in millions, except per share values)

	Selected Companies Analysis FY 2021		Selected Companies Analysis FY 2022E		Selected Companies Analysis FY 2023E		Selected Transactions Analysis [11] [12] FY 2021		Discounted Cash Flow Analysis Perpetual Growth Rate						
	Adjusted EBITDA		Adjusted EBITDA		Adjusted EBITDA		Adjusted EBITDA								
<b>Implied Equity Value Reference Range - IWCO [1]</b>	\$0.0	--	\$26.7	\$0.0	--	\$0.0	\$0.0	--	\$89.4	\$0.0	--	\$26.7	\$7.7	--	\$146.9
<b>Implied Equity Value Reference Range - ModusLink [2] [3]</b>	\$85.4	--	\$119.9	\$65.9	--	\$90.6	\$86.3	--	\$121.4	\$85.4	--	\$119.9	\$92.4	--	\$116.8
Present Value of Steel Connect Corporate Expenses [4]	(39.4)	--	(61.5)	(39.4)	--	(61.5)	(39.4)	--	(61.5)	(5.0)	--	(5.0)	(39.4)	--	(61.5)
Present Value of Net Operating Losses [4] [5] [6]	40.9	--	47.5	40.9	--	47.5	40.9	--	47.5	3.8	--	4.3	40.9	--	47.5
Steel Connect Cash and Cash Equivalents as of 10/31/2021 [7]	38.5	--	38.5	38.5	--	38.5	38.5	--	38.5	38.5	--	38.5	38.5	--	38.5
Convertible Senior Notes as of 10/31/2021 [7] [8]	(14.9)	--	(14.9)	(14.9)	--	(14.9)	(14.9)	--	0.0	(14.9)	--	(14.9)	(14.9)	--	0.0
Series C Convertible Preferred Stock as of 10/31/2021 [7] [9]	(35.0)	--	0.0	(35.0)	--	(35.0)	(35.0)	--	0.0	(35.0)	--	0.0	(35.0)	--	0.0
<b>Implied Total Equity Value Reference Range</b>	<b>75.5</b>	<b>--</b>	<b>156.2</b>	<b>55.9</b>	<b>--</b>	<b>65.2</b>	<b>76.4</b>	<b>--</b>	<b>235.3</b>	<b>72.8</b>	<b>--</b>	<b>169.6</b>	<b>90.2</b>	<b>--</b>	<b>288.2</b>
Diluted Shares Outstanding [7] [10]	60.3	--	78.2	60.3	--	60.3	60.3	--	84.5	60.3	--	78.2	60.3	--	84.5
<b>Implied Equity Value Per Share Reference Range</b>	<b>\$1.25</b>	<b>--</b>	<b>\$2.00</b>	<b>\$0.93</b>	<b>--</b>	<b>\$1.08</b>	<b>\$1.27</b>	<b>--</b>	<b>\$2.78</b>	<b>\$1.21</b>	<b>--</b>	<b>\$2.17</b>	<b>\$1.49</b>	<b>--</b>	<b>\$3.41</b>

Note: Refer to following pages for derivation of IWCO and ML equity value reference ranges. Present value of Steel Connect corporate expenses based on the SC Projections of ~\$7.0-\$7.5mm of annual corporate expenses, tax-affected and based on a discount rate range of 11.0% to 15.0% across the selected companies and DCF approaches; illustrative selected transactions approach assumes liquidation of corporate entity and \$5 million of wind-down/severance cash outlays, based on discussions with SC management.

- In the event that certain equity value reference range indications for IWCO are not positive, values are shown as "0" for conservatism given that IWCO debt is non-recourse. However, it is possible that SC may incur wind-down costs or otherwise use its cash balance to support IWCO activities.
- Per ML management, ModusLink currently has ~\$10 million of 'trapped cash' potentially subject to repatriation, as well as over ~\$5 million of cash required for near-term net working capital needs; if this cash was excluded from the implied equity value reference ranges for ModusLink, it would result in a reduction of ~\$0.18 to ~\$0.25 to the implied equity value per share reference ranges shown above.
- Per SC and ML management, in late November 2022, ML received an LOI based on a valuation of \$70 million. Per discussions with ML management, it is unclear how much of ML's cash balance is factored into the valuation.
- Scenarios resulting in equity value for IWCO that is not positive would limit usability of NOLs and may present opportunities for a reduction in corporate costs. While factoring in such adjustments would likely result in net diminution in the low end of the implied equity value per share reference ranges shown above, given insufficient information and for conservatism, no adjustments have been made. Subject to continued review.
- NOL value reference ranges subject to continued diligence and review. Reflects net present value of tax savings from federal and state NOLs. Net present value of tax savings from utilization of the Company's federal NOL balance of ~\$2.1 billion (of which ~\$1.8 billion expires in 2023) based on the Consolidated Projections and a discount rate range of 15.0% to 18.0%. Per SC management, state NOLs are not projected to have material value; as such, the low end of the range ascribes zero value to the state NOLs and the high end of the range ascribes \$2.5mm of value to the NOLs, based on the maximum potential value per SC management. Foreign NOLs are not projected to be utilized, per SC management.
- While a number of the selected companies have NOL balances that may impact their TEV/EBITDA multiples, we have added the full present value of the Company's NOLs to all of the selected companies approaches for conservatism. The value reference range for the Company's NOLs under the illustrative selected transactions analysis is illustratively based on application of S382 limitations on the ability to utilize the Company's existing NOLs; consideration was not given to potential impact of NUBIG on illustrative S382 limitation amounts, given limited applicability.
- Per SC management.
- Reflects outstanding principal balance of Convertible Senior Notes as of 10/31/21, except for indications under which conversion option is deemed to be in-the-money (implied per share equity value greater than \$2.37 per share), in which case the outstanding balance is reduced to \$0 and the diluted shares outstanding figure is increased by 6.3 million shares.
- Reflects liquidation preference of outstanding Series C Convertible Preferred Stock as of 10/31/21, except for indications under which conversion option is deemed to be in-the-money (implied per share equity value greater than \$1.96 per share), in which case the liquidation preference is reduced to \$0 and the diluted shares outstanding figure is increased by 17.9 million shares.
- Based on information provided by SC management. Reflects 60.3 million common shares outstanding as of 12/28/21, plus the impact of 2.0 thousand stock options outstanding, to the extent in-the-money (based on the treasury method). Also reflects dilutive impact of Convertible Senior Notes and Series C Convertible Preferred stock to the extent in-the-money.
- Illustrative selected transactions approach assumes buyers would pay SC proceeds for IWCO and ModusLink and that SC would wind down the corporate entity. For illustrative purposes, assumes NOL value reference ranges based on applying S382 limitations to existing NOL balance and assumes wind-down/severance cash outlays of \$5 million, based on discussion with SC management. Subject to continued review.
- For illustrative purposes, selected transactions approach that applies 5.0 - 7.0x multiple range to IWCO FY 2022 Adjusted EBITDA of \$23.4 million without taking into account PV of restructuring activities would result in an implied per share value reference range of \$1.21 to \$1.79.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items. E refers to Estimated. FY refers to Fiscal Year.  
Source: SC, IWCO and ML managements; Consolidated Projections; Capital IQ; Bloomberg; public filings.  
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# IWCO: Preliminary Financial Analyses Summary

(dollars in millions)

	Selected Companies Analysis FY 2021		Selected Companies Analysis FY 2022E		Selected Companies Analysis FY 2023E		<i>[Preliminary Illustrative Only]</i> Selected Transactions Analysis FY 2021		Discounted Cash Flow Analysis	
	Adjusted EBITDA		Adjusted EBITDA		Adjusted EBITDA		Adjusted EBITDA		Perpetual Growth Rate	Discount Rate
Corresponding Base Amount	\$55.3		\$23.4		\$64.3		\$55.3		0.0% -- 2.0%	11.0% -- 13.0%
Selected Multiples Range	5.0x --	7.0x	5.0x --	7.0x	5.0x --	7.0x	5.0x --	7.0x		
<b>Implied Enterprise Value Reference Range</b>	<b>\$276.5 --</b>	<b>\$387.1</b>	<b>\$117.2 --</b>	<b>\$164.1</b>	<b>\$321.3 --</b>	<b>\$449.8</b>	<b>\$276.5 --</b>	<b>\$387.1</b>	<b>\$367.9 --</b>	<b>\$507.3</b>
Cash and Cash Equivalents as of 10/31/2021 [1]	26.4 --	26.4	26.4 --	26.4	26.4 --	26.4	26.4 --	26.4	26.4 --	26.4
Implied Total Enterprise Value Reference Range	\$302.9 --	\$413.5	\$143.6 --	\$190.5	\$347.7 --	\$476.2	\$302.9 --	\$413.5	\$394.3 --	\$533.7
Total Debt as of 10/31/2021 [1]	(362.8) --	(362.8)	(362.8) --	(362.8)	(362.8) --	(362.8)	(362.8) --	(362.8)	(362.8) --	(362.8)
Present Value of Restructuring Activities [1] [2]	(23.7) --	(24.0)	(23.7) --	(24.0)	(23.7) --	(24.0)	(23.7) --	(24.0)	(23.7) --	(24.0)
<b>Implied Total Equity Value Reference Range (3)</b>	<b>(\$83.7) --</b>	<b>\$26.7</b>	<b>(\$242.9) --</b>	<b>(\$196.3)</b>	<b>(\$38.9) --</b>	<b>\$89.4</b>	<b>(\$83.7) --</b>	<b>\$26.7</b>	<b>\$7.7 --</b>	<b>\$146.9</b>

Note: Selected Companies Analysis approach based on LTM 10/31/2021 not included due to insufficient information for IWCO.

1. Per SC and IWCO managements.

2. Reflects present value of cash flows related to restructuring activities in connection with the CIP at IWCO (tax-effective as appropriate); based on discount rate range of 11.0% - 13.0%.

3. Equity value cannot equal less than zero; negative equity values are shown above for illustrative purposes to demonstrate extent to which equity is out-of-the-money.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

Source: SC and IWCO managements; IWCO Projections; Capital IQ; Bloomberg; public filings.

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# ModusLink: Preliminary Financial Analyses Summary

(dollars in millions)

	<i>Preliminary / Illustrative Only</i>				<i>Preliminary / Illustrative Only</i>		Discounted Cash Flow Analysis
	Selected Companies Analysis FY 2021 Adjusted EBITDA	Selected Companies Analysis LTM Ended 10/31/21 Adjusted EBITDA	Selected Companies Analysis FY 2022E Adjusted EBITDA	Selected Companies Analysis FY 2023E Adjusted EBITDA	Selected Transactions Analysis FY 2021 Adjusted EBITDA	Perpetual Growth Rate 0.0% – 2.0%	
Corresponding Base Amount	\$17.3	\$10.5	\$12.4	\$17.5	\$17.3		
Selected Multiples Range	4.0x – 6.0x	4.0x – 6.0x	4.0x – 6.0x	4.0x – 6.0x	4.0x – 6.0x		
<b>Implied Enterprise Value Reference Range</b>	<b>\$69.1 – \$103.6</b>	<b>\$41.9 – \$62.9</b>	<b>\$49.5 – \$74.3</b>	<b>\$70.0 – \$105.0</b>	<b>\$69.1 – \$103.6</b>	<b>\$76.1 – \$100.5</b>	
Cash and Cash Equivalents as of 10/31/2021 [1][2]	16.4 – 16.4	16.4 – 16.4	16.4 – 16.4	16.4 – 16.4	16.4 – 16.4	16.4 – 16.4	
Implied Total Enterprise Value Reference Range	\$85.5 – \$120.0	\$58.4 – \$79.3	\$65.9 – \$90.7	\$86.4 – \$121.5	\$85.5 – \$120.0	\$92.5 – \$116.9	
Total Debt as of 10/31/2021 [1]	(0.1) – (0.1)	(0.1) – (0.1)	(0.1) – (0.1)	(0.1) – (0.1)	(0.1) – (0.1)	(0.1) – (0.1)	
<b>Implied Equity Value Reference Range [3]</b>	<b>\$85.4 – \$119.9</b>	<b>\$58.3 – \$79.2</b>	<b>\$65.9 – \$90.6</b>	<b>\$86.3 – \$121.4</b>	<b>\$85.4 – \$119.9</b>	<b>\$92.4 – \$116.8</b>	

1. Per SC and ML managements.

2. ML management has indicated that (i) ~\$10 million of ML's cash and cash equivalents balance is currently "trapped cash" and would potentially be subject to repatriation tax and (ii) over ~\$5 million of ML's cash and cash equivalents balance may be required for near-term net working capital requirements; these amounts have not been excluded from the cash balances shown above. Per SC and ML managements, ML may dividend to SC up to \$10 million allowable under its existing credit facility.

3. Per SC and ML management, in late November 2022, ML received an LOI based on a valuation of \$70 million. Per discussions with ML management, it is unclear how much of ML's cash balance is factored into the valuation.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

Source: SC and ML managements; ML Projections; Capital IQ; Bloomberg; public filings.

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# Summary of Selected Changes Relative to Prior Preliminary Financial Analyses Dated September 9, 2021

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The following changes have been made since the prior preliminary discussion materials dated 9/9/2021

## ■ Changes to Financial Information:

- Financial information has been updated to reflect the most recent information provided by SC, IWCO and ML managements as follows:
  - IWCO, ML and Consolidated Projections reflect most recent projections prepared by each management team as of December 2021 whereas the 9/9/21 preliminary discussion materials reflected the July 2021 IWCO, ML and Consolidated Projections
  - Balance sheet financials reflect 10/31/2021 figures, compared to 7/31/2021 figures incorporated in the 9/9/2021 preliminary discussion materials
  - Capitalization information updated as of 12/28/21, compared to information as of 7/31/2021 incorporated in the 9/9/2021 preliminary discussion materials

## ■ Preliminary Selected Companies Analyses:

- The preliminary selected companies analyses for IWCO and ML were updated to reflect stock prices and other publicly available financial information as of 1/4/22 (previously, as of 9/2/21 market close). See pages 21-22 for further detail on observed multiples.
- XPO Logistics, Inc. was removed from the ModusLink preliminary selected companies and replaced with GXO Logistics, Inc. reflecting the recently completed spin-off transaction
- No changes have been made to the selected multiples ranges relative to the prior preliminary discussion materials dated 9/9/21

## ■ Preliminary Selected Transactions Analysis:

- The ModusLink preliminary selected transactions were updated to include the recently announced acquisitions of (i) Imperial Logistics Limited by DP World Limited, (ii) Transplace Inc by Uber Freight LLC, (iii) Visible Supply Chain Management, LLC by A.P. Møller - Mærsk A/S, (iv) B2C Europe Holding B.V. by A.P. Møller - Mærsk A/S, and (vi) Echo Global Logistics, Inc by The Jordan Company, L.P.
- The IWCO preliminary selected transactions were updated to include the recently announced acquisition of R.R. Donnelley & Sons Company by Chatham Asset Management
- No changes have been made to the selected multiples ranges relative to the prior preliminary discussion materials dated 9/9/21

## ■ Preliminary Discounted Cash Flow ("DCF") Analysis:

- Stock prices, betas, risk-free rates and other public information utilized in discount rate calculations have been updated to market close on 1/4/22 (previously, as of 9/2/21 market close)
- No changes have been made to the selected discount rate ranges and the selected perpetual growth rates utilized in the preliminary DCF analyses relative to the prior preliminary discussion materials dated 9/9/21

# Selected Changes to Preliminary Financial Analyses

## Steel Connect (Consolidated)

(dollars in millions, except per share amounts)

	September 9, 2021 Discussion Materials			January 10, 2022 Discussion Materials		
	<b>Selected Companies Analysis</b>					
<b>Metric Capitalized</b>	<b>FY 2021E</b>	<b>FY 2022E</b>	<b>FY 2023E</b>	<b>FY 2021</b>	<b>FY 2022E</b>	<b>FY 2023E</b>
	<b>Adjusted EBITDA</b>	<b>Adjusted EBITDA</b>	<b>Adjusted EBITDA</b>	<b>Adjusted EBITDA</b>	<b>Adjusted EBITDA</b>	<b>Adjusted EBITDA</b>
Implied Total Equity Value	\$73.4 - \$167.6	\$76.5 - \$101.7	\$75.7 - \$216.8	\$75.5 - \$156.2	\$55.9 - \$65.2	\$76.4 - \$235.3
Implied Equity Value Per Share	\$1.22 - \$2.15	\$1.27 - \$1.69	\$1.26 - \$2.57	\$1.25 - \$2.00	\$0.93 - \$1.08	\$1.27 - \$2.78
	<b>Selected Transactions Analysis [Preliminary Illustrative]</b>					
<b>Metric Capitalized</b>	<b>FY 2021E Adjusted EBITDA</b>			<b>FY 2021 Adjusted EBITDA</b>		
Implied Total Equity Value	\$74.9 - \$179.8			\$72.8 - \$169.6		
Implied Equity Value Per Share	\$1.24 - \$2.30			\$1.21 - \$2.17		
	<b>Discounted Cash Flow Analysis</b>					
<b>Terminal Metric</b>	<b>Unlevered Free Cash Flow</b>			<b>Unlevered Free Cash Flow</b>		
Implied Total Equity Value	\$85.2 - \$251.0			\$90.2 - \$288.2		
Implied Equity Value Per Share	\$1.41 - \$2.97			\$1.49 - \$3.41		

Note: High end of Selected Companies Analysis FY 2021 Adjusted EBITDA and Selected Transactions Analysis FY 2021 approaches based on a share count of 78.2 million in current materials, compared to 78.1 million in the prior materials. High end of Selected Companies Analysis FY 2023E Adjusted EBITDA and Discounted Cash Flow Analysis approaches based on a share count of 84.5 million in current materials, compared to 84.4 million in the prior materials. All other approaches based on a share count of 60.3 million in current materials, compared to 60.2 million in the prior materials. In all cases, share count information was provided by SC management.  
 Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization.  
 E refers to Estimated.  
 FY refers to Fiscal Year.  
 Source: SC, IWCO and ML managements; Consolidated Projections, Capital IQ; Bloomberg; public filings.  
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# Selected Changes to Preliminary Financial Analyses (cont.)

IWCO

(dollars in millions)

	September 9, 2021 Discussion Materials			January 10, 2022 Discussion Materials		
	Selected Companies Analysis					
Metric Capitalized	FY 2021E Adjusted EBITDA	FY 2022E Adjusted EBITDA	FY 2023E Adjusted EBITDA	FY 2021 Adjusted EBITDA	FY 2022E Adjusted EBITDA	FY 2023E Adjusted EBITDA
Base Amount	\$56.3	\$23.0	\$60.7	\$55.3	\$23.4	\$64.3
Selected Multiple Range	5.0x - 7.0x	5.0x - 7.0x	5.0x - 7.0x	5.0x - 7.0x	5.0x - 7.0x	5.0x - 7.0x
Implied Equity Value	(\$76.8) - \$35.4	(\$243.3) - (\$197.7)	(\$54.7) - \$66.3	(\$83.7) - \$26.7	(\$242.9) - (\$196.3)	(\$38.9) - \$89.4

	Selected Transactions Analysis [Preliminary Illustrative]	
Metric Capitalized	FY 2021E Adjusted EBITDA	FY 2021 Adjusted EBITDA
Base Amount	\$56.3	\$55.3
Selected Multiple Range	5.0x - 7.0x	5.0x - 7.0x
Implied Equity Value	(\$76.8) - \$35.4	(\$83.7) - \$26.7

	Discounted Cash Flow Analysis	
Terminal Metric	Unlevered Free Cash Flow	Unlevered Free Cash Flow
Perpetual Growth Rate Range	0.0% - 2.0%	0.0% - 2.0%
Discount Rate Range	11.0% - 13.0%	11.0% - 13.0%
Implied Equity Value	(\$21.0) - \$102.0	\$7.7 - \$146.9

Note: Equity value cannot equal less than zero; negative equity values are shown above for illustrative purposes to demonstrate extent to which equity is out-of-the-money.  
 Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization.  
 E refers to Estimated.  
 FY refers to Fiscal Year.  
 Source: SC and IWCO managements, IWCO Projections, Capital IQ, Bloomberg, public filings.  
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# Selected Changes to Preliminary Financial Analyses (cont.)

ModusLink

(dollars in millions)

	September 9, 2021 Discussion Materials			January 10, 2022 Discussion Materials		
	Selected Companies Analysis					
Metric Capitalized	FY 2021E Adjusted EBITDA	FY 2022E Adjusted EBITDA	FY 2023E Adjusted EBITDA	FY 2021 Adjusted EBITDA	FY 2022E Adjusted EBITDA	FY 2023E Adjusted EBITDA
Base Amount	\$16.9	\$17.7	\$17.5	\$17.3	\$12.4	\$17.5
Selected Multiple Range	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x
Implied Equity Value	\$87.6 - \$121.5	\$90.7 - \$126.1	\$90.0 - \$125.0	\$85.4 - \$119.9	\$65.9 - \$90.6	\$86.3 - \$121.4

	Selected Transactions Analysis [Preliminary Illustrative]	
Metric Capitalized	FY 2021E Adjusted EBITDA	FY 2021 Adjusted EBITDA
Base Amount	\$16.9	\$17.3
Selected Multiple Range	4.0x - 6.0x	4.0x - 6.0x
Implied Equity Value	\$87.6 - \$121.5	\$85.4 - \$119.9

	Discounted Cash Flow Analysis	
Terminal Metric	Unlevered Free Cash Flow	Unlevered Free Cash Flow
Perpetual Growth Rate Range	0.0% - 2.0%	0.0% - 2.0%
Discount Rate Range	13.0% - 15.0%	13.0% - 15.0%
Implied Equity Value	\$99.4 - \$123.4	\$92.4 - \$116.8

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization.

E refers to Estimated.

FY refers to Fiscal Year.

Source: SC and ML managements; ML Projections; Capital IQ; Bloomberg; public filings.

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# Selected Market Changes Relative to Preliminary Discussion Materials Dated 9/9/2021 – IWCO Selected Companies

Selected Company	Pricing As of 9/2/21			Pricing As of 1/4/22			Change Versus Prior Materials		
	Enterprise Value (1) to Adjusted EBITDA			Enterprise Value (1) to Adjusted EBITDA			Enterprise Value (1) to Adjusted EBITDA		
	LTM (2)	FY 2022E(3)	FY 2023E(3)	LTM	FY 2022E(3)	FY 2023E(3)	LTM	FY 2022E(3)	FY 2023E(3)
<b>Printing Services</b>									
Cimpress plc	13.2x	10.7x	9.8x	12.2x	9.9x	8.7x	-1.0x	-0.7x	-1.0x
Dai Nippon Printing Co., Ltd.	5.5x	5.7x	5.4x	5.7x	6.1x	5.8x	0.2x	0.4x	0.4x
Deluxe Corporation	9.0x	7.9x	7.4x	8.1x	8.5x	10.0x	-0.8x	0.6x	2.6x
Ennis, Inc.	7.3x	NA	NA	7.3x	NA	NA	0.0x	NA	NA
Kyodo Printing Co., Ltd.	5.3x	NA	NA	6.6x	NA	NA	1.3x	NA	NA
Quad/Graphics, Inc.	4.1x	NA	NA	4.3x	NA	NA	0.2x	NA	NA
R. R. Donnelley & Sons Company	4.7x	4.3x	NA	6.1x *	5.4x *	NA *	1.4x	1.1x	NA
Toppan Inc.	4.4x	4.7x	NA	5.1x	5.3x	NA	0.6x	0.6x	NA
Transcontinental Inc.	5.9x	6.0x	6.0x	5.5x	5.4x	5.3x	-0.4x	-0.5x	-0.7x
Low	4.1x	4.3x	5.4x	4.3x	5.3x	5.3x	0.2x	1.0x	-0.1x
High	13.2x	10.7x	9.8x	12.2x	9.9x	10.0x	-1.0x	-0.7x	0.2x
Median	5.5x	5.8x	6.7x	6.1x	6.1x	7.3x	0.6x	0.3x	0.6x
Mean	6.6x	6.5x	7.1x	6.8x	7.0x	7.4x	0.2x	0.5x	0.3x
<b>Diversified Marketing Services</b>									
Cheil Worldwide Inc.	7.6x	6.7x	6.2x	5.9x	5.4x	5.0x	-1.7x	-1.3x	-1.2x
Dentsu Group Inc.	6.8x	6.4x	6.3x	5.3x	5.0x	5.4x	-1.5x	-1.4x	-0.9x
Omnicom Group Inc.	8.8x	8.1x	7.8x	8.2x	7.6x	7.4x	-0.6x	-0.5x	-0.4x
Publicis Groupe S.A.	7.0x	6.7x	6.5x	7.3x	6.9x	6.7x	0.4x	0.2x	0.2x
The Interpublic Group of Companies, Inc.	9.5x	9.4x	9.1x	9.3x	9.2x	8.9x	-0.2x	-0.2x	-0.2x
WPP plc	7.7x	6.7x	6.1x	8.9x	7.8x	7.2x	1.3x	1.1x	1.1x
Low	6.8x	6.4x	6.1x	5.3x	5.0x	5.0x	-1.5x	-1.4x	-1.1x
High	9.5x	9.4x	9.1x	9.3x	9.2x	8.9x	-0.2x	-0.2x	-0.2x
Median	7.6x	6.7x	6.4x	7.8x	7.3x	6.9x	0.1x	0.6x	0.5x
Mean	7.9x	7.3x	7.0x	7.5x	7.0x	6.8x	-0.4x	-0.3x	-0.2x
Low	4.1x	4.3x	5.4x	4.3x	5.0x	5.0x	0.2x	0.7x	-0.4x
High	13.2x	10.7x	9.8x	12.2x	9.9x	10.0x	-1.0x	-0.7x	0.2x
Median	7.0x	6.7x	6.4x	6.9x	6.9x	6.9x	0.0x	0.3x	0.5x
Mean	7.1x	6.9x	7.1x	7.1x	7.0x	7.0x	0.0x	0.1x	0.0x

Note: No company used in this analysis for comparative purposes is identical to IWCO.

1. Enterprise Value equals equity market value + debt outstanding + preferred stock + minority interests – cash and cash equivalents.

2. Represents FY 2021E multiples for pricing as of 9/2/21.

3. Multiples based on forward looking financial information have been calendarized to IWCO's fiscal year end of July 31 for all of the selected companies, except for Cimpress plc whose fiscal year end is June 30.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public.

NA refers to Not Available.

\*Excluded from low, high, median and mean data because trading on an affected basis. On December 14, 2021, R.R. Donnelley & Sons Company announced that it had entered into a definitive merger agreement to be acquired by affiliates of Chatham Asset Management, LLC for \$10.85 per share in cash. R.R. Donnelley & Sons Company subsequently received an unsolicited non-binding proposal to be acquired by an undisclosed strategic party for \$11.00 per share in cash.

Source: Bloomberg, Capital IQ and public filings.

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# Selected Market Changes Relative to Preliminary Discussion Materials Dated 9/9/2021 – ModusLink Selected Companies

Selected Company	Pricing As of 9/2/21			Pricing As of 1/4/22			Change Versus Prior Materials		
	Enterprise Value (1) to Adjusted EBITDA			Enterprise Value (1) to Adjusted EBITDA			Enterprise Value (1) to Adjusted EBITDA		
	LTM (2)	FY 2022E(3)	FY 2023E(3)	LTM	FY 2022E(3)	FY 2023E(3)	LTM	FY 2022E(3)	FY 2023E(3)
Celestica Inc.	5.3x	4.1x	NA	8.3x	4.7x	4.2x	3.0x	0.6x	NA
CJ Logistics Corporation	6.7x	6.4x	6.0x	5.4x	5.3x	4.8x	-1.4x	-1.2x	-1.2x
Clipper Logistics plc	21.5x	10.8x	9.3x	26.5x	13.1x	11.7x	5.0x	2.3x	2.5x
Deutsche Post AG	8.3x	6.6x	6.5x	7.7x	6.3x	6.2x	-0.6x	-0.4x	-0.3x
FedEx Corporation	8.6x	7.4x	6.8x	8.6x	7.6x	7.0x	0.0x	0.2x	0.2x
Flex Ltd.	6.5x	6.7x	6.3x	6.3x	6.7x	6.2x	-0.3x	0.0x	-0.1x
Jabil Inc.	5.4x	5.0x	5.1x	6.3x	5.2x	5.3x	1.0x	0.2x	0.2x
Kerry Logistics Network Limited	8.1x	7.6x	8.5x	8.0x	7.0x	7.8x	0.0x	-0.5x	-0.7x
Kuehne + Nagel International AG	21.7x	15.7x	16.3x	15.1x	10.8x	11.9x	-6.7x	-4.9x	-4.4x
United Parcel Service, Inc.	13.5x	12.1x	11.4x	14.0x	12.7x	12.1x	0.5x	0.6x	0.7x
Wincanton plc	6.6x	4.8x	4.4x	7.1x	4.5x	4.1x	0.5x	-0.3x	-0.3x
XPO Logistics, Inc.	15.3x	9.2x	9.7x	NA	NA	NA	NA	NA	NA
GXO Logistics, Inc.	NA	NA	NA	19.4x	16.2x	14.1x	NA	NA	NA
Low	5.3x	4.1x	4.4x	5.4x	4.5x	4.1x	0.1x	0.4x	-0.3x
High	21.7x	15.7x	16.3x	26.5x	16.2x	14.1x	4.8x	0.4x	-2.1x
Median	8.2x	7.0x	6.8x	8.2x	6.9x	6.6x	0.0x	-0.2x	-0.2x
Mean	10.6x	8.0x	8.2x	11.1x	8.3x	8.0x	0.4x	0.3x	-0.3x

Note: No company used in this analysis for comparative purposes is identical to ModusLink.

1. Enterprise Value equals equity market value + debt outstanding + preferred stock + minority interests – cash and cash equivalents.

2. Represents FY 2021E multiples for pricing as of 9/2/21.

3. Multiples based on forward looking financial information have been calendarized to ModusLink's fiscal year end of July 31 for all of the selected companies, except for Jabil Inc., whose fiscal year end is August 31.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public.

NA refers to Not Available.

Source: Bloomberg, Capital IQ and public filings.

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# Preliminary Selected Observations Related to IWCO

## 1 General Observations

- IWCO has been a leader in direct mail for ~50 years
- Direct mail space has been undergoing secular decline, with projected CY 2020-2025 CAGR of  $-(5)\%$ <sup>1</sup> as customers continue to move towards digital and omni-channel solutions
- IWCO pursuing strategic repositioning initiatives given industry backdrop, but efforts have been complicated by the following factors:
  - Substantial management team departures in CY 2020
  - Sales team turnover appears to have contributed to loss of a number of key customers in CY 2020 and CY 2021
  - Significant financial leverage limits operating flexibility and ability to invest in strategic repositioning
- IWCO management is implementing the CIP to stabilize the business and enhance profitability

## 3 Projections: Certain Observations & Qualifications

Per IWCO and Steel Connect management:

- IWCO Projections contemplate successful implementation of Phase I of the CIP (which positions IWCO as the premier digital direct mail company) with run-rate EBITDA achieved by the outer years of the projection period
- IWCO Projections do not contemplate meaningful revenue contributions or related investments in infrastructure or certain other costs associated with providing omni-channel solutions
- With regards to the existing credit facility, which matures in 2022:
  - IWCO Projections assume that IWCO will retain sufficient liquidity to remain in compliance with the terms of its credit facility through maturity<sup>2</sup>
  - IWCO will need to refinance its credit facility (or obtain alternative financing) to continue to operate as a going concern
  - Steel Connect / IWCO managements are in discussions with lenders regarding an amendment; lenders appear supportive of the CIP
  - Although the IWCO Projections assume that IWCO will be able to extend the maturity of its credit facility, there are no guarantees that IWCO will be able to obtain such an extension (or alternative financing)
  - If IWCO is not able to obtain an extension or alternative financing, there would be material adverse implications for the business not reflected in the IWCO Projections

## 2 Competitive Improvement Plan

- The CIP is designed to achieve the following specific objectives: (i) retain profitable customers by enhancing quality of direct mail services relative to price, (ii) enhance margins through cost reduction and (iii) position IWCO to service SMEs with omni-channel offerings
- Key components of Phase I of the CIP include:
  - Investments in digital presses and epic inserters to facilitate transition to fully digital production platform
  - Consolidation from 7 to 3 facilities and substantial headcount reductions
  - Exits from unprofitable customers
- One-time costs and investments required are estimated at ~\$35mm, with certain equipment to be furnished via operating leases
- Implementation of Phase I of the CIP is expected to be complete by the end of CY 2022

## 4 Updates Since 9/9/2021 SC Discussion Materials

- FY 2021 revenue of \$387.5mm and Adj. EBITDA of \$55.3mm were slightly below preliminary estimates pursuant to the July 2021 IWCO Projections of \$389.8mm and \$56.3mm, respectively
- IWCO Projections have been revised relative to the July 2021 IWCO Projections to reflect the following:
  - IWCO has recently onboarded two new customers projected to generate ~\$30mm of annual revenues on a combined basis, offsetting certain negative customer volume changes
  - Supply and labor shortages result in minor gross margin compression
  - Net effect is an increase in Adj. EBITDA of ~\$0.4mm in FY 2022 ramping up to ~\$0.5mm in FY 2025

## 5 Additional Considerations & Open Items

- IWCO analyses are based on a "going concern" approach, are based on IWCO Projections, and account for one-time CIP costs/investments
- If IWCO does not operate as a going concern and/or does not have positive equity value, the following factors need to be further evaluated: (i) wind-down costs / other cash outlays by Steel Connect; (ii) potential changes to the corporate cost structure; and (iii) usability of existing NOLs (and would likely result in a downward revision to preliminary indications shown)

Source: SC and IWCO managements, IWCO Projections. 1. Per S&P Kagan. 2. More specifically, projections assume IWCO will retain sufficient liquidity to complete the CIP process and operate the business through the maturity - however there is a risk of dropping below the minimum liquidity requirement in late 2022, just prior to the credit facility maturity date (which is being contemplated in the amendment discussions with lenders).

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# IWCO: Historical and Projected Financial Observations

(dollars in millions)

	Fiscal Year Ended July 31,			Fiscal Year Ending July 31,				CAGR 2019 to 2021	CAGR 2021 to 2025E
	2019	2020	2021	2022E	2023E	2024E	2025E		
<b>A</b> Revenue	\$486.9	\$444.4	\$387.5	\$287.9	\$298.5	\$313.8	\$332.4	-10.8%	-3.8%
Growth %		-8.7%	-12.8%	-25.7%	3.7%	5.1%	5.9%		
Cost of Sales (Goods Sold)	(372.7)	(345.2)	(305.6)	(232.7)	(206.6)	(217.2)	(231.6)		
<b>B</b> Gross Profit	\$114.2	\$99.2	\$81.9	\$55.1	\$91.9	\$96.6	\$100.8		
Margin %	23.5%	22.3%	21.1%	19.2%	30.8%	30.8%	30.3%		
Selling, General, and Administrative [1]	(124.6)	(87.5)	(98.9)	(75.1)	(70.1)	(64.4)	(66.5)		
Depreciation and Amortization	46.9	46.2	40.2	31.7	35.0	35.7	36.8		
Total Adjustments [2]	32.5	2.4	32.1	11.8	7.5	0.0	0.0		
<b>B</b> Adjusted EBITDA	\$69.0	\$60.3	\$55.3	\$23.4	\$64.3	\$67.9	\$71.2	-10.5%	6.5%
Margin %	14.2%	13.6%	14.3%	8.1%	21.5%	21.6%	21.4%		
Growth %		-12.7%	-8.2%	-57.6%	174.1%	5.6%	4.8%		
Depreciation and Amortization	(46.9)	(46.2)	(40.2)	(31.7)	(35.0)	(35.7)	(36.8)		
<b>B</b> Adjusted EBIT	\$22.1	\$14.0	\$15.1	(\$8.2)	\$29.3	\$32.2	\$34.3	-17.3%	22.7%
Margin %	4.5%	3.2%	3.9%	-2.9%	9.8%	10.3%	10.3%		
Growth %		-36.6%	7.9%	NMF	NMF	9.8%	6.7%		

## 2. Total Adjustments:

	2019	2020	2021	2022E	2023E	2024E	2025E
Loss (Gain) on Sale of Long-lived Assets	0.4	0.4	0.4	1.4	0.0	0.0	0.0
Adjustments related to tax liabilities	32.1	1.9	2.3	0.0	0.0	0.0	0.0
Impairment of long-lived assets	0.0	0.0	25.7	0.0	0.0	0.0	0.0
Restructuring Expenses	0.0	0.0	3.7	10.2	7.5	0.0	0.0
Other	0.1	0.0	0.0	0.2	0.0	0.0	0.0
<b>Total Adjustments</b>	<b>\$32.5</b>	<b>\$2.4</b>	<b>\$32.1</b>	<b>\$11.8</b>	<b>\$7.5</b>	<b>\$0.0</b>	<b>\$0.0</b>

## Restructuring Activities Detail

	Fiscal Year Ending July 31,			
	2022E	2023E	2024E	2025E
<b>C</b> Restructuring Activities Detail				
Lease Buyout Payments	\$0.0	(\$5.2)	\$0.0	\$0.0
Severance and Retention	(5.2)	(2.2)	0.0	0.0
Professional Fees and Other One-Time Costs	(5.1)	(0.1)	0.0	0.0
<b>Total Restructuring Expenses</b>	<b>(\$10.2)</b>	<b>(\$7.5)</b>	<b>\$0.0</b>	<b>\$0.0</b>
Purchase of Capital Equipment	(13.3)	(5.4)	0.0	0.0
Capital Expenditures for IT Buildout	(2.8)	0.0	0.0	0.0
Capital Lease Payments	(0.1)	(0.2)	(0.2)	(0.3)
Proceeds from Equipment Sales and Inventory Reduction	2.3	3.2	0.0	0.0
Other One-Time Outlays	(1.0)	0.0	0.0	0.0
<b>Total Restructuring Cash Flows</b>	<b>(\$25.1)</b>	<b>(\$9.9)</b>	<b>(\$0.2)</b>	<b>(\$0.3)</b>

## Selected Commentary

- A** Revenue declined in FY20 as a result of industry headwinds, including COVID-related impacts; revenue decline has continued in FY21 and FY22, including as a result of material customer attrition and certain strategic exits, with revenue projected to stabilize in the outer years of the projection period
- B** Significant margin improvements are projected to result from both cost-cutting initiatives and the exiting of certain lower margin customer accounts
- C** One-time CIP Phase I implementation outlays of ~\$35mm are projected, with purchase of equipment, severance payments and facility closure costs comprising key expenditures. CIP assumptions include: (i) certain equipment is furnished through operating leases due to credit facility compliance requirements; (ii) direct mail optimization program is completed and (iii) no significant investments made in omni-channel infrastructure

Note: LTM financials for the period ended 10/31/21 are in process. 1. SG&A burdened with \$1.3 million paid to Steel Connect in connection with allocation of time of shared personnel to IWCO, but excludes the remaining portion of the \$5.0 million distribution payable to Steel Connect pursuant to the existing credit facility. Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items. Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items. CAGR refers to Compound Annual Growth Rate. E refers to Estimated. FY refers to Fiscal Year. LTM refers to Latest 12 Months. NMF refers to Not Meaningful Figure. Source: SC and IWCO managements; historical figures per SC and IWCO managements and public filings; projected figures per IWCO Projections.

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# IWCO Revenue Observations and Industry Trends

IWCO figures on the pages that follow are presented on a calendar year basis, consistent with how IWCO management has historically prepared detailed figures. These figures will differ from certain pages that are presented based on the Company's fiscal year end of July 31.

## IWCO Revenue vs. Direct Mail Advertising Market Performance

(Revenue dollars in millions; Industry dollars in billions)

■ IWCO  
■ Industry'



Revenue CAGRs	IWCO Revenue	Industry'
CY 2011 – CY 2019	3.1%	-1.8%
CY 2019 – CY 2020	-16.9%	-23.1%
CY 2020 – CY 2025E	-3.6%	-4.9%
CY 2020 – CY 2022E	-17.6%	-4.1%
CY 2022E – CY 2025E	7.1%	-5.4%

## U.S. Offline Advertising & Marketing Spend<sup>2</sup>

(dollars in billions)



## U.S. Online Advertising & Marketing Spend<sup>2</sup>

(dollars in billions)



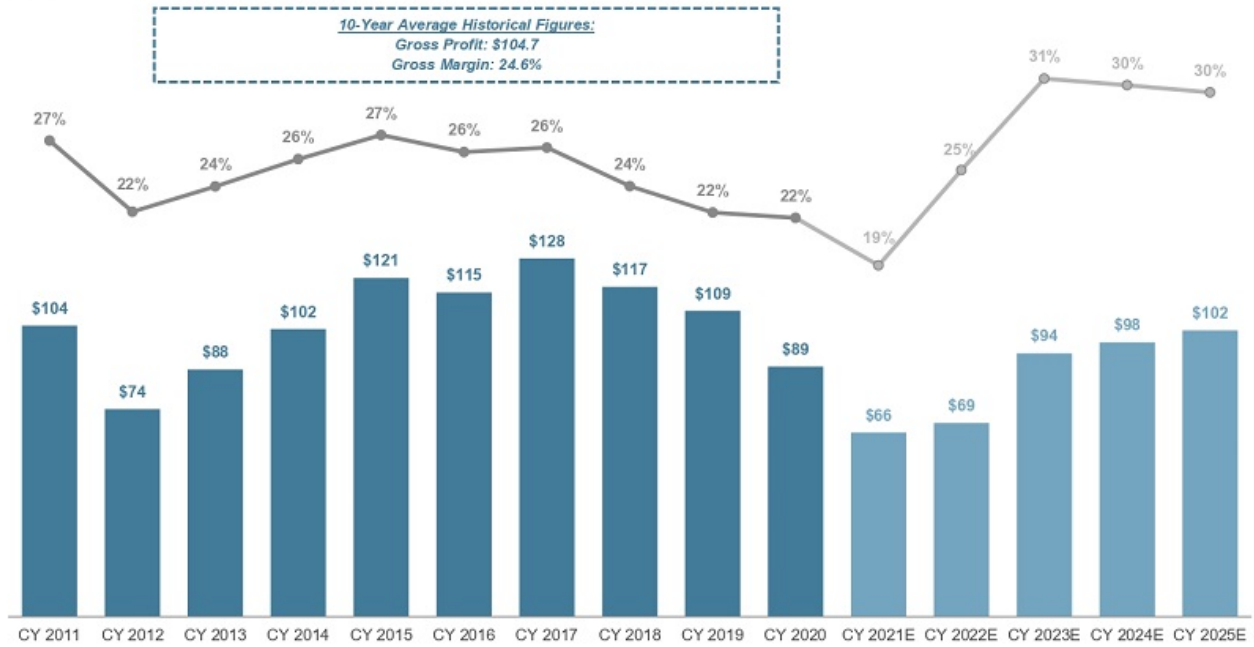
1. Reflects Direct Mail Industry Advertising Revenue per S&P Kagan. 2. Per Winterberry studies provided by SC management. CAGR refers to Compound Annual Growth Rate. CY refers to Calendar Year. E refers to Estimated. Source: SC and IWCO managements, Public filings, S&P Kagan, Winterberry, historical figures per SC and IWCO managements and public filings; projected figures per IWCO Projections.

# IWCO Profitability Observations

## Gross Profit

(dollars in millions)

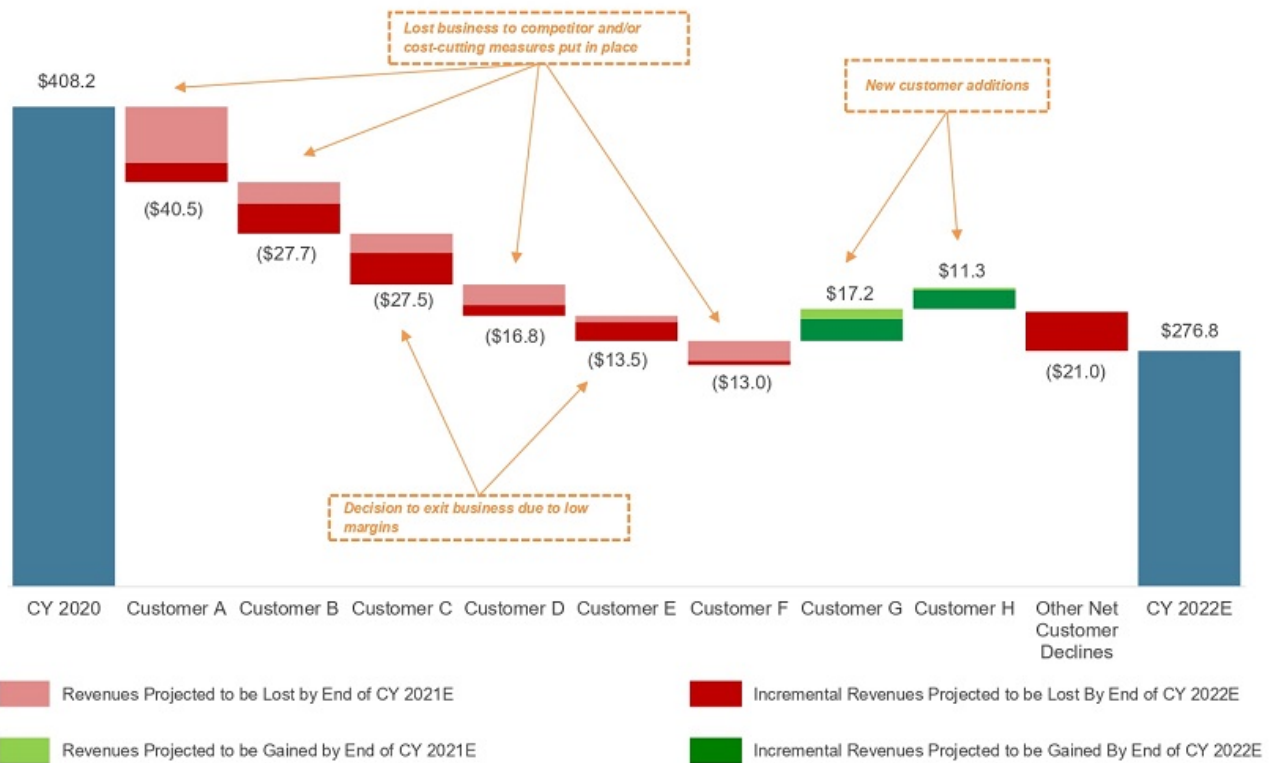
■ / ■ Gross Profit  
■ / ■ Gross Margin %



Note: IWCO figures shown above are presented on a calendar year basis; these figures will differ from certain pages that are presented based on the Company's fiscal year end of July 31.  
CY refers to Calendar Year. E refers to Estimated.  
Source: Historical figures per SC and IWCO managements and public filings; projected figures per IWCO Projections.  
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# IWCO CY 2020 to CY 2022E Revenue Bridge

(dollars in millions)



Note: IWCO figures shown above are presented on a calendar year basis, these figures will differ from certain pages that are presented based on the Company's fiscal year end of July 31.  
 CY refers to Calendar Year. E refers to Estimated.  
 Source: SC and IWCO managements, IWCO Projections.  
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# IWCO: Preliminary Selected Companies Analysis

(dollars in millions, except per share values)

Selected Company	Share Price [2]	Equity Market Value [2,3]	Enterprise Value [2,3]	Enterprise Value [1] to Adjusted EBITDA		
				LTM	FY 2022E [4]	FY 2023E [4]
<b>Printing Services</b>						
Cimpress plc	\$73.90	\$2,046.1	\$3,510.2	12.2x	9.9x	8.7x
Dai Nippon Printing Co., Ltd.	\$25.24	6,794.3	5,959.7	5.7x	6.1x	5.8x
Deluxe Corporation	\$32.72	1,434.3	3,089.7	8.1x	8.5x	10.0x
Ennis, Inc.	\$19.85	524.4	443.4	7.3x	NA	NA
Kyodo Printing Co., Ltd.	\$25.19	208.6	350.7	6.6x	NA	NA
Quad/Graphics, Inc.	\$4.25	250.3	1,049.0	4.3x	NA	NA
R. R. Donnelley & Sons Company [5]	\$11.16	904.2	2,206.9	6.1x *	5.4x *	NA
Toppan Inc.	\$18.55	6,220.5	5,797.7	5.1x	5.3x	NA
Transcontinental Inc.	\$15.82	1,376.4	1,958.4	5.5x	5.4x	5.3x
Low				4.3x	5.3x	5.3x
High				12.2x	9.9x	10.0x
Median				6.1x	6.1x	7.3x
Mean				6.8x	7.0x	7.4x
<b>Diversified Marketing Services</b>						
Cheil Worldwide Inc.	\$18.54	\$1,878.1	\$1,377.3	5.9x	5.4x	5.0x
Dentsu Group Inc.	\$35.84	9,872.3	10,244.4	5.3x	5.0x	5.4x
Omnicom Group Inc.	\$75.52	16,322.0	17,925.5	8.2x	7.6x	7.4x
Publicis Groupe S.A.	\$67.91	17,140.1	18,597.7	7.3x	6.9x	6.7x
The Interpublic Group of Companies, Inc.	\$38.40	15,135.6	16,220.9	9.3x	9.2x	8.9x
WPP plc	\$15.51	18,611.9	21,123.1	8.9x	7.8x	7.2x
Low				5.3x	5.0x	5.0x
High				9.3x	9.2x	8.9x
Median				7.8x	7.3x	6.9x
Mean				7.5x	7.0x	6.8x
<b>All Selected Companies</b>						
Low				4.3x	5.0x	5.0x
High				12.2x	9.9x	10.0x
Median				6.9x	6.9x	6.9x
Mean				7.1x	7.0x	7.0x

Note: No company used in this analysis for comparative purposes is identical to IWCO.

1. Enterprise Value equals equity market value + debt outstanding + preferred stock + minority interests – cash and cash equivalents.

2. Based on closing prices as of 1/4/22.

3. Based on diluted shares.

4. Multiples based on forward looking financial information have been calendarized to IWCO's fiscal year end of July 31 for all of the selected companies, except for Cimpress plc whose fiscal year end is June 30.

5. On December 14, 2021, R.R. Donnelley & Sons Company announced that it had entered into a definitive merger agreement to be acquired by affiliates of Chatham Asset Management, LLC for \$10.85 per share in cash. R.R. Donnelley & Sons Company subsequently received an unsolicited non-binding proposal to be acquired by an undisclosed strategic party for \$11.00 per share in cash. Accordingly, that company's multiples are excluded from low, high, median and mean calculations.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items; E refers to Estimated; FY refers to Fiscal Year; LTM refers to the most recently completed 12-month period for which financial information has been made public; NA refers to Not Available.

Source: Bloomberg, Capital IQ and public filings.

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# IWCO: Preliminary Selected Benchmarking Data

Size (LTM Revenue, millions)	Size (\$) (Enterprise Value as of 11/22, millions)	Revenue Growth (FY 2019 to FY 2021 Revenue)	Revenue Growth (FY 2021 to FY 2022E Revenue)
<b>Printing Services</b>	<b>Printing Services</b>	<b>Printing Services</b>	<b>Printing Services</b>
Toppan Inc. \$12,922.8	Dai Nippon Printing Co., Ltd. \$5,885.5	Deluxe Corporation 0.3%	Deluxe Corporation 7.2%
Dai Nippon Printing Co., Ltd. \$11,613.4	Toppan Inc. \$5,760.2	Toppan Inc. -0.1%	Deluxe Corporation 4.2%
R. R. Donnelley & Sons Company \$4,935.1	Cimpress plc \$3,510.2	Cimpress plc -2.1%	Transcontinental Inc. 3.9%
Quad/Graphics, Inc. \$2,949.1	Deluxe Corporation \$3,089.7	Dai Nippon Printing Co., Ltd. -2.1%	R. R. Donnelley & Sons Company 3.2%
Cimpress plc \$2,663.6	R. R. Donnelley & Sons Company \$2,206.9	Ennis, Inc. -5.0%	Dai Nippon Printing Co., Ltd. 1.7%
Deluxe Corporation \$2,069.0	Transcontinental Inc. \$1,958.4	R. R. Donnelley & Sons Company -6.3%	Toppan Inc. 0.7%
Transcontinental Inc. \$2,080.0	Quad/Graphics, Inc. \$1,049.0	Transcontinental Inc. -8.8%	<b>IWCO</b> -25.7%
Kyodo Printing Co., Ltd. \$762.7	Ennis, Inc. \$443.4	<b>IWCO</b> -10.8%	Quad/Graphics, Inc. NA
Ennis, Inc. \$390.3	Kyodo Printing Co., Ltd. \$345.7	Quad/Graphics, Inc. NA	Ennis, Inc. NA
<b>IWCO</b> \$387.5		Kyodo Printing Co., Ltd. NA	Kyodo Printing Co., Ltd. NA
<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>
WPP plc \$16,992.4	WPP plc \$21,123.1	Publicis Groupe S.A. 3.5%	Chell Worldwide Inc. 10.8%
Omnicom Group Inc. \$14,190.6	Publicis Groupe S.A. \$10,597.7	The Interpublic Group of Companies, Inc. 1.6%	The Interpublic Group of Companies, Inc. 7.9%
Publicis Groupe S.A. \$11,151.4	Omnicom Group Inc. \$11,925.5	Dentsu Group Inc. -1.0%	Dentsu Group Inc. 7.7%
Dentsu Group Inc. \$8,938.0	The Interpublic Group of Companies, Inc. \$16,220.9	WPP plc -3.0%	Publicis Groupe S.A. 5.6%
The Interpublic Group of Companies, Inc. \$8,843.4	Dentsu Group Inc. \$10,374.9	Omnicom Group Inc. -4.6%	Omnicom Group Inc. 3.7%
Chell Worldwide Inc. \$2,570.7	Chell Worldwide Inc. \$1,428.0	Chell Worldwide Inc. -7.0%	WPP plc -1.1%
<b>IWCO</b> \$387.5		<b>IWCO</b> -10.8%	<b>IWCO</b> -25.7%
<b>Revenue Growth</b> (FY 2021 to FY 2022E Revenue)	<b>Adjusted EBITDA Growth</b> (FY 2019 to FY 2021 Adjusted EBITDA)	<b>Adjusted EBITDA Growth</b> (FY 2021 to FY 2022E Adjusted EBITDA)	<b>Adjusted EBITDA Growth</b> (FY 2021 to FY 2022E Adjusted EBITDA)
<b>Printing Services</b>	<b>Printing Services</b>	<b>Printing Services</b>	<b>Printing Services</b>
Cimpress plc 6.0%	Cimpress plc 13.7%	Cimpress plc 13.7%	Cimpress plc 7.8%
Deluxe Corporation 4.7%	R. R. Donnelley & Sons Company 6.0%	R. R. Donnelley & Sons Company 6.0%	Dai Nippon Printing Co., Ltd. 4.6%
Transcontinental Inc. 2.1%	Dai Nippon Printing Co., Ltd. 4.2%	Dai Nippon Printing Co., Ltd. 4.0%	<b>IWCO</b> 7.8%
Dai Nippon Printing Co., Ltd. 1.9%	Toppan Inc. 2.3%	Toppan Inc. 2.3%	Transcontinental Inc. 2.2%
Toppan Inc. 0.5%	Transcontinental Inc. 1.7%	Transcontinental Inc. 1.7%	Deluxe Corporation -7.8%
<b>IWCO</b> -12.2%	<b>IWCO</b> -10.5%	Deluxe Corporation -0.6%	Quad/Graphics, Inc. NA
Quad/Graphics, Inc. NA	Deluxe Corporation -11.8%	<b>IWCO</b> -57.6%	R. R. Donnelley & Sons Company NA
R. R. Donnelley & Sons Company NA	Quad/Graphics, Inc. NA	Quad/Graphics, Inc. NA	Ennis, Inc. NA
Ennis, Inc. NA	Ennis, Inc. NA	Ennis, Inc. NA	Kyodo Printing Co., Ltd. NA
Kyodo Printing Co., Ltd. NA	Kyodo Printing Co., Ltd. NA	Kyodo Printing Co., Ltd. NA	Toppan Inc. NA
<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>	<b>Diversified Marketing Services</b>
Chell Worldwide Inc. 9.4%	WPP plc 14.9%	WPP plc 14.9%	WPP plc 11.5%
Dentsu Group Inc. 6.1%	Chell Worldwide Inc. 14.3%	Chell Worldwide Inc. 14.3%	Chell Worldwide Inc. 11.0%
The Interpublic Group of Companies, Inc. 5.7%	The Interpublic Group of Companies, Inc. 13.1%	The Interpublic Group of Companies, Inc. 13.1%	The Interpublic Group of Companies, Inc. 8.1%
Publicis Groupe S.A. 4.5%	Omnicom Group Inc. 8.5%	Omnicom Group Inc. 8.5%	Omnicom Group Inc. 5.6%
Omnicom Group Inc. 3.0%	Publicis Groupe S.A. 5.4%	Publicis Groupe S.A. 5.4%	Publicis Groupe S.A. 4.9%
WPP plc -0.7%	Dentsu Group Inc. 4.9%	Dentsu Group Inc. 4.9%	<b>IWCO</b> 7.8%
<b>IWCO</b> -12.2%	<b>IWCO</b> -10.5%	<b>IWCO</b> -57.6%	Dentsu Group Inc. -1.2%

Note: No company shown for comparative purposes is identical to IWCO.

1. Based on public trading prices of common stock.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public, other than for IWCO, in which case LTM refers to Latest 12 Months.

NA refers to Not Available.

Sources: Bloomberg, Capital IQ, SC and IWCO managements, IWCO Projections and public filings.

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# IWCO: Preliminary Selected Benchmarking Data (cont.)

Profitability (LTM Adjusted EBITDA to LTM Revenue)		Profitability (FY 2022E to FY 2023E Average Adjusted EBITDA Margin)		Profitability (LTM Adjusted EBIT to LTM Revenue)		Profitability (FY 2022E to FY 2023E Average Adjusted EBIT Margin)	
<b>Printing Services</b>		<b>Printing Services</b>		<b>Printing Services</b>		<b>Printing Services</b>	
Deluxe Corporation	18.2%	<b>IWCO [1]</b>	<b>24.5%</b>	Deluxe Corporation	11.3%	Deluxe Corporation	18.1%
Transcontinental Inc.	17.2%	Transcontinental Inc.	17.1%	Ennis, Inc.	10.8%	Transcontinental Inc.	17.2%
Ennis, Inc.	15.6%	Deluxe Corporation	15.6%	Transcontinental Inc.	9.5%	Ennis, Inc.	15.2%
<b>IWCO</b>	<b>14.3%</b>	Cimpress plc	12.9%	<b>IWCO</b>	<b>3.9%</b>	Cimpress plc	12.4%
Cimpress plc	10.8%	Dai Nippon Printing Co., Ltd.	8.5%	Toppan Inc.	4.7%	<b>IWCO [1]</b>	<b>9.8%</b>
Dai Nippon Printing Co., Ltd.	9.1%	R. R. Donnelley & Sons Company	8.1%	R. R. Donnelley & Sons Company	4.7%	Toppan Inc.	8.5%
Toppan Inc.	8.9%	Ennis, Inc.	NA	Cimpress plc	4.2%	Dai Nippon Printing Co., Ltd.	8.1%
Quad/Graphics, Inc.	8.4%	Toppan Inc.	NA	Quad/Graphics, Inc.	2.9%	R. R. Donnelley & Sons Company	7.9%
R. R. Donnelley & Sons Company	7.4%	Quad/Graphics, Inc.	NA	Kyodo Printing Co., Ltd.	0.1%	Quad/Graphics, Inc.	NA
Kyodo Printing Co., Ltd.	7.0%	Kyodo Printing Co., Ltd.	NA			Kyodo Printing Co., Ltd.	NA
<b>Diversified Marketing Services</b>		<b>Diversified Marketing Services</b>		<b>Diversified Marketing Services</b>		<b>Diversified Marketing Services</b>	
Publicis Groupe S.A.	22.7%	Publicis Groupe S.A.	22.3%	Publicis Groupe S.A.	17.9%	Publicis Groupe S.A.	22.3%
Dentsu Group Inc.	21.6%	<b>IWCO [1]</b>	<b>24.6%</b>	The Interpublic Group of Companies, Inc.	16.5%	Dentsu Group Inc.	22.2%
The Interpublic Group of Companies, Inc.	19.7%	Dentsu Group Inc.	20.5%	Omnicom Group Inc.	14.0%	The Interpublic Group of Companies, Inc.	18.0%
Omnicom Group Inc.	15.5%	The Interpublic Group of Companies, Inc.	18.9%	Dentsu Group Inc.	13.9%	Omnicom Group Inc.	15.8%
<b>IWCO</b>	<b>14.3%</b>	WPP plc	17.1%	WPP plc	11.9%	WPP plc	14.1%
WPP plc	13.9%	Omnicom Group Inc.	16.6%	Cheil Worldwide Inc.	7.9%	<b>IWCO [1]</b>	<b>9.8%</b>
Cheil Worldwide Inc.	9.0%	Cheil Worldwide Inc.	9.2%	<b>IWCO</b>	<b>3.9%</b>	Cheil Worldwide Inc.	9.0%
<b>Relative Depreciation (LTM Depr. to LTM Adjusted EBITDA)</b>		<b>Internal Investment (LTM Capital Expenditures to LTM Revenue)</b>					
<b>Printing Services</b>		<b>Printing Services</b>					
Ennis, Inc.	30.7%	<b>IWCO</b>	<b>0.6%</b>				
R. R. Donnelley & Sons Company	36.6%	Ennis, Inc.	0.9%				
Deluxe Corporation	37.8%	Cimpress plc	1.5%				
Dai Nippon Printing Co., Ltd.	42.5%	R. R. Donnelley & Sons Company	1.8%				
Transcontinental Inc.	45.0%	Quad/Graphics, Inc.	1.8%				
Toppan Inc.	47.3%	Toppan Inc.	3.1%				
Cimpress plc	61.1%	Dai Nippon Printing Co., Ltd.	4.1%				
Quad/Graphics, Inc.	65.7%	Transcontinental Inc.	4.4%				
<b>IWCO</b>	<b>72.6%</b>	Deluxe Corporation	4.8%				
Kyodo Printing Co., Ltd.	95.1%	Kyodo Printing Co., Ltd.	8.3%				
<b>Diversified Marketing Services</b>		<b>Diversified Marketing Services</b>					
Omnicom Group Inc.	9.6%	Cheil Worldwide Inc.	0.3%				
Cheil Worldwide Inc.	12.1%	Omnicom Group Inc.	0.5%				
WPP plc	14.6%	<b>IWCO</b>	<b>0.8%</b>				
The Interpublic Group of Companies, Inc.	16.3%	Publicis Groupe S.A.	1.4%				
Publicis Groupe S.A.	21.4%	WPP plc	1.7%				
Dentsu Group Inc.	35.8%	The Interpublic Group of Companies, Inc.	2.0%				
<b>IWCO</b>	<b>72.6%</b>	Dentsu Group Inc.	2.1%				

Note: No company shown for comparative purposes is identical to IWCO.

1. IWCO Margin based on FY 2023E.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items.

Depr. refers to Depreciation.

E refers to Estimated.

LTM refers to the most recently completed 12-month period for which financial information has been made public, other than for IWCO, in which case LTM refers to Latest 12 Months.

NA refers to Not Available.

Sources: Bloomberg, Capital IQ, SC and IWCO managements, IWCO Projections and public filings.

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# IWCO: Preliminary Selected Transactions Analysis

## Printing Services

(dollars in millions)

Announced	Effective	Target	Acquiror	Transaction Value [1]	Transaction Value / LTM Adjusted EBITDA [2]	LTM Adjusted EBITDA Margin % [2]
<b>Printing Services</b>						
10/12/2021	Pending	R. R. Donnelley & Sons Company	Chatham Asset Management	\$2,215.2	6.2x	7.4% [3]
7/16/2020	10/1/2020	InnerWorkings, Inc.	HH Global Limited	\$253.1	6.8x	3.5%
2/26/2019	7/2/2019	Multi-Color Corporation	WS Packaging Group, Inc.	\$2,520.1	8.8x	16.5%
10/23/2018	12/10/2018	Communisys plc	Output Services Group, Inc.	\$224.7	5.9x	8.0%
2/15/2017	3/27/2017	The Garvey Group, LLC and Graphic Tech LLC	IntegraColor, LLC (nka:Orora Visual LLC)	\$54.0	5.8x	10.3%
12/15/2016	1/5/2017	Register Print Group Inc.	IntegraColor, LLC (nka:Orora Visual LLC)	\$44.0	5.8x	18.1%
12/1/2014	6/8/2015	Courier Communications LLC	R. R. Donnelley & Sons Company	\$307.5	8.4x	13.3%
10/24/2013	1/31/2014	Consolidated Graphics, Inc.	R. R. Donnelley & Sons Company	\$702.2	5.5x	12.2%
Low				\$44.0	5.5x	3.5%
High				\$2,520.1	8.8x	18.1%
Median				\$280.3	6.0x	11.3%
Mean				\$790.1	6.6x	11.2%

<b>Acquisition of IWCO</b>						
Announced	Effective	Target	Acquiror	Transaction Value [1]	Transaction Value / LTM Adjusted EBITDA [2]	LTM Adjusted EBITDA Margin % [2]
12/18/2017	12/15/2017	IWCO Direct	Modust.ink Global Solutions, Inc.	\$476.0	5.8x	17.5%

Note: No company used in this analysis for comparative purposes is identical to IWCO, and no transaction used in this analysis for comparative purposes is identical to the Revised Indication.  
 1. Transaction Value refers to the implied enterprise value of target company, based on the announced transaction equity price and other public information available at the time of the announcement.  
 2. Based on reported metric for the most recent LTM period for which information was made public prior to the announcement of the transaction.  
 3. On December 14, 2021, R.R. Donnelley & Sons Company announced that it had entered into a definitive merger agreement to be acquired by affiliates of Chatham Asset Management, LLC for \$10.85 per share in cash. R.R. Donnelley & Sons Company subsequently received an unsolicited non-binding proposal to be acquired by an undisclosed strategic party for \$11.00 per share in cash, which subsequent bid is not reflected in the implied transaction value and multiple shown above.  
 Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.  
 Sources: Capital IQ, public filings, press releases.

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# IWCO: Preliminary Selected Transactions Analysis (cont.)

## Diversified Marketing Services

(dollars in millions)

<u>Announced</u>	<u>Effective</u>	<u>Target</u>	<u>Acquiror</u>	<u>Transaction Value [1]</u>	<u>Transaction Value / LTM Adjusted EBITDA [2]</u>	<u>LTM Adjusted EBITDA Margin % [2]</u>
<b>Diversified Marketing Services</b>						
6/28/2021	9/7/2021	ZetaDisplay AB	Alpha Acquisition AB	\$109.1	16.5x	15.0%
12/21/2020	8/2/2021	MDC Partners Inc.	Stagwell Media LP ; The Stagwell Group LLC	\$1,201.4	9.2x	10.5%
2/25/2020	4/27/2020	Growww Media Co., Ltd.	Hakuhodo Zeta Inc.	\$96.0	6.2x	11.7%
12/10/2019	4/20/2020	Sanoma Media Netherlands	DPG Media	\$510.4	6.5x	19.7%
10/8/2019	10/25/2019	Firewood Marketing, Inc.	MediaMonks	\$150.0	13.2x	NA
4/14/2019	7/2/2019	Epsilon Data Management, LLC	Publicis Groupe Holdings B.V.; MMS USA Investments, Inc.	\$4,400.0	8.2x	28.2%
12/4/2018	12/24/2018	MightyHive, Inc.	S4 Capital plc	\$150.0	13.5x	27.3%
10/31/2018	11/2/2018	Eleven Inc.	Vision 7 Communications U.S. Inc.	\$30.0	NA	NA
1/2/2018	4/1/2018	Daehong Communications Inc.	LOTTE Corporation	\$208.6	5.5x	9.7%
12/22/2017	8/24/2018	Goldbach Group AG	Tamedia AG	\$180.7	4.8x	7.4%
10/2/2017	12/7/2017	Asatsu-DK Inc	Bain Capital Private Equity, LP	\$1,186.5	17.3x	2.2%
5/11/2017	7/3/2017	Havas SA	Vivendi SA	\$4,069.8	9.9x	16.6%
2/20/2017	4/12/2017	SinnerSchrader Aktiengesellschaft	Accenture Holding GmbH & Co. KG	\$103.4	16.9x	NA
11/17/2016	12/23/2016	Creston plc	RedWhiteBlue Champion Limited	\$89.3	5.5x	12.0%
8/3/2016	9/27/2016	Sizmek Inc	Vector Capital	\$76.8	8.8x	4.7%
Low				\$30.0	4.8x	2.2%
High				\$4,400.0	17.3x	28.2%
Median				\$150.0	9.0x	11.8%
Mean				\$837.5	10.1x	13.7%

Note: No company used in this analysis for comparative purposes is identical to IWCO, and no transaction used in this analysis for comparative purposes is identical to the Revised Indication.  
 1. Transaction Value refers to the implied enterprise value of target company, based on the announced transaction equity price and other public information available at the time of the announcement.  
 2. Based on reported metric for the most recent LTM period prior to the announcement of the transaction.  
 Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.  
 NA refers to Not Available.  
 Sources: Capital IQ, public filings, press releases.

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# IWCO: Preliminary Discounted Cash Flow Analysis

(dollars in millions)

	Projected Fiscal Year Ending July 31,				Terminal Value Assumptions
	2022E [1]	2023E	2024E	2025E	
Revenue	\$202.4	\$298.5	\$313.8	\$332.4	\$332.4
Growth %	-25.7%	3.7%	5.1%	5.9%	
Cost of Sales (Goods Sold)	(160.9)	(206.6)	(217.2)	(231.6)	(231.6)
Selling, General, and Administrative	(56.6)	(70.1)	(64.4)	(66.5)	(37.7)
Depreciation and Amortization (Book Basis)	23.7	35.0	35.7	36.8	8.0
Total Adjustments	9.7	7.5	0.0	0.0	0.0
<b>Adjusted EBITDA</b>	<b>\$18.3</b>	<b>\$64.3</b>	<b>\$67.9</b>	<b>\$71.2</b>	<b>\$71.2</b>
Margin %	9.0%	21.5%	21.6%	21.4%	21.4%
Total Adjustments [2]	(0.7)	0.0	0.0	0.0	0.0
Depreciation and Amortization (Tax Basis) [3]	(10.3)	(13.8)	(13.8)	(12.4)	(8.0)
<b>Taxable EBIT</b>	<b>\$7.3</b>	<b>\$50.4</b>	<b>\$54.1</b>	<b>\$58.8</b>	<b>\$63.2</b>
Taxes [4]	(1.9)	(13.1)	(14.1)	(15.3)	(16.4)
<b>Unlevered Earnings</b>	<b>\$5.4</b>	<b>\$37.3</b>	<b>\$40.0</b>	<b>\$43.5</b>	<b>\$46.8</b>
Depreciation and Amortization (Tax Basis) [3]	10.3	13.8	13.8	12.4	8.0
Capital Expenditures	(0.9)	(5.2)	(5.0)	(8.0)	(8.0)
Change in Net Working Capital	1.3	(0.8)	(0.7)	(0.8)	(0.8)
Other [5]	0.5	(1.1)	(0.3)	(0.2)	0.0
<b>Unlevered Free Cash Flows</b>	<b>\$16.6</b>	<b>\$44.1</b>	<b>\$47.8</b>	<b>\$46.9</b>	<b>\$46.0</b>

Discount Rate	Present Value of Cash Flows (2022 - 2025)	+	PV of Terminal Value Based on Perpetual Growth Rate for 2025 Unlevered Free Cash Flow			=	Implied Enterprise Value		
			0.00%	1.00%	2.00%		0.00%	1.00%	2.00%
11.00%	\$128.3		\$304.0	\$337.7	\$379.0	\$432.3	\$466.1	\$507.3	
11.50%	\$127.3		\$286.8	\$317.3	\$354.2	\$414.1	\$444.6	\$481.4	
12.00%	\$126.3		\$271.1	\$298.7	\$331.9	\$397.4	\$425.0	\$458.1	
12.50%	\$125.3		\$256.8	\$281.9	\$311.8	\$382.0	\$407.2	\$437.1	
13.00%	\$124.3		\$243.6	\$266.5	\$293.6	\$367.9	\$390.8	\$417.9	

Discount Rate	Implied 2025E Adjusted EBITDA Terminal Multiple [6]		
	0.00%	1.00%	2.00%
11.00%	6.2x	6.9x	7.7x
11.50%	5.9x	6.6x	7.3x
12.00%	5.7x	6.3x	7.0x
12.50%	5.5x	6.0x	6.7x
13.00%	5.3x	5.8x	6.4x

Discount Rate	PV of Terminal Value as a % of Enterprise Value		
	0.00%	1.00%	2.00%
11.00%	70.3%	72.5%	74.7%
11.50%	69.3%	71.4%	73.6%
12.00%	68.2%	70.3%	72.4%
12.50%	67.2%	69.2%	71.3%
13.00%	66.2%	68.2%	70.3%

Note: Present values as of 1/10/22, mid-year convention applied.

- Represents a 9.0-month stub period.
  - Excludes cash flow impact of restructuring expenses included in SG&A, which is separately captured in the preliminary financial analyses.
  - Reflects depreciation and amortization expense on a tax basis, per SC and IWCO managements.
  - Tax at 26.0%, per SC and IWCO managements.
  - Includes 606 adjustment.
  - Implied from corresponding discount rate and perpetual growth rate applied to 2025 unlevered free cash flow.
- Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.  
 EBIT refers to Earnings Before Interest and Taxes.  
 E refers to Estimated.  
 PV refers to Present Value.  
 Source: SC and IWCO managements, IWCO Projections.

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# Preliminary Selected Observations Related to ModusLink

## 1 General Observations

- In recent years, ModusLink management implemented an operating improvement plan involving strategic exits from unprofitable customers and right-sizing its cost structure (including elimination of ~\$23mm of direct labor costs)
- ModusLink has a number of longstanding blue chip customers, but faces substantial customer concentration challenges
- With successful implementation of cost savings initiatives, ModusLink has focused on sourcing growth through (i) cross-selling at top customers and (ii) adding new logos
- However, FY 2021 saw year-over-year VAR declines due to the following factors:
  - Continued customer exits
  - End-market headwinds at certain top customers
  - Challenges in converting marketing efforts into new wins (including due to ongoing build-out of sourcing infrastructure)

## 3 Sales Process Observations & Updates

- 200+ parties contacted between launch in early 2019 and re-launch in early 2020
- Four LOIs received, with offers ranging between ~\$15mm – \$60mm<sup>1</sup>
- Certain considerations raised by parties during prior sales process remain: (i) No clear path to winning new logos / diversifying customer base / achieving sustained topline growth; (ii) Complexity of global operations raises scalability concerns; (iii) Unsustainable lack of investment in the business
- Over the last ~3-4 months, ModusLink held discussions with multiple parties around a potential sale
  - In September 2021 ModusLink was approached by a party that had previously expressed interest in 2019 & 2020, with preliminary discussions resulting in an LOI based on \$70mm valuation<sup>2</sup>
  - Outreach by ModusLink to two additional parties in consultation with advisors, but neither has provided a proposal
  - Discussions on hold amid headwinds in baseline business

## 2 Financial Updates Since 9/9/2021SC Discussion

- FY 2021 results registered in-line with preliminary estimates provided in the July 2021 ML Projections, with the back half of the fiscal year impacted by lower volumes as factors including the shortage in semiconductor chips reduced demand at certain top customers
  - VAR in 2H was \$51.6mm, compared to \$65.5mm in 1H
- Q1 FY 2022 financial results exhibited a similar pattern to 2H FY 2021 and were substantially lower than the year-ago period:
  - VAR in Q1 FY 2022 was \$25.3mm, compared to \$33.8mm in Q1 FY 2021 (~25% decline)
  - Adjusted EBITDA in Q1 FY 2022 was \$2.1mm, compared to \$8.9mm in Q1 FY 2021 (~76% decline)
- ML Projections for FY 2022 have been adjusted relative to the July 2021 ML Projections to reflect the following factors:
  - ModusLink continues to face headwinds at certain top customers
  - New business wins are on track to substantially exceed recent performance on this metric
  - Net effect is a reduction in Adj. EBITDA from \$17.7mm previously to \$12.4mm currently
- Long-term outlook generally remains unchanged, with no changes to ML Projections for FY 2023 – FY 2025

## 4 Open Items & Additional Considerations

- ModusLink's existing credit facility provides for an option to distribute up to \$10mm of available cash from ModusLink to Steel Connect
- Potential exercise of the distribution option will depend on ModusLink's financial performance, working capital needs and the component of existing cash subject to repatriation
- ModusLink management and Steel Connect management continue to evaluate the availability of excess cash at ModusLink
- Steel Connect management may consider amendments to the existing credit facility (which matures in December 2022) to extend maturity and/or to permit cash distributions from ModusLink to Steel Connect

1. Documentation of \$60 million offer subject to confirmation. 2. Per discussions with ModusLink management, unclear how much of existing cash balance is factored into the valuation. Source: SC and ML managements, financial advisor.

# ModusLink Historical and Projected Financial Information

(dollars in millions)

	Fiscal Year Ended July 31,				Fiscal Year Ending July 31,				CAGR 2019 to 2021	CAGR 2021 to 2025E
	2019	2020	2021	LTM Ended 10/31/2021	2022E	2023E	2024E	2025E		
<b>Revenue</b>	<b>\$332.9</b>	<b>\$338.5</b>	<b>\$226.3</b>	<b>\$206.4</b>	<b>\$206.8</b>	<b>\$240.3</b>	<b>\$249.5</b>	<b>\$259.3</b>	<b>-17.6%</b>	<b>3.5%</b>
Growth %		1.7%	-33.1%		-8.6%	16.2%	3.8%	3.9%		
Cost of Materials	(191.4)	(190.3)	(109.0)	(97.7)	(87.1)	(116.8)	(121.3)	(126.0)		
<b>A VAR</b>	<b>\$141.5</b>	<b>\$148.2</b>	<b>\$117.2</b>	<b>\$108.7</b>	<b>\$119.7</b>	<b>\$123.5</b>	<b>\$128.3</b>	<b>\$133.3</b>	<b>-9.0%</b>	<b>3.3%</b>
Growth %		4.7%	-20.9%		2.1%	3.2%	3.8%	3.9%		
% of Revenue	42.5%	43.8%	51.8%	52.7%	57.9%	51.4%	51.4%	51.4%		
Cost of Goods Sold	(106.0)	(84.4)	(69.5)	(67.5)	(77.1)	(74.1)	(77.0)	(80.0)		
<b>B Gross Profit</b>	<b>\$35.5</b>	<b>\$63.8</b>	<b>\$47.7</b>	<b>\$41.2</b>	<b>\$42.6</b>	<b>\$49.4</b>	<b>\$51.3</b>	<b>\$53.3</b>	<b>15.9%</b>	<b>2.8%</b>
% of Revenue	10.7%	18.8%	21.1%	19.9%	20.6%	20.6%	20.6%	20.6%		
% of VAR	25.1%	43.0%	40.7%	37.9%	35.6%	40.0%	40.0%	40.0%		
Operating Expenses	(39.3)	(35.8)	(39.1)	(36.9)	(32.6)	(35.4)	(35.4)	(35.4)		
Depreciation and Amortization	5.6	4.1	3.4	3.2	2.2	3.5	3.5	3.5		
Total Adjustments [1]	7.2	2.4	5.3	3.1	0.2	0.0	0.0	0.0		
<b>C Adjusted EBITDA</b>	<b>\$9.1</b>	<b>\$34.4</b>	<b>\$17.3</b>	<b>\$10.5</b>	<b>\$12.4</b>	<b>\$17.5</b>	<b>\$19.4</b>	<b>\$21.4</b>	<b>38.1%</b>	<b>5.5%</b>
Growth %		279.7%	-49.8%		-28.3%	41.4%	10.8%	10.3%		
% of Revenue	2.7%	10.2%	7.6%	5.1%	6.0%	7.3%	7.8%	8.3%		
% of VAR	6.4%	23.2%	14.7%	9.6%	10.3%	14.2%	15.1%	16.1%		
Depreciation and Amortization	(5.6)	(4.1)	(3.4)	(3.2)	(2.2)	(3.5)	(3.5)	(3.5)		
<b>Adjusted EBIT</b>	<b>\$3.4</b>	<b>\$30.3</b>	<b>\$13.9</b>	<b>\$7.3</b>	<b>\$10.2</b>	<b>\$14.0</b>	<b>\$15.9</b>	<b>\$17.9</b>	<b>101.7%</b>	<b>6.6%</b>
Growth %		788.2%	-54.2%		-26.5%	37.4%	13.5%	12.6%		
% of Revenue	1.0%	8.9%	6.1%	3.5%	4.9%	5.8%	6.4%	6.9%		

1. Total Adjustments:

Severance	1.0	3.1	(0.1)	(0.3)	0.7	0.0	0.0	0.0
Provision for Asset Impairment	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bad Debt Expense	0.9	0.2	(0.0)	0.1	(0.0)	0.0	0.0	0.0
Cyber-Attack Impact	1.5	(0.7)	0.0	(0.0)	0.0	0.0	0.0	0.0
Penalties & Fines	0.8	(0.2)	(0.0)	(0.1)	(0.0)	0.0	0.0	0.0
SAP Project Costs	0.0	0.0	2.6	2.6	0.0	0.0	0.0	0.0
France / Hungary non-cash charge	0.0	0.0	1.6	0.0	0.0	0.0	0.0	0.0
eBusiness PCL charge	0.0	0.0	1.2	0.8	(0.5)	0.0	0.0	0.0
<b>Total Adjustments</b>	<b>\$7.2</b>	<b>\$2.4</b>	<b>\$5.3</b>	<b>\$3.1</b>	<b>\$0.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items; CAGR refers to Compound Annual Growth Rate; E refers to Estimated; FY refers to Fiscal Year; VAR refers to Value-Added Revenue.

Source: SC and ML managements, historical figures per SC and ML managements and public filings; projected figures per ML Projections.

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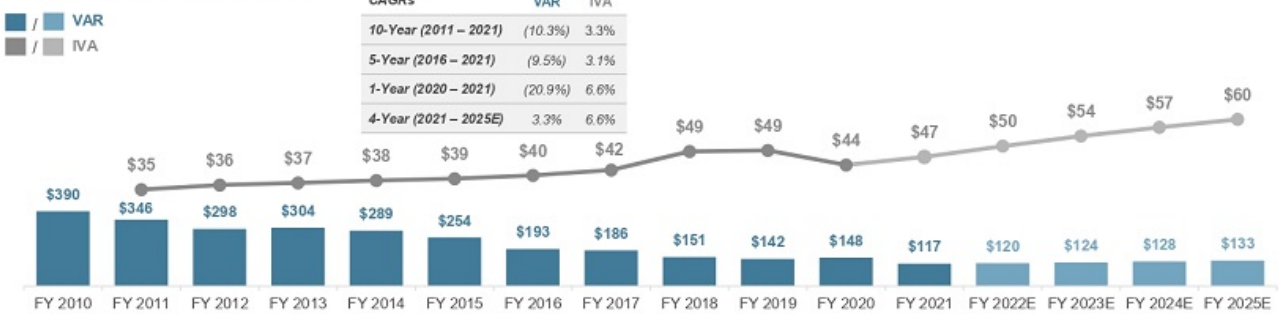
## Selected Commentary

- A** After stabilizing in FY 2019 – FY 2020, VAR declined by ~21% in FY 2021 as a result of (i) customer exits and (ii) organic volume declines at certain top customers. VAR is expected to stabilize again, growing at ~3.3% over the projection period.
- B** Gross profit nearly doubled between FY 2019 and FY 2020 amid a management program to cut direct labor costs and exit unprofitable accounts, with gross margins generally projected to remain elevated (at levels near FY 2021 performance).
- C** ModusLink management is forecasting that Adjusted EBITDA will generally grow at a CAGR of ~5.5% after FY 2021, driven primarily by (i) new business VAR outpacing erosion in the baseline business and (ii) continued cost discipline supporting elevated profit margins.
- D** ModusLink is facing a decline in demand from certain customers, including due to the semiconductor chip shortage, which has impacted LTM and FY 2022 performance. ModusLink management believes that some recovery in demand from such customers, coupled with new business wins, will lead to a rebound in the outer years of the projection period.

# ModusLink Long-Term Value Added-Revenue (VAR) Performance

## ModusLink VAR vs. Third Party Logistics Industry Value Added ("IVA")<sup>1</sup>

(VAR dollars in millions; IVA dollars in billions)



## VAR: New Business vs. Erosion

(dollars in millions)



1. Defined as the market value of goods and services produced by the industry minus the cost of goods and services used in production. Also described as the industry's contribution to GDP, or profit plus wages and depreciation, per IBIS World; 2. Refers to fiscal years for ModusLink and calendar years for industry data.  
 CAGR refers to Compound Annual Growth Rate; E refers to Estimated; FY refers to Fiscal Year; VAR refers to Value-Added Revenue.  
 Source: SC and ML managements, IBIS World, World Bank, historical figures per SC and ML managements and public filings, projected figures per ML Projections.  
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# ModusLink Profitability Observations

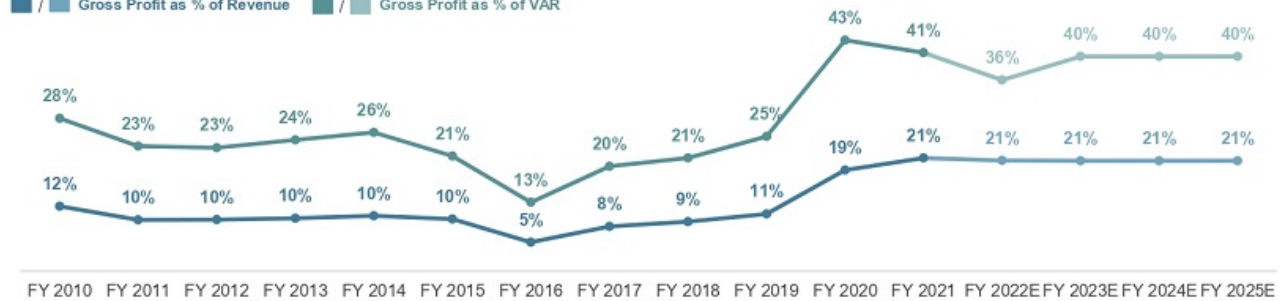
## Gross Profit<sup>1</sup>

(dollars in millions)



## Gross Margins<sup>1</sup>

■ / ■ Gross Profit as % of Revenue ■ / ■ Gross Profit as % of VAR

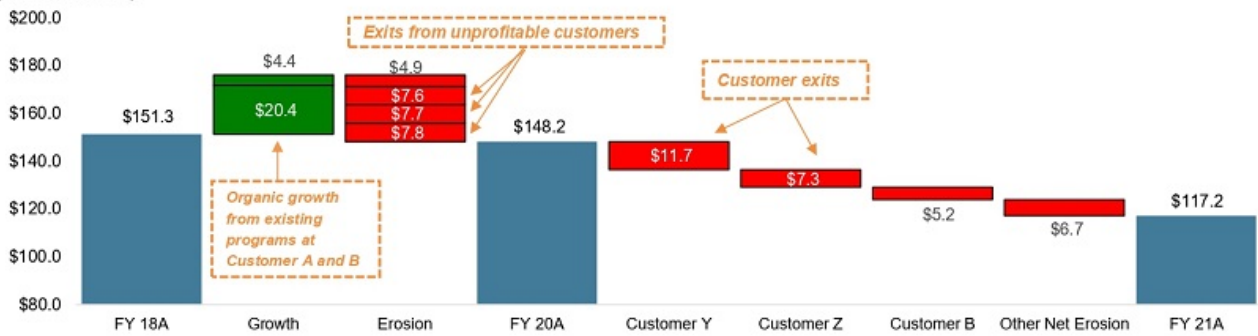


<sup>1</sup> Data shown for FY 2010 – FY 2017 represents information for the entire company (prior to the acquisition of IWCO). E refers to Estimated; FY refers to Fiscal Year; VAR refers to Value-Added Revenue. Source: Historical figures per SC and ML managements and public filings; projected figures per ML Projections. CONFIDENTIAL - PRELIMINARY DRAFT - SUBJECT TO FURTHER REVIEW

# ModusLink FY 2018 to FY 2021 VAR & Gross Profit Bridge

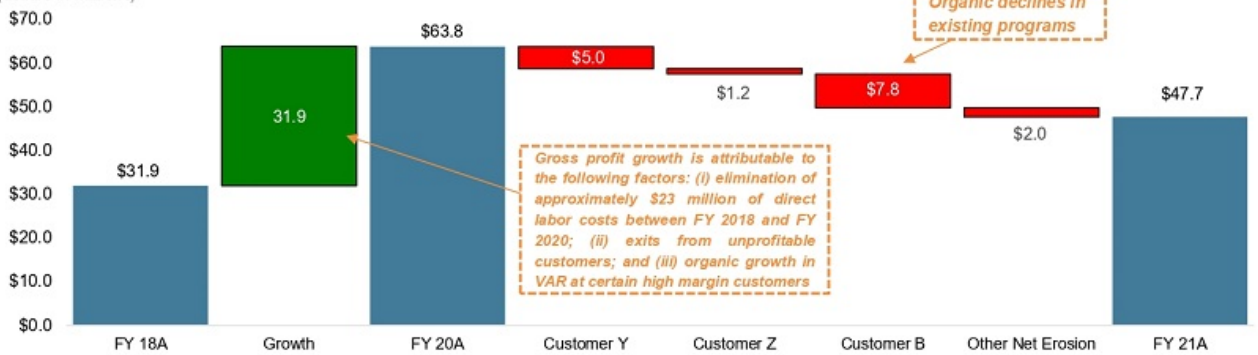
## VAR Bridge

(dollars in millions)



## Gross Profit Bridge

(dollars in millions)



E refers to Estimated. FY refers to Fiscal Year; VAR refers to Value-Added Revenue.  
 Source: SC and ML managements.  
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# ModusLink FY 2021 to FY 2022E VAR & Gross Profit Bridge

## VAR Bridge

(dollars in millions)



▪ *FY 2022 VAR is projected to grow as new business gains slightly offset the pullback in existing accounts. Nearly all of the VAR pullback across key accounts is attributable to Customer B.*

## Gross Profit Bridge

(dollars in millions)



▪ *Gross profit erosion attributable to (i) certain fixed costs associated with operations of existing accounts and (ii) customer/product mix.*

*E* refers to Estimated. *FY* refers to Fiscal Year, *VAR* refers to Value-Added Revenue.  
 Source: SC and ML managements, ML Projections.  
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# ModusLink: Preliminary Selected Companies Analysis

(dollars in millions, except per share values)

Selected Company	Share Price [2]	Equity Market Value [2,3]	Enterprise Value [2,3]	Enterprise Value [1] to Adjusted EBITDA		
				LTM	FY 2022E [4]	FY 2023E [4]
Celestica Inc.	\$11.72	\$1,607.2	\$1,701.8	8.3x	4.7x	4.2x
CJ Logistics Corporation	\$107.76	\$2,149.2	\$3,697.1	5.4x	5.3x	4.8x
Clipper Logistics plc	\$15.86	\$1,665.9	\$1,664.2	26.5x	13.1x	11.7x
Deutsche Post AG	\$64.41	80,507.7	84,497.6	7.7x	6.3x	6.2x
FedEx Corporation	\$264.91	71,710.4	85,380.4	8.6x	7.6x	7.0x
Flex Ltd.	\$18.67	9,109.7	10,436.7	6.3x	6.7x	6.2x
Jabil Inc.	\$71.29	10,698.9	12,668.9	6.3x	5.2x	5.3x
Kerry Logistics Network Limited	\$2.50	4,523.5	5,464.2	8.0x	7.0x	7.8x
Kuehne + Nagel International AG	\$319.60	38,654.3	37,367.6	15.1x	10.8x	11.9x
United Parcel Service, Inc.	\$217.29	189,750.1	201,312.1	14.0x	12.7x	12.1x
Wincanton plc	\$4.95	630.7	652.9	7.1x	4.5x	4.1x
GXO Logistics, Inc.	\$89.84	10,389.4	11,129.4	19.4x	16.2x	14.1x
Low				5.4x	4.5x	4.1x
High				26.5x	16.2x	14.1x
Median				8.2x	6.9x	6.6x
Mean				11.1x	8.3x	8.0x

Note: No company used in this analysis for comparative purposes is identical to ModusLink.

1. Enterprise Value equals equity market value + debt outstanding + preferred stock + minority interests – cash and cash equivalents.

2. Based on closing prices as of 1/4/22.

3. Based on diluted shares.

4. Multiples based on forward looking financial information have been calendarized to ModusLink's fiscal year end of July 31 for all of the selected companies, except for Jabil Inc., whose fiscal year end is August 31.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public.

Source: Bloomberg, Capital IQ and public filings.

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# ModusLink: Preliminary Selected Benchmarking Data

Size (LTM Revenue, millions)	Size (\$) (Enterprise Value as of 11/22, millions)	Revenue Growth (FY 2019 to FY 2021 Revenue)	Revenue Growth (FY 2021 to FY 2023E Revenue)
United Parcel Service, Inc. \$94,412.0	United Parcel Service, Inc. \$201,312.1	Kerry Logistics Network Limited 31.7%	Clipper Logistics plc 10.0%
FedEx Corporation \$89,552.0	FedEx Corporation \$85,380.4	Clipper Logistics plc 26.6%	GXO Logistics, Inc. 7.9%
Deutsche Post AG \$87,629.4	Deutsche Post AG \$84,497.6	Kuehne + Nagel International AG 12.2%	Celestica Inc. 5.0%
Jabil Inc. \$30,019.0	Kuehne + Nagel International AG \$37,367.6	United Parcel Service, Inc. 11.8%	Wincanton plc 4.8%
Kuehne + Nagel International AG \$29,910.9	Jabil Inc. \$12,668.9	FedEx Corporation 10.8%	FedEx Corporation 4.7%
Flex Ltd. \$25,557.0	GXO Logistics, Inc. \$11,129.4	Deutsche Post AG 8.8%	Kerry Logistics Network Limited 4.6%
CJ Logistics Corporation \$9,295.1	Flex Ltd. \$10,436.7	GXO Logistics, Inc. 8.0%	Jabil Inc. 4.3%
Kerry Logistics Network Limited \$9,148.0	Kerry Logistics Network Limited \$5,464.2	Jabil Inc. 7.6%	United Parcel Service, Inc. 3.7%
GXO Logistics, Inc. \$7,231.1	CJ Logistics Corporation \$3,697.1	CJ Logistics Corporation 5.8%	Kuehne + Nagel International AG 3.6%
Celestica Inc. \$5,987.0	Celestica Inc. \$1,701.8	Wincanton plc 4.1%	Deutsche Post AG 3.3%
Wincanton plc \$1,805.1	Clipper Logistics plc \$1,864.2	Flex Ltd. -2.0%	Flex Ltd. 3.2%
Clipper Logistics plc \$1,079.1	Wincanton plc \$652.9	Celestica Inc. -4.3%	<b>ModusLink</b> 3.1%
<b>ModusLink</b> \$296.4		<b>ModusLink</b> -17.6%	CJ Logistics Corporation 3.0%
Adjusted EBITDA Growth (FY 2019 to FY 2021 Adjusted EBITDA)	Adjusted EBITDA Growth (FY 2021 to FY 2023E Adjusted EBITDA)	Profitability (LTM Adjusted EBITDA to LTM Revenue)	Profitability (FY 2022E to FY 2023E Average Adjusted EBITDA Margin)
Kuehne + Nagel International AG 42.4%	Clipper Logistics plc 22.8%	United Parcel Service, Inc. 15.2%	United Parcel Service, Inc. 16.2%
Deutsche Post AG 39.7%	Wincanton plc 14.9%	Deutsche Post AG 12.5%	Deutsche Post AG 14.9%
<b>ModusLink</b> 38.1%	GXO Logistics, Inc. 13.6%	FedEx Corporation 11.1%	FedEx Corporation 12.3%
Clipper Logistics plc 37.4%	Celestica Inc. 10.6%	Kuehne + Nagel International AG 8.3%	Clipper Logistics plc 10.8%
Kerry Logistics Network Limited 28.6%	Jabil Inc. 7.9%	GXO Logistics, Inc. 7.9%	Kuehne + Nagel International AG 10.1%
Flex Ltd. 16.2%	Deutsche Post AG 7.8%	Kerry Logistics Network Limited 6.8%	GXO Logistics, Inc. 8.6%
United Parcel Service, Inc. 15.8%	FedEx Corporation 7.1%	CJ Logistics Corporation 7.4%	Wincanton plc 8.0%
Celestica Inc. 15.4%	United Parcel Service, Inc. 7.0%	Jabil Inc. 6.7%	CJ Logistics Corporation 7.4%
CJ Logistics Corporation 12.9%	CJ Logistics Corporation 5.6%	Flex Ltd. 6.5%	Kerry Logistics Network Limited 7.3%
FedEx Corporation 12.5%	Kuehne + Nagel International AG 5.4%	Clipper Logistics plc 5.8%	Jabil Inc. 7.1%
Jabil Inc. 12.0%	Flex Ltd. 3.9%	Wincanton plc 5.1%	<b>ModusLink</b> 6.7%
GXO Logistics, Inc. 9.4%	<b>ModusLink</b> 0.7%	<b>ModusLink</b> 5.1%	Flex Ltd. 6.2%
Wincanton plc 5.9%	Kerry Logistics Network Limited -0.9%	Celestica Inc. -3.4%	Celestica Inc. 6.1%
Profitability (LTM Adjusted EBIT to LTM Revenue)	Profitability (FY 2022E to FY 2023E Average Adjusted EBIT Margin)	Relative Depreciation (LTM Depr. to LTM Adjusted EBITDA)	Internal Investment (LTM Capital Expenditures to LTM Revenue)
United Parcel Service, Inc. 12.1%	United Parcel Service, Inc. 13.2%	Wincanton plc 7.8%	<b>ModusLink [2]</b> 6.5%
Deutsche Post AG 10.3%	Deutsche Post AG 9.9%	Kuehne + Nagel International AG 10.6%	Wincanton plc 0.7%
Kuehne + Nagel International AG 7.4%	FedEx Corporation 7.9%	Clipper Logistics plc 15.8%	Kuehne + Nagel International AG 0.7%
FedEx Corporation 6.7%	Kuehne + Nagel International AG 7.4%	Deutsche Post AG 17.6%	Celestica Inc. 1.0%
Kerry Logistics Network Limited 6.2%	<b>ModusLink</b> 5.4%	United Parcel Service, Inc. 20.2%	Flex Ltd. 1.5%
Clipper Logistics plc 4.9%	Kerry Logistics Network Limited 5.3%	Kerry Logistics Network Limited 20.4%	Clipper Logistics plc 1.6%
Wincanton plc 4.7%	Wincanton plc 4.8%	<b>ModusLink</b> 39.2%	Kerry Logistics Network Limited 1.9%
Flex Ltd. 4.2%	GXO Logistics, Inc. 4.8%	Flex Ltd. 35.1%	CJ Logistics Corporation 2.1%
Jabil Inc. 3.7%	Flex Ltd. 4.6%	FedEx Corporation 39.3%	GXO Logistics, Inc. 3.4%
<b>ModusLink</b> 3.5%	Jabil Inc. 4.5%	Jabil Inc. 44.8%	Jabil Inc. 3.6%
CJ Logistics Corporation 3.0%	Celestica Inc. 4.2%	Celestica Inc. 44.9%	Deutsche Post AG 4.6%
GXO Logistics, Inc. 2.7%	CJ Logistics Corporation 3.6%	CJ Logistics Corporation 60.2%	United Parcel Service, Inc. 5.0%
Celestica Inc. 1.9%		GXO Logistics, Inc. 66.2%	FedEx Corporation 6.9%

Note: No company shown for comparative purposes is identical to ModusLink; certain selected companies do not report VAR.

1. Based on public trading prices of common stock.

2. Represents FY 2021 Capital Expenditures to FY 2021 Revenue.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items.

Depr. refers to Depreciation.

E refers to Estimated.

LTM refers to the most recently completed 12-month period for which financial information has been made public, other than for ModusLink, in which case LTM refers to Latest 12 Months.

Source: Bloomberg, Capital IQ, SC and ML managements, public filings, and ML Projections.

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# ModusLink: Preliminary Selected Transactions Analysis

(dollars in millions)

Announced	Effective	Target	Acquirer	Transaction Value [1]	Transaction Value / LTM Adjusted EBITDA [2]	LTM Adjusted EBITDA Margin % [2]
9/10/2021	11/23/2021	Echo Global Logistics, Inc	The Jordan Company, L.P.	\$1,340.4	13.2x	3.2%
8/6/2021	10/1/2021	B2C Europe Holding B.V.	A.P. Møller - Mærsk A/S	\$86.0	11.0x	NA
8/6/2021	8/6/2021	Visible Supply Chain Management, LLC	A.P. Møller - Mærsk A/S	\$838.0	13.0x	NA
7/22/2021	11/15/2021	Transplace Inc	Uber Freight LLC	\$2,250.0	NMF	NA
7/8/2021	Pending	Imperial Logistics Limited	DP World Limited	\$1,237.4	6.1x	5.6%
7/1/2021	Pending	Syncreon.US Inc.	DP World Limited	\$1,200.0	NA	NA
6/30/2021	6/30/2021	Quad Logistics Services, LLC	Mullen Group Ltd.	\$40.0	8.0x	NA
4/27/2021	8/16/2021	Agility Global Integrated Logistics	DSV Panalpina A/S	\$4,200.0	16.3x	6.4%
5/12/2021	5/12/2021	Lasership, Inc.	American Securities LLC	\$1,700.0	13.0x	NA
3/17/2021	3/17/2021	AIT Worldwide Logistics, Inc.	The Jordan Company, L.P.	\$1,200.0	NA	NA
12/9/2020	7/7/2021	Ingram Micro Inc.	Platinum Equity, LLC	\$7,200.0	6.9x	2.3%
02/19/2020	1/4/2020	Performance Team LLC	A.P. Møller - Mærsk A/S	\$545.0	6.1x	17.1%
1/28/2020	3/2/2020	Prime Distribution Services, Inc.	C.H. Robinson Worldwide, Inc.	\$225.0	NA	NA
11/5/2018	12/3/2018	CaseStack, Inc.	Hub Group, Inc.	\$255.0	11.6x	9.1%
2/17/2015	5/29/2015	APL Logistics Ltd	Kintetsu World Express, Inc.	\$1,200.0	15.0x	4.8%
12/15/2014	1/30/2015	FedEx Supply Chain Distribution System, Inc.	FedEx Corporation	\$1,380.0	NA	NA
7/29/2014	9/2/2014	New Breed Holding Company	XPO Logistics, Inc.	\$615.0	8.0x	12.9%
Low				\$40.0	6.1x	2.3%
High				\$7,200.0	16.3x	17.1%
Median				\$1,200.0	11.3x	6.0%
Mean				\$1,500.7	10.7x	7.7%

Note: No company used in this analysis for comparative purposes is identical to ModusLink, and no transaction used in this analysis for comparative purposes is identical to the Revised Indication.

1. Transaction Value refers to the implied enterprise value of target company, based on the announced transaction equity price and other public information available at the time of the announcement.

2. Based on reported metric for the most recent LTM period prior to the announcement of the transaction.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

NA refers to Not Available.

NMF refers to Not Meaningful Figure.

Sources: Capital IQ, public filings, press releases.

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# ModusLink: Preliminary Discounted Cash Flow Analysis

(dollars in millions)

	Projected Fiscal Year Ending July 31,				Terminal Value Assumptions
	2022E (1)	2023E	2024E	2025E	
Revenue	\$162.4	\$240.3	\$249.5	\$259.3	\$259.3
Growth %	-8.6%	16.2%	3.8%	3.9%	
Cost of Materials	(68.0)	(116.8)	(121.3)	(126.0)	(126.0)
Cost of Sales (Goods Sold)	(61.2)	(74.1)	(77.0)	(80.0)	(80.0)
Operating Expenses	(25.2)	(35.4)	(35.4)	(35.4)	(36.9)
Depreciation and Amortization	1.6	3.5	3.5	3.5	5.0
Total Adjustments	0.7	0.0	0.0	0.0	0.0
Adjusted EBITDA	\$10.3	\$17.5	\$19.4	\$21.4	\$21.4
% of Revenue	6.3%	7.3%	7.8%	8.3%	8.3%
Depreciation and Amortization	(1.6)	(3.5)	(3.5)	(3.5)	(5.0)
Adjusted EBIT	\$8.7	\$14.0	\$15.9	\$17.9	\$16.4
Taxes [2]	(2.2)	(3.5)	(4.0)	(4.5)	(4.1)
Unlevered Earnings	\$6.6	\$10.5	\$11.9	\$13.4	\$12.3
Depreciation and Amortization	1.6	3.5	3.5	3.5	5.0
Capital Expenditures	(2.9)	(5.0)	(5.0)	(5.0)	(5.0)
Change in Net Working Capital	(1.7)	(0.1)	(0.7)	(0.7)	(0.7)
Unlevered Free Cash Flows	\$3.5	\$8.9	\$9.8	\$11.2	\$11.6

Discount Rate	Present Value of Cash Flows (2022 - 2025)		PV of Terminal Value Based on Perpetual Growth Rate for 2025 Unlevered Free Cash Flow			Implied Enterprise Value			Discount Rate	Implied 2025E Adjusted EBITDA Terminal Multiple [3]			PV of Terminal Value as a % of Enterprise Value				
	0.00%	1.00%	2.00%	0.00%	1.00%	2.00%	0.00%	1.00%		2.00%	0.00%	1.00%	2.00%	0.00%	1.00%	2.00%	
13.00%	\$26.5	\$61.4	\$67.2	\$74.0	\$87.9	\$93.7	\$100.5	\$87.9	\$93.7	\$100.5	13.00%	4.4x	4.8x	5.3x	69.8%	71.7%	73.6%
13.50%	\$26.3	\$58.3	\$63.6	\$69.8	\$84.6	\$89.9	\$96.1	\$84.6	\$89.9	\$96.1	13.50%	4.3x	4.7x	5.1x	68.9%	70.8%	72.6%
14.00%	\$26.1	\$55.5	\$60.3	\$66.0	\$81.6	\$86.4	\$92.1	\$81.6	\$86.4	\$92.1	14.00%	4.1x	4.5x	4.9x	68.0%	69.8%	71.7%
14.50%	\$25.9	\$52.9	\$57.3	\$62.5	\$78.7	\$83.2	\$88.4	\$78.7	\$83.2	\$88.4	14.50%	4.0x	4.3x	4.7x	67.1%	68.9%	70.7%
15.00%	\$25.7	\$50.4	\$54.6	\$59.3	\$76.1	\$80.2	\$85.0	\$76.1	\$80.2	\$85.0	15.00%	3.9x	4.2x	4.6x	66.3%	68.0%	69.8%

Note: Present values as of 1/10/22, mid-year convention applied.

1. Represents a 9.0-month stub period.

2. Tax at 25.0%, per SC and ML managements.

3. Implied from corresponding discount rate and perpetual growth rate applied to 2025 unlevered free cash flow.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items.

E refers to Estimated.

PV refers to Present Value.

Source: SC and ML managements, ML Projections.

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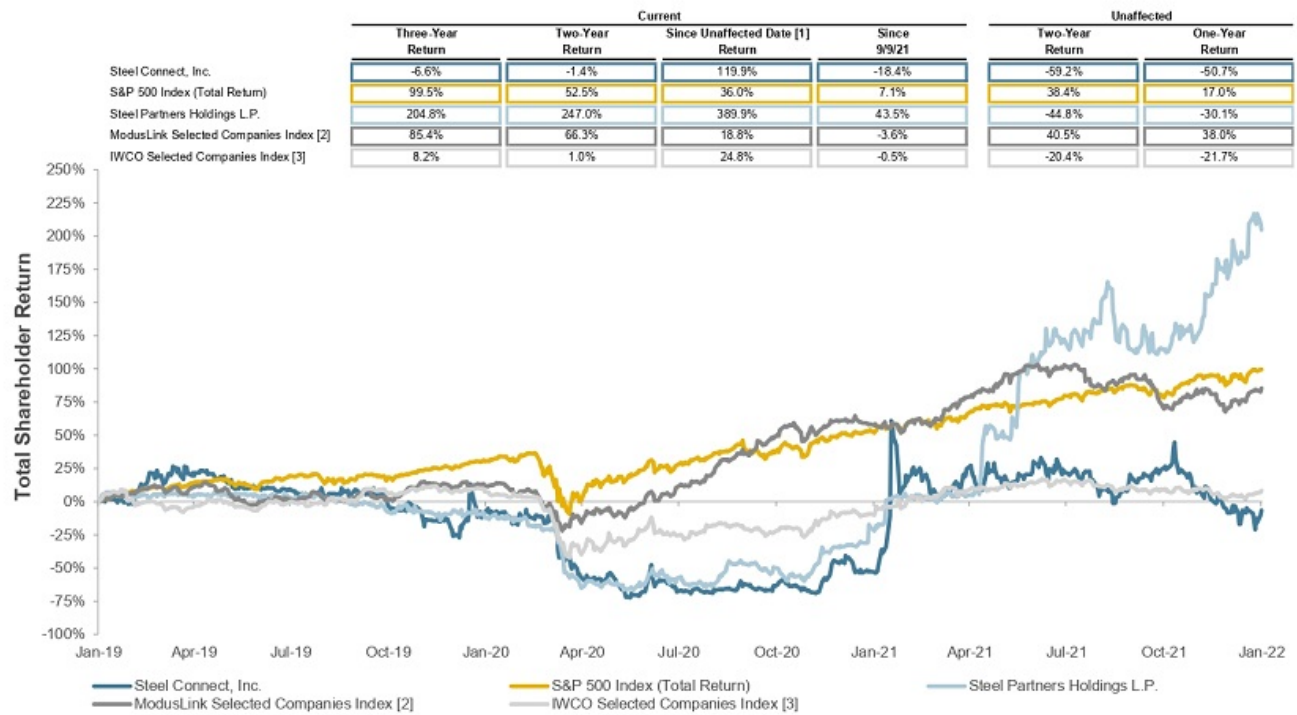
# Stock Trading History (Last 5 Years)

## Steel Connect



1. Per Capital IQ.  
 2. Since 11/19/20, the last trading day prior to the date the Initial Proposal was publicly disclosed.  
 3. Reflects the per share value range implied by the Initial Proposal.  
 4. Reflects revised indication from Steel Partners on December 22, 2021.  
 Source: Capital IQ, Bloomberg, public filings. Note: All information as of 1/4/22 close (except where otherwise specified)  
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# Relative Total Shareholder Return Information (Last 3 Years)



1. Since 11/19/20, the last trading day prior to the date the Initial Proposal was publicly disclosed.

2. ModusLink Selected Companies Index includes Celestica, Inc., CJ Logistics Corporation, Clipper Logistics plc, Deutsche Post AG, FedEx Corporation, Flex Ltd., Jabil Inc., Kerry Logistics Network Limited, Kuehne + Nagel International AG, United Parcel Service, Inc., Wincanton plc, and GXO Logistics, Inc.

3. IWCO Selected Companies Index includes Cimpress plc, Dai Nippon Printing Co., Ltd., Deluxe Corporation, Ennis, Inc., Kyodo Printing Co., Ltd., Quad/Graphics, Inc., R.R. Donnelley & Sons Company, Toppan Inc., Transcontinental Inc., Cheil Worldwide Inc., Dentsu Group Inc., Omnicom Group Inc., Publicis Groupe S.A., The Interpublic Group of Companies, Inc., WPP plc.

Source: Capital IQ as of 1/4/22

# Selected Historical Trading Activity Since Initial Proposal

## Steel Connect

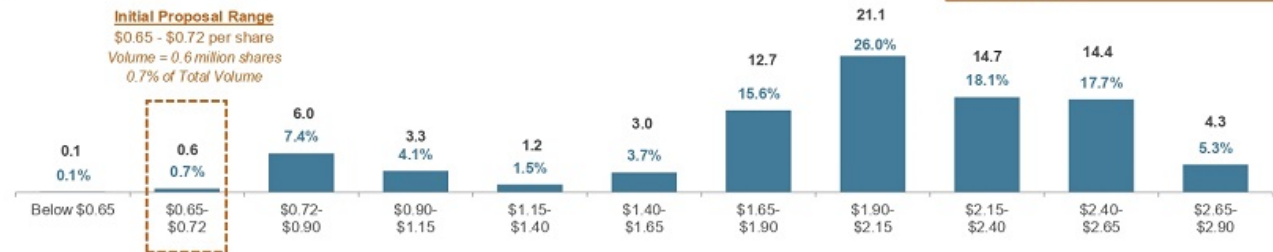
### Trading Activity Since Initial Proposal (11/19/2020)

(shares in millions)

**VWAP Volume<sup>1</sup>: 81.3 million**  
**VWAP: \$1.98**

**Intraday High: \$2.85**  
**Intraday Low: \$0.60**

On January 20-21, 2021, elevated trading levels were observed with ~30 million shares trading at a VWAP of \$2.47.



### Last Three Months

(shares in millions)

**VWAP Volume<sup>1</sup>: 5.7 million**  
**VWAP: \$1.79**

**Intraday High: \$2.45**  
**Intraday Low: \$1.31**

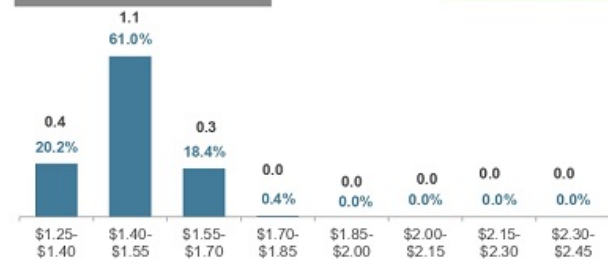


### Last One Month

(shares in millions)

**VWAP Volume<sup>1</sup>: 1.8 million**  
**VWAP: \$1.47**

**Intraday High: \$1.80**  
**Intraday Low: \$1.31**



Note: Based on the closing price in one-minute intervals as provided by Bloomberg and the amount of volume transacted during that intraday window.

1. Per Bloomberg, reflects the number of shares traded over the period that are included for purposes of the VWAP calculations.

VWAP refers to Volume-Weighted Average Price.

Source: Bloomberg as of 1/4/2022.

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# Recent Trading Activity by Shareholder

## Largest Steel Connect Shareholders (Excluding Steel Partners and Other Insiders)

(dollars and shares in actuals)

Stockholder	Latest Shareholdings	% of Total Float	Net Shares Added / (Deducted) by Quarter						
			Q1 CY 2020	Q2 CY 2020	Q3 CY 2020	Q4 CY 2020	Q1 CY 2021	Q2 CY 2021	Q3 CY 2021
GAMCO Investors, Inc.	2,553,000	6.9%	-	552,000	1,610,920	(7,422)	(511,799)	(278,050)	19,351
% of Holdings Traded			0.0%	47.3%	93.7%	(0.2%)	(15.4%)	(9.9%)	0.8%
Renaissance Technologies Corp.	2,422,996	6.5%	(2,342)	283,239	121,943	293,441	(91,033)	(102,444)	(114,404)
% of Holdings Traded			(0.1%)	13.9%	5.3%	12.0%	(3.3%)	(3.9%)	(4.5%)
The Vanguard Group, Inc.	1,855,352	5.0%	(89,800)	(102,386)	(146,947)	(21,801)	1,228,031	31,156	61,779
% of Holdings Traded			(10.0%)	(12.7%)	(20.9%)	(3.9%)	229.8%	1.8%	3.4%
BlackRock, Inc.	1,032,022	2.8%	(15,971)	(81,325)	15	1,275	2,180	(72,226)	(599)
% of Holdings Traded			(1.3%)	(6.9%)	0.0%	0.1%	0.2%	(6.5%)	(0.1%)
Solas Capital Management, LLC	867,736	2.3%	61,695	-	-	-	-	68,368	-
% of Holdings Traded			8.4%	0.0%	0.0%	0.0%	0.0%	8.6%	0.0%
Bridgeway Capital Management, Inc.	274,845	0.7%	-	(250,600)	(43,000)	(35,200)	(46,155)	68,700	-
% of Holdings Traded			0.0%	(43.1%)	(13.0%)	(12.2%)	(18.3%)	33.3%	0.0%
Geode Capital Management, LLC	232,624	0.6%	1,045	-	-	-	29,080	13,335	-
% of Holdings Traded			0.6%	0.0%	0.0%	0.0%	15.3%	6.1%	0.0%
VWAP During Quarter			\$1.21	\$0.58	\$0.56	\$0.74	\$2.14	\$2.01	\$1.90
High Closing Stock Price During Quarter			\$1.57	\$0.87	\$0.67	\$0.98	\$2.67	\$2.21	\$2.07
Low Closing Stock Price During Quarter			\$0.75	\$0.46	\$0.51	\$0.51	\$0.77	\$1.79	\$1.64

Note: Net Shares Added / (Deducted) is shown through Q3 CY 2021.  
 CY refers to Calendar Year, Q refers to Quarter, VWAP refers to Volume-Weighted Average Price.  
 Source: Capital IQ, public filings.  
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# Illustrative Premium Observations

**Note: The sensitivities shown are intended to be for illustrative purposes only, and are not intended to be indicative of or provide any conclusions regarding valuation.**

## Implied Per Share Consideration Based on Illustrative Premium to Closing Share Price / VWAP

	Average Daily Trading Volume (mm) [1]	ADTV % of Public Float [1]	VWAP Volume (mm) [2]	Closing Share Price / VWAP [3]	Illustrative Premium to Closing Share Price / VWAP							
					0.0%	5.0%	10.0%	15.0%	20.0%	25.0%	30.0%	35.0%
1-Day Closing	0.09	0.2%	0.09	\$1.55	\$1.55	\$1.63	\$1.71	\$1.78	\$1.86	\$1.94	\$2.02	\$2.09
10-Day VWAP	0.10	0.3%	0.96	\$1.46	\$1.46	\$1.53	\$1.61	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97
20-Day VWAP	0.09	0.3%	1.79	\$1.47	\$1.47	\$1.54	\$1.61	\$1.69	\$1.76	\$1.83	\$1.91	\$1.98
30-Day VWAP	0.08	0.2%	2.41	\$1.50	\$1.50	\$1.58	\$1.65	\$1.73	\$1.80	\$1.88	\$1.95	\$2.03
2-Month VWAP	0.08	0.2%	3.07	\$1.56	\$1.56	\$1.63	\$1.71	\$1.79	\$1.87	\$1.94	\$2.02	\$2.10
3-Month VWAP	0.09	0.2%	5.65	\$1.79	\$1.79	\$1.88	\$1.97	\$2.06	\$2.15	\$2.24	\$2.33	\$2.42
6-Month VWAP	0.09	0.2%	10.79	\$1.85	\$1.85	\$1.94	\$2.03	\$2.12	\$2.21	\$2.31	\$2.40	\$2.49
12-Month VWAP	0.32	0.9%	74.83	\$2.08	\$2.08	\$2.18	\$2.29	\$2.39	\$2.50	\$2.60	\$2.70	\$2.81
12-Month VWAP- Excluding Elevated Trading Dates [4]	0.21	0.6%	48.21	\$1.86	\$1.86	\$1.96	\$2.05	\$2.14	\$2.24	\$2.33	\$2.42	\$2.52
Since Initial Proposal (11/19/20) VWAP	0.31	0.8%	81.25	\$1.98	\$1.98	\$2.08	\$2.18	\$2.28	\$2.38	\$2.48	\$2.58	\$2.68
52-week High Closing Price	NA	NA	NA	\$2.67	\$2.67	\$2.80	\$2.94	\$3.07	\$3.20	\$3.34	\$3.47	\$3.60
52-week Low Closing Price	NA	NA	NA	\$0.77	\$0.77	\$0.81	\$0.85	\$0.88	\$0.92	\$0.96	\$1.00	\$1.04

Note: Reference to "Day" is based on trading days and reference to "Month" is based on calendar months.

1. Per Capital IQ.

2. Per Bloomberg, reflects the number of shares traded over the period that are included for purposes of the VWAP calculations.

3. Based on trading information per Bloomberg as of 1/4/22.

4. Excludes trading data for January 20, 2021 and January 21, 2021, days on which highly elevated trading levels were observed.

ADTV refers to Average Daily Trading Volume.

NA refers to Not Available.

VWAP refers to Volume-Weighted Average Price.

Source: Capital IQ, Bloomberg.

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## Illustrative Premium Observations (cont.)

**Note: The sensitivities shown are intended to be for illustrative purposes only, and are not intended to be indicative of or provide any conclusions regarding valuation.**

### Implied Premium (Discount) to Closing Share Price / VWAP Based on Illustrative Per Share Consideration

	Average Daily Trading Volume (mm) [1]	ADTV % of Public Float [1]	VWAP Volume (mm) [2]	Closing Share Price / VWAP [3]	Illustrative Per Share Consideration							
					\$2.15	\$2.20	\$2.25	\$2.30	\$2.35	\$2.40	\$2.45	\$2.50
1-Day Closing	0.09	0.2%	0.09	\$1.55	38.7%	41.9%	45.2%	48.4%	51.6%	54.8%	58.1%	61.3%
10-Day VWAP	0.10	0.3%	0.96	\$1.46	47.3%	50.8%	54.2%	57.6%	61.0%	64.5%	67.9%	71.3%
20-Day VWAP	0.09	0.3%	1.79	\$1.47	46.7%	50.1%	53.5%	56.9%	60.3%	63.8%	67.2%	70.6%
30-Day VWAP	0.08	0.2%	2.41	\$1.50	43.0%	46.3%	49.7%	53.0%	56.3%	59.7%	63.0%	66.3%
2-Month VWAP	0.08	0.2%	3.07	\$1.56	38.2%	41.4%	44.6%	47.9%	51.1%	54.3%	57.5%	60.7%
3-Month VWAP	0.09	0.2%	5.65	\$1.79	20.2%	23.0%	25.8%	28.6%	31.4%	34.1%	36.9%	39.7%
6-Month VWAP	0.09	0.2%	10.79	\$1.85	16.5%	19.2%	21.9%	24.6%	27.3%	30.0%	32.7%	35.5%
12-Month VWAP	0.32	0.9%	74.83	\$2.08	3.4%	5.8%	8.2%	10.6%	13.0%	15.4%	17.8%	20.2%
12-Month VWAP- Excluding Elevated Trading Dates [4]	0.21	0.6%	48.21	\$1.86	15.3%	18.0%	20.7%	23.4%	26.0%	28.7%	31.4%	34.1%
Since Initial Proposal (11/19/20) VWAP	0.31	0.8%	81.25	\$1.98	8.3%	10.8%	13.4%	15.9%	18.4%	20.9%	23.4%	26.0%
52-week High Closing Price	NA	NA	NA	\$2.67	(19.5%)	(17.6%)	(15.7%)	(13.9%)	(12.0%)	(10.1%)	(8.2%)	(6.4%)
52-week Low Closing Price	NA	NA	NA	\$0.77	179.6%	186.1%	192.6%	199.1%	205.6%	212.1%	218.6%	225.1%

Note: Reference to "Day" is based on trading days and reference to "Month" is based on calendar months.

1. Per Capital IQ.

2. Per Bloomberg, reflects the number of shares traded over the period that are included for purposes of the VWAP calculations.

3. Based on trading information per Bloomberg as of 1/4/22.

4. Excludes trading data for January 20, 2021 and January 21, 2021, days on which highly elevated trading levels were observed.

ADTV refers to Average Daily Trading Volume.

NA refers to Not Available.

VWAP refers to Volume-Weighted Average Price.

Source: Capital IQ, Bloomberg.

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# Project Carbon

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PRELIMINARY DISCUSSION MATERIALS FOR THE SPECIAL COMMITTEE

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# Selected Updates Since Preliminary Discussion Materials Dated 1/10/2022

<p><b>Revised Proposal</b></p>	<ul style="list-style-type: none"> <li>▪ On March 24, 2022, the Special Committee of Steel Connect, Inc. (“Steel Connect”, “SC” or the “Company”) received a revised, non-binding expression of interest from Steel Partners Holdings, L.P. (“Steel Partners” or “SP”) to acquire all of the outstanding shares of SC common stock not already owned by SP and affiliates for cash consideration of \$1.30 per share (the “Revised Proposal”)</li> <li>▪ Reflects an increase of ~80% - 100% relative to the value of the consideration of \$0.65 to \$0.72 per share implied by the initial expression of interest from SP on November 19, 2020 (the “Initial Proposal”)<sup>1</sup> but a discount relative to more recent discussions<sup>2</sup></li> <li>▪ Reflects a premium of ~7% over the 30-day VWAP and ~12% over the closing stock price as of March 28, 2022, immediately prior to public announcement of the Revised Proposal</li> </ul>
<p><b>General Observations</b></p>	<ul style="list-style-type: none"> <li>▪ <b>IWCO:</b> On February 25, 2022, the Company announced the disposition of IWCO Direct Holdings, Inc. (“IWCO”) to Cerberus <ul style="list-style-type: none"> <li>▪ Cerberus had previously notified IWCO of the occurrence of an event of default under its credit facilities</li> <li>▪ The disposition was made in exchange for a waiver of events of default and a mutual release – no consideration was received other than a \$6.9 million subordinated note payable from IWCO (related to a prior intercompany payable)<sup>3</sup></li> </ul> </li> <li>▪ <b>ModusLink Process:</b> Recent discussions related to a potential sale of ModusLink Corporation (“ModusLink” or “ML”) between SC, ML and a party (the “Potential Acquiror”) that had expressed interest in an acquisition of ML in 2019 and 2020 have been terminated<sup>4</sup> <ul style="list-style-type: none"> <li>▪ Discussions began in September 2021, resulting in receipt of an IOI in late November 2021 based on a ~\$70 million valuation and a revised IOI (the “Revised IOI”) in early March 2022 based on a purchase price of ~\$80 million incorporating ML’s ~\$20 million cash balance and a reduction of ~\$18 million of future operating lease payments<sup>5</sup></li> <li>▪ SC and ML, in consultation with their advisors, expressed potential interest in a transaction at a ~\$90 million valuation and subject to a shortened diligence period – culminating in withdrawal of the Revised IOI by the Potential Acquiror and an end to discussions</li> </ul> </li> <li>▪ <b>ModusLink Performance:</b> 2Q FY 2022 VAR reflected ~3% outperformance relative to the FY 2022 2Q Forecast prepared by ML management in December 2021<sup>6</sup> but underperformed by ~5% relative to the FY 2022 Budget finalized by ML management in October 2021. ML management has updated the FY 2022 forecast given the passage of time and expected near-term headwinds in the business. However, ML management has indicated that, despite continued uncertainty, its longer-term view of the business remains unchanged - and has not revised projections beyond FY 2022.<sup>7</sup> See page 6 for further details on financial projections related to ML.</li> <li>▪ <b>Stock Price Performance:</b> VWAP of ~\$1.26 per share since disposition of IWCO</li> </ul>

Note: See following page for footnotes.

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# Selected Updates Since Preliminary Discussion Materials Dated 1/10/2022 (cont.)

<b>Preliminary Financial Analyses</b>	<ul style="list-style-type: none"> <li>▪ Preliminary financial analyses have been updated to reflect, among other things: (i) disposition of IWCO, (ii) reduction in usability of NOLs<sup>8</sup> resulting from lower projected earnings due to IWCO disposition, (iii) recent financial performance and updated FY 2022E forecast from ML management and (iv) updated market data related to selected companies and transactions</li> <li>▪ SC management has not revised annual corporate expense projections of ~\$7.0 million to ~\$7.5 million<sup>9</sup> but is exploring potential opportunities to generate certain savings (illustrative sensitivities have been prepared to highlight the impact of potential cost savings)</li> <li>▪ For the avoidance of doubt, the preliminary financial analyses evaluate Steel Connect on a standalone basis and do not explicitly reflect any potential synergies (from use of NOLs or otherwise) that Steel Partners may create if it were to acquire the equity interests in SC it does not currently own</li> </ul>
<b>Next Steps</b>	<ul style="list-style-type: none"> <li>▪ Determine response to Revised Proposal (including consideration to structures providing for capture of future potential SP synergies)</li> </ul>

1. The Initial Proposal contemplated consideration in the form of cash and SP Preferred Stock, and implied value of consideration is as stated in the Initial Proposal.

2. Such discussions occurred prior to the disposition of IWCO.

3. The note does not have a stated interest rate.

4. The Preliminary Discussion Materials dated 1/10/2022 incorrectly stated discussions around a sale of ML were on hold – discussions with one party remained ongoing, despite headwinds in the business. Two other parties contacted did not express an interest in making a proposal, and no other parties have been contacted.

5. Per discussions with ML management, it was unclear what amount of ML's cash balance was factored into the November 2021 IOI.

6. While ML benefited from an uptick in performance at certain key accounts, it remains unclear whether those favorable variances are due to timing or indicative of a trend. At the same time, performance at ML's top customer and with new customers registered below the FY 2022 2Q Forecast.

7. ModusLink projections prepared by ML management, in consultation with SC management, as authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials, are referred to herein as the "ML Projections".

8. Taxable income projections and NOL utilization assumptions prepared by SC and ML managements, as authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials, are referred to herein as the "NOL Projections".

9. Steel Connect corporate expense projections prepared by SC management, as authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials, are referred to herein as the "Corporate Expense Projections" and, together with the ML Projections and the NOL Projections, the "Consolidated Projections".

Source: SC and ML managements, Consolidated Projections, public filings, Bloomberg, Capital IQ.

# Overview of Financial Projections Utilized in Preliminary Discussion Materials

## Overview of ModusLink Projections

- In February 2021, ML management, in consultation with SC management, prepared a set of long-term projections for FY 2021 through FY 2025 which were subsequently reviewed by the SC Board.
- In July/August 2021, ML management, in consultation with SC management, prepared its annual budget for FY 2022, which was finalized in October 2021 based on feedback from and subsequently approved by the SC Board (such final budget, the "**FY 2022 Budget**"). The projections for FY 2023 through FY 2025 remained unchanged based on ML management's assessment of the longer-term business outlook.
- ML underperformed relative to its FY 2022 Budget during the first fiscal quarter, with ML management also observing headwinds that they believed would translate into near-term pressure on financial results. Accordingly, in December 2021, ML management<sup>1</sup> updated its forecast for FY 2022 (the "**FY 2022 2Q Forecast**") but left its projections unchanged for FY 2023 to FY 2025.
- In the second fiscal quarter, ML continued to underperform relative to its FY 2022 Budget (VAR was ~5% lower than budgeted) but outperformed the FY 2022 2Q Forecast (VAR was ~3% higher than estimated).<sup>2</sup> In February 2022, ML management<sup>1</sup> updated its forecast for FY 2022 (the "**Current FY 2022 Forecast**") to reflect the latest outlook, which contemplates a slower than previously estimated ramp-up of new customer accounts but maintains effectively the same full-year EBITDA level relative to the FY 2022 2Q Forecast. Projections for FY 2023 to FY 2025 remained unchanged.
- The Current FY 2022 Forecast, together with the FY 2023 to FY 2025 projections, which have been authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials, are referred to herein as the "**ML Projections**".

## Overview of NOL, SC and Consolidated Projections

- In February 2021, SC management prepared corporate expense projections for FY 2021 through FY 2025, with the FY 2022 projections subsequently updated in connection with the annual budgeting process that was finalized in October 2021 (and FY 2023 – FY 2025 projections remaining unchanged). Following the disposition of IWCO, such projections were left unchanged by SC management, which is in early stages of reviewing opportunities to generate certain cost savings. Such projections, as authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials, are referred to herein as the "**Corporate Expense Projections**".
- Following the disposition of IWCO, SC and ML managements prepared revised taxable income projections and NOL utilization assumptions, which were authorized by the Special Committee for Houlihan Lokey's use in these preliminary discussion materials. Such projections are referred to herein as the "**NOL Projections**".
- The Corporate Expense Projections, together with the ML Projections and the NOL Projections, are referred to herein as the "**Consolidated Projections**".

1. The FY 2022 2Q Forecast and Current FY 2022 Forecast were prepared by ML management in consultation with SC management and reviewed by the SC Board.

2. While ML benefited from an uptick in performance at certain key accounts, it remains unclear whether those favorable variances are due to timing or indicative of a trend. At the same time, performance at ML's top customer and with new customers registered below the FY 2022 2Q Forecast.

Source: ML and SC managements.

# ModusLink Financial Performance Update: 2Q FY 2022

Financial results for 2Q FY 2022 underperformed the FY 2022 Budget but outperformed the FY 2022 2Q Forecast.

## 2Q FY 2022 Actuals vs. FY 2022 Budget and FY 2022 2Q Forecast

(dollars in millions)

	2Q FY 2022					
	FY 2022 Budget	Actuals	Variance	FY 2022 2Q Forecast	Actuals	Variance
Base VAR	\$26.7	\$27.1	\$0.4	\$25.8	\$27.1	\$1.3
New VAR	3.5	1.6	(1.9)	2.0	1.6	(0.4)
<b>VAR</b>	<b>\$30.2</b>	<b>\$28.6</b>	<b>(\$1.6)</b>	<b>\$27.8</b>	<b>\$28.6</b>	<b>\$0.9</b>
<b>Gross Profit</b>	<b>\$12.4</b>	<b>\$10.9</b>	<b>(\$1.5)</b>	<b>\$9.9</b>	<b>\$10.9</b>	<b>\$1.0</b>
% of VAR	40.9%	38.1%	-2.8%	35.6%	38.1%	2.5%
<b>Adjusted EBITDA</b>	<b>\$4.6</b>	<b>\$3.8</b>	<b>(\$0.8)</b>	<b>\$2.2</b>	<b>\$3.8</b>	<b>\$1.6</b>
% of VAR	15.0%	13.2%	-1.9%	7.9%	13.2%	5.3%

### Selected Variance Observations

- VAR underperformed the FY 2022 Budget by 5% but outperformed the FY 2022 2Q Forecast by 3%. Base VAR has generally outperformed as continued headwinds at ML's top customer have been offset by outperformance at other key customer accounts. New VAR has underperformed amid challenges with timely conversion of new business
- EBITDA has underperformed the FY 2022 Budget. Positive variance relative to the FY 2022 2Q Forecast reflects topline results and continued implementation of temporary cost-cutting measures

Note: Financials shown above are based on Steel Connect's fiscal year-end of July 31.  
 Adj. EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.  
 E refers to Estimated.  
 FY refers to Fiscal Year.  
 Q refers to Quarter.  
 VAR refers to Value-Added Revenue.  
 Source: ML management.

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# ModusLink Outlook Observations: Current FY 2022 Forecast

## Current FY 2022 Forecast – 1H vs. 2H Observations

(dollars in millions)

	FY 2022E			
	Q1 Actuals	Q2 Actuals	2H Estimated	FY Estimated
Base VAR	\$23.6	\$27.1	\$49.2	\$99.9
New VAR	1.7	1.6	13.6	16.9
<b>VAR</b>	<b>\$25.3</b>	<b>\$28.6</b>	<b>\$62.9</b>	<b>\$116.8</b>
<b>Gross Profit</b>	<b>\$9.4</b>	<b>\$10.9</b>	<b>\$22.4</b>	<b>\$42.7</b>
% of VAR	37.2%	38.1%	35.7%	36.6%
<b>Adjusted EBITDA</b>	<b>\$2.1</b>	<b>\$3.8</b>	<b>\$6.7</b>	<b>\$12.5</b>
% of VAR	8.2%	13.2%	10.6%	10.7%

The Current FY 2022 Forecast contemplates (i) continued headwinds at the top customer driving Base VAR and (ii) a significant pick-up in new customers driving New VAR in 2H FY 2022

Note: Financials shown above are based on Steel Connect's fiscal year-end of July 31.  
 Adj. EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.  
 E refers to Estimated.  
 FY refers to Fiscal Year.  
 H refers to Half.  
 Q refers to Quarter.  
 VAR refers to Value-Added Revenue.  
 Source: ML management.  
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# ModusLink Outlook Observations: Current FY 2022 Forecast

(cont.)

## Current FY 2022 Forecast vs. FY 2022 Budget & FY 2022 2Q Forecast

(dollars in millions)

	FY 2022E Forecast					
	FY 2022 Budget	Current FY 2022 Forecast	Change	FY 2022 2Q Forecast	Current FY 2022 Forecast	Change
Base VAR	\$105.5	\$99.9	(\$5.6)	\$98.5	\$99.9	\$1.4
New VAR	15.5	16.9	1.4	21.2	16.9	(4.3)
<b>VAR</b>	<b>\$121.0</b>	<b>\$116.8</b>	<b>(\$4.2)</b>	<b>\$119.7</b>	<b>\$116.8</b>	<b>(\$2.9)</b>
<b>Gross Profit</b>	<b>\$47.1</b>	<b>\$42.7</b>	<b>(\$4.4)</b>	<b>\$42.6</b>	<b>\$42.7</b>	<b>\$0.1</b>
% of VAR	38.9%	36.6%	-2.3%	35.6%	36.6%	1.0%
<b>Adjusted EBITDA</b>	<b>\$15.3</b>	<b>\$12.5</b>	<b>(\$2.7)</b>	<b>\$12.4</b>	<b>\$12.5</b>	<b>\$0.2</b>
% of VAR	12.6%	10.7%	-1.9%	10.3%	10.7%	0.4%

### Selected Observations

- The Current FY 2022 Forecast contemplates lower topline and profitability performance than initially budgeted
- Relative to the 2Q Forecast the Current FY 2022 Forecast contemplates a downward revision to VAR offset by a more favorable customer mix to keep full-year Gross Profit and EBITDA in-line<sup>1</sup>

Note: Financials shown above are based on Steel Connect's fiscal year-end of July 31.

1. Relative to the FY 2022 2Q Forecast, the Current FY 2022 Forecast lowers 2H FY 2022 VAR, Gross Profit and EBITDA outlook by ~\$3.8mm, \$0.9mm and \$1.4mm, respectively. In 2Q FY 2022, ML benefited from an uptick in performance at certain key accounts, but it remains unclear whether those favorable variances are due to timing or indicative of a trend. At the same time, performance at ML's top customer and with new customers registered below the FY 2022 2Q Forecast.

Adj. EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

Q refers to Quarter.

VAR refers to Value-Added Revenue.

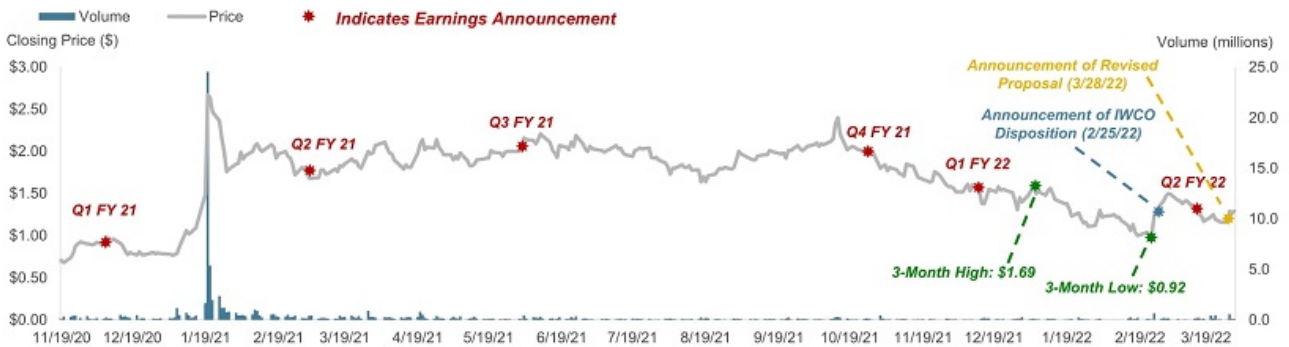
Source: ML management, ML Projections.

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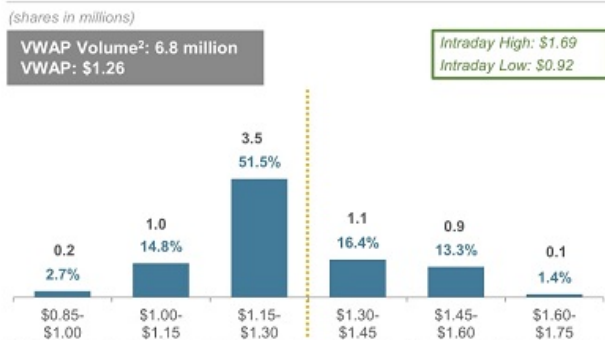


# Recent Stock Performance

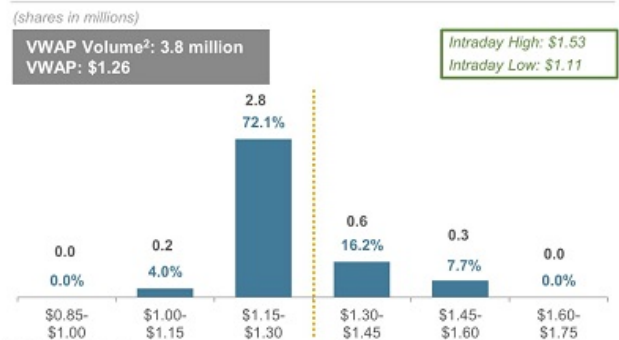
## Stock Performance Since Initial Proposal (11/19/20)



### Last Three Months<sup>1</sup>



### Since IWCO Disposition (2/25/22)<sup>1</sup>



1. Based on the closing price in one-minute intervals as provided by Bloomberg and the amount of volume transacted during that intraday window.  
2. Per Bloomberg, reflects the number of shares traded over the period that are included for purposes of the VWAP calculations.  
FY refers to Fiscal Year. Q refers to Quarter. VWAP refers to Volume-Weighted Average Price.  
Source: Bloomberg and Capital IQ as of 3/31/22.

# Illustrative Premium Observations

**Note: The sensitivities shown are intended to be for illustrative purposes only, and are not intended to be indicative of or provide any conclusions regarding valuation.**

## Implied Per Share Consideration Based on Illustrative Premium to Closing Share Price / VWAP

	Average Daily Trading Volume (mm) [1]	VWAP Volume (mm) [2]	Closing Share Price / VWAP [3]	Illustrative Premium to Closing Share Price / VWAP							
				0.0%	5.0%	10.0%	15.0%	20.0%	25.0%	30.0%	35.0%
Unaffected Date Closing (3/28/22)	0.03	0.01	\$1.16	\$1.16	\$1.22	\$1.28	\$1.33	\$1.39	\$1.45	\$1.51	\$1.57
1-Day Closing	0.08	0.08	\$1.29	\$1.29	\$1.35	\$1.42	\$1.48	\$1.55	\$1.61	\$1.68	\$1.74
10-Day VWAP	0.20	1.96	\$1.21	\$1.21	\$1.27	\$1.33	\$1.39	\$1.45	\$1.51	\$1.57	\$1.63
20-Day VWAP	0.14	2.66	\$1.24	\$1.24	\$1.30	\$1.36	\$1.43	\$1.49	\$1.55	\$1.61	\$1.67
30-Day VWAP	0.15	4.33	\$1.23	\$1.23	\$1.29	\$1.35	\$1.41	\$1.47	\$1.54	\$1.60	\$1.66
2-Month VWAP	0.12	5.10	\$1.21	\$1.21	\$1.28	\$1.34	\$1.40	\$1.46	\$1.52	\$1.58	\$1.64
3-Month VWAP	0.11	6.77	\$1.26	\$1.26	\$1.32	\$1.38	\$1.45	\$1.51	\$1.57	\$1.64	\$1.70
6-Month VWAP	0.10	12.09	\$1.50	\$1.50	\$1.58	\$1.66	\$1.73	\$1.81	\$1.88	\$1.96	\$2.03
12-Month VWAP	0.12	28.59	\$1.78	\$1.78	\$1.87	\$1.96	\$2.05	\$2.14	\$2.23	\$2.31	\$2.40
Since IWCO Disposition (2/25/22) VWAP	0.16	3.85	\$1.26	\$1.26	\$1.32	\$1.38	\$1.45	\$1.51	\$1.57	\$1.63	\$1.70
Since Initial Proposal (11/19/20) VWAP	0.28	87.63	\$1.93	\$1.93	\$2.03	\$2.12	\$2.22	\$2.32	\$2.41	\$2.51	\$2.61
52-week High Closing Price	NA	NA	\$2.40	\$2.40	\$2.52	\$2.64	\$2.76	\$2.88	\$3.00	\$3.12	\$3.24
52-week Low Closing Price	NA	NA	\$1.00	\$1.00	\$1.05	\$1.10	\$1.15	\$1.20	\$1.25	\$1.30	\$1.35

**Every \$0.05 increase in the per share consideration relative to the Revised Proposal of \$1.30 per share results in an incremental cash outlay of ~\$2 million for Steel Partners.**

Note: Reference to "Day" is based on trading days and reference to "Month" is based on calendar months.

1. Per Capital IQ.

2. Per Bloomberg, reflects the number of shares traded over the period that are included for purposes of the VWAP calculations.

3. Based on trading information per Bloomberg as of 3/31/22, unless otherwise indicated.

ADTV refers to Average Daily Trading Volume.

NA refers to Not Available.

VWAP refers to Volume-Weighted Average Price.

Source: Capital IQ, Bloomberg.

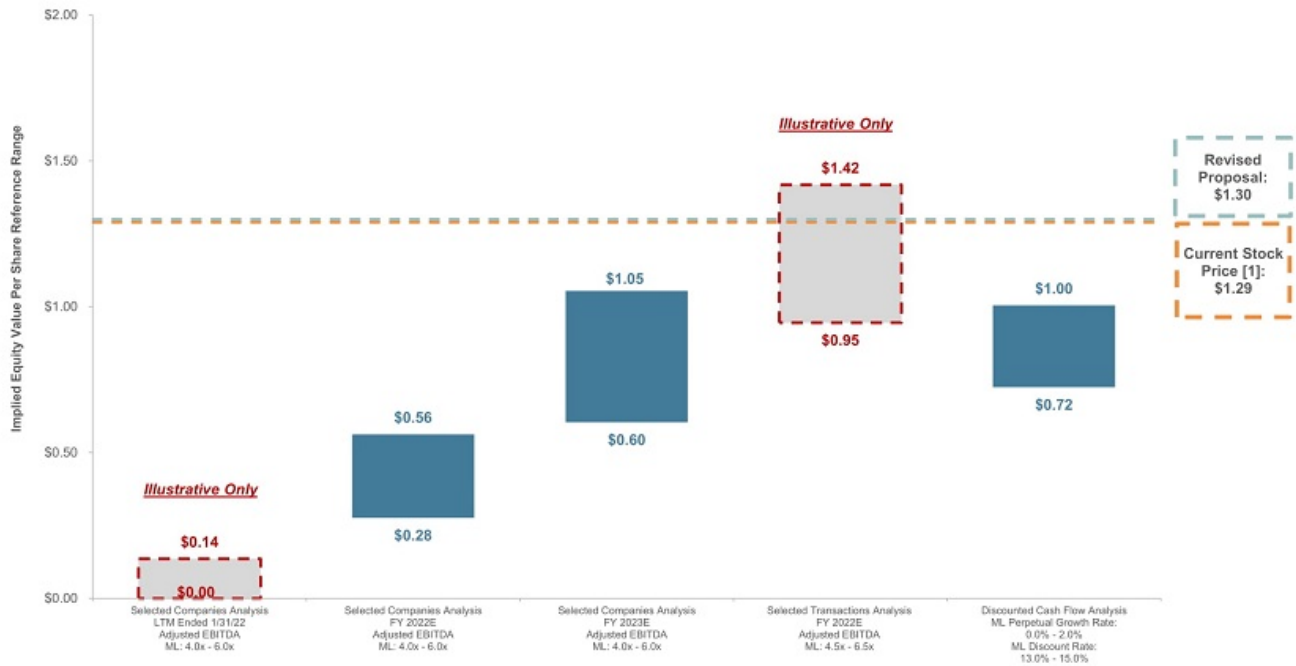
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# Preliminary Financial Analyses Summary

Steel Connect

## Implied Equity Value Per Share Reference Ranges



Note: No particular weight was attributed to any analysis.

1. Based on closing stock price as of 3/31/22.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items. E refers to Estimated, FY refers to Fiscal Year.

Source: Refer to following page for additional details and sources.

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# Preliminary Financial Analyses Summary (cont.)

## Steel Connect

(dollars and shares outstanding in millions, except per share values)

	[[Illustrative Only]]			[[Illustrative Only]]			[[Illustrative Only]]			Discounted Cash Flow					
	Selected Companies Analysis		Selected Companies Analysis		Selected Companies Analysis		Selected Transactions Analysis [11]		Perpetual Growth Rate						
	LTM Ended 1/31/22		FY 2022E		FY 2023E		FY 2022E								
	Adjusted EBITDA		Adjusted EBITDA		Adjusted EBITDA		Adjusted EBITDA								
<b>Implied Equity Value Reference Range - ModusLink [1] [2]</b>	<b>\$50.9</b>	<b>--</b>	<b>\$67.4</b>	<b>\$68.1</b>	<b>--</b>	<b>\$93.2</b>	<b>\$87.9</b>	<b>--</b>	<b>\$122.9</b>	<b>\$74.3</b>	<b>--</b>	<b>\$99.4</b>	<b>\$95.1</b>	<b>--</b>	<b>\$119.9</b>
Present Value of Steel Connect Corporate Expenses [3]	(39.2)	--	(50.9)	(39.2)	--	(50.9)	(39.2)	--	(50.9)	(5.0)	--	(5.0)	(39.2)	--	(50.9)
Present Value of Net Operating Losses [4]	0.0	--	0.4	0.0	--	0.4	0.0	--	0.4	0.0	--	0.0	0.0	--	0.4
Steel Connect Cash and Cash Equivalents as of 1/31/2022 [5]	37.8	--	37.8	37.8	--	37.8	37.8	--	37.8	37.8	--	37.8	37.8	--	37.8
Note Payable as of 1/31/2022 [5] [6]	0.0	--	3.5	0.0	--	3.5	0.0	--	3.5	0.0	--	3.5	0.0	--	3.5
Convertible Senior Notes as of 1/31/2022 [5] [7]	(14.9)	--	(14.9)	(14.9)	--	(14.9)	(14.9)	--	(14.9)	(14.9)	--	(14.9)	(14.9)	--	(14.9)
Series C Convertible Preferred Stock as of 1/31/2022 [5] [8]	(35.0)	--	(35.0)	(35.0)	--	(35.0)	(35.0)	--	(35.0)	(35.0)	--	(35.0)	(35.0)	--	(35.0)
<b>Implied Total Equity Value Reference Range [9]</b>	<b>(0.5)</b>	<b>--</b>	<b>8.2</b>	<b>16.7</b>	<b>--</b>	<b>34.0</b>	<b>36.5</b>	<b>--</b>	<b>63.7</b>	<b>57.2</b>	<b>--</b>	<b>85.7</b>	<b>43.8</b>	<b>--</b>	<b>60.7</b>
Diluted Shares Outstanding [5] [10]	60.5	--	60.5	60.5	--	60.5	60.5	--	60.5	60.5	--	60.5	60.5	--	60.5
<b>Implied Equity Value Per Share Reference Range</b>	<b>\$0.00</b>	<b>--</b>	<b>\$0.14</b>	<b>\$0.28</b>	<b>--</b>	<b>\$0.56</b>	<b>\$0.60</b>	<b>--</b>	<b>\$1.05</b>	<b>\$0.95</b>	<b>--</b>	<b>\$1.42</b>	<b>\$0.72</b>	<b>--</b>	<b>\$1.00</b>

Note: Refer to page 23 for derivation of ML equity value reference ranges.

- Per ML management, ModusLink currently has ~\$10 million of 'trapped cash' potentially subject to repatriation, as well as over ~\$5 million of cash required for near-term net working capital needs; if this cash was excluded from the implied equity value reference ranges for ModusLink, it would result in a reduction of ~\$0.25 to the implied equity value per share reference ranges shown above.
- Per SC and ML managements, in early March 2022, ML received the Revised IOI based on a purchase price for ML of \$80 million, incorporating ML's ~\$20 million cash balance and a reduction of ~\$18 million for future operating lease payments, following an initial indication of interest based on a valuation of \$70 million submitted in November 2021; however, the Revised IOI was subsequently withdrawn.
- For Selected Companies and DCF approaches, reflects present value of annual corporate expense projections of ~\$7.0 million to ~\$7.5 million per Corporate Expense Projections, tax-effected and using a discount rate range of 13.0% to 15.0%. SC management has indicated it is exploring opportunities to reduce certain corporate expenses following the disposition of IWCO but does not yet have sufficient information to revise or provide estimated changes to the Corporate Expense Projections. Refer to the next page for illustrative details related to the potential impact of corporate expense savings on implied equity value per share reference ranges. Illustrative Selected Transactions approach illustratively assumes liquidation of corporate entity and \$5 million of wind-down/severance cash outlays, based on discussions with SC management.
- Reflects net present value of tax savings from utilization of the Company's federal NOL balance of ~\$2.2 billion (of which ~\$1.8 billion expires in 2023), inclusive of \$97 million of worthless stock deduction accrued in FY 2022 as a result of the IWCO disposition. Based on the NOL Projections, the Consolidated Projections, a federal corporate tax rate of 21%, and a discount rate range of 15.0% to 18.0%. Per SC management, state NOLs are not projected to have material value, if any, and foreign NOLs are not projected to be utilized; as such, we have ascribed zero value to state and foreign NOLs in the above analyses. Subject to further review.
- Per Company management.
- Reflects note payable received in connection with disposition of IWCO. Per discussions with SC management, the likelihood of recovering any value from the note payable is minimal and is therefore ascribed zero value on the low end and 50% of its face value of \$6.9 million on the high end.
- Reflects outstanding principal balance of Convertible Senior Notes as of 1/31/22. In a situation under which the conversion option is deemed to be in-the-money (implied per share equity value greater than \$2.37 per share), the outstanding balance would be reduced to \$0 and the diluted shares outstanding figure would be increased by 6.3 million shares.
- Reflects liquidation preference of outstanding Series C Convertible Preferred Stock as of 1/31/22. In a situation under which the conversion option is deemed to be in-the-money (implied per share equity value greater than \$1.96 per share), the liquidation preference would be reduced to \$0 and the diluted shares outstanding figure would be increased by 17.9 million shares.
- Equity value cannot equal less than zero; negative equity values are shown above for illustrative purposes to demonstrate extent to which equity is out-of-the-money.
- Reflects 60.5 million common shares outstanding as of 3/1/22, plus the impact of 2.0 thousand stock options outstanding, to the extent in-the-money (based on the treasury method), per SC management.
- Illustrative Selected Transactions approach assumes buyer would pay SC proceeds for ModusLink and that SC would wind down the corporate entity. For illustrative purposes, assumes zero NOL value and assumes wind-down/severance cash outlays of \$5 million, based on discussion with SC management. Also assumes any taxable gain on a sale of ML is offset by existing NOLs. Subject to continued review.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items. E refers to Estimated, FY refers to Fiscal Year.

Source: SC and ML managements; Consolidated Projections; Capital IQ; Bloomberg; public filings.

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# Illustrative SC Corporate Expenses Sensitivity Analyses

- The Corporate Expense Projections contemplate annual corporate SG&A expenses of ~\$7.0 million to ~\$7.5 million consisting of the following: (i) ~\$3.7 million of management & personnel expenses for time allocated specifically to corporate/accounting/audit matters; (ii) ~\$1.1 million of board fees; (iii) ~\$1.5 million of professional fees (e.g., legal, stock exchange) and (iv) ~\$0.8 million of taxes and other expenses.
- SC management has not revised its projections for such expenses following the disposition of IWCO, but has noted it is exploring certain savings opportunities.
- SC management has indicated that it does not yet have sufficient information to provide estimates around potential cost savings, but expects that most expenses will continue to be incurred under all potential operating scenarios.
- The illustrative sensitivities below highlight the potential impact of reductions to annual corporate expenses (and corresponding implications for NOL usage) on both the implied total equity value and equity value per share reference ranges for Steel Connect across both the Selected Companies and Discounted Cash Flow approaches shown on the prior page.

## Illustrative Steel Connect Corporate Expense Reduction Sensitivities

(dollars in millions, except per share values)

	Reduction in Annual Corporate Expenses [1]				
	\$1.0	\$2.0	\$3.0	\$4.0	\$5.0
<b>Implied % of Total Corporate Expenses [2]</b>	14%	28%	42%	56%	70%
<b>Reduction to PV of SC Corporate Expenses [3]</b>	\$5.9	\$11.7	\$17.6	\$23.4	\$29.3
<b>Increase to PV of NOLs [4]</b>	\$0.6	\$1.5	\$2.5	\$3.7	\$5.0
<b>Increase to Implied Total Equity Value [5]</b>	\$6.5	\$13.2	\$20.1	\$27.1	\$34.3
<b>Increase to Implied Per Share Equity Value [6]</b>	\$0.11	\$0.22	\$0.33	\$0.45	\$0.57

Every \$1 million reduction in Steel Connect corporate expenses would result in a ~\$6-\$7 million increase to the Company's implied equity value, or ~\$0.11 per share.

1. Reduction in annual corporate expenses is assumed to start in FY 2023E.

2. Based on corporate expense level in FY 2023.

3. Reflects change to Present Value of Steel Connect Corporate Expenses as shown on the prior page; based on midpoint of implied present value ranges.

4. Reflects change to the Present Value of Net Operating Losses as shown on the prior page; based on midpoint of implied present value ranges.

5. Calculated as the sum of Reduction to PV of SC Corporate Expenses and Increase to PV of NOLs.

6. Based on diluted shares outstanding as shown on the prior page.

NOL refers to Net Operating Loss. PV refers to Present Value.

Source: SC and ML managements, Consolidated Projections.

# Illustrative Federal NOL Observations

## Schedule of Steel Connect Federal NOLs

(dollars in millions)

Year Generated	NOL Amount	Maximum Tax Shelter [1]	Expiration Date
FY 2003	\$1,786.0	\$375.1	7/31/2023
FY 2004	\$48.3	\$10.2	7/31/2024
FY 2007	\$19.4	\$4.1	7/31/2027
FY 2008	\$39.7	\$8.3	7/31/2028
FY 2009	\$4.8	\$1.0	7/31/2029
FY 2011	\$14.6	\$3.1	7/31/2031
FY 2012	\$5.3	\$1.1	7/31/2032
FY 2013	\$44.0	\$9.2	7/31/2033
FY 2015	\$12.7	\$2.7	7/31/2035
FY 2016	\$40.9	\$8.6	7/31/2036
FY 2017	\$13.1	\$2.7	7/31/2037
FY 2018	\$30.7	\$6.4	7/31/2038
FY 2022	\$97.0 [2]	\$20.4	NA [3]
<b>Total</b>	<b>\$2,156.4</b>	<b>\$452.8</b>	

Every \$3 million of NOL shelter results in an increase of ~\$0.05 to the implied equity value per share reference range

Note: Does not reflect \$73.4 million of foreign NOLs or \$111.1 million of state NOLs, which SC management has indicated it does not project utilizing over the projection period.

1. Calculated by multiplying corresponding gross NOL amount by the current federal tax rate of 21.0%.

2. Reflects \$97 million worthless stock deduction from disposition of IWCO, per SC management. Additional NOLs may be generated in FY 2022 depending on final year-end results.

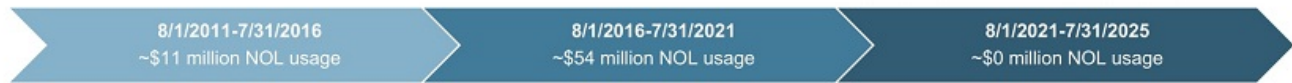
3. NOLs generated after FY 2018 are not expected to expire, per SC management.

FY refers to Fiscal Year; NA refers to Not Available; NOL refers to Net Operating Loss.

Source: SC management, Consolidated Projections.

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## Illustrative Federal NOL Observations (cont.)



- Per Steel Connect and ModusLink management, the Consolidated Projections do not contemplate material usage of the Company's ~\$2.2 billion of NOL's (~\$1.8 billion of which expire on 7/31/2023).
- Per Steel Connect management, Steel Connect has utilized ~\$65 million of NOLs over the last 10 years<sup>1</sup> and ~\$54 million of NOLs over the last 5 years<sup>1</sup>
- For illustrative purposes only, the below provides an analysis of the hypothetical present value reference range of tax savings in the event that Steel Connect is able to generate NOL utilization<sup>2</sup> approximating historical performance, based on a federal corporate tax rate of 21% and an assumed discount rate range of 15% to 18%:
  - (i) the implied present value reference range of tax savings would be ~\$7.4 million to ~\$8.0 million assuming that ~\$65 million of NOLs were utilized ratably over each of the next 10 years<sup>3</sup>
  - (ii) the implied present value reference range of tax savings would be ~\$8.5 million to ~\$8.9 million assuming that ~\$54 million of NOLs were utilized ratably over each of the next 5 years<sup>4</sup>

**Every \$3 million of NOL shelter results in an increase of ~\$0.05 to the implied equity value per share reference range**

*Note: Does not reflect \$73.4 million of foreign NOLs or \$111.1 million of state NOLs, which SC management has indicated it does not project utilizing over the projection period.*

*1. 10-year time period based on 8/1/2011 to 7/31/2021 and 5-year time period based on 8/1/2016 to 7/31/2021.*

*2. Potentially through acquisitions.*

*3. Refers to the 8/1/2021 to 7/31/2031 period.*

*4. Refers to the 8/1/2021 to 7/31/2026 period.*

*FY refers to Fiscal Year; NA refers to Not Available; NOL refers to Net Operating Loss.*

*Source: SC management, Consolidated Projections.*

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# Summary of Selected Changes Relative to Prior Preliminary Financial Analyses Dated January 10, 2022

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The following changes have been made relative to the prior preliminary discussion materials dated 1/10/22

- **Disposition of IWCO:**
  - The total equity value and equity value per share reference ranges for Steel Connect were adjusted to reflect (i) removal of the implied equity value reference ranges of IWCO and (ii) inclusion of the note payable from IWCO.
  - The implied equity value for IWCO ranged from \$0.0 to \$146.9 million in the prior preliminary discussion materials dated 1/10/22
- **Present Value of Net Operating Losses (“NOLs”):**
  - SC and ML managements provided updated NOL Projections, reflecting (i) removal of IWCO from the Consolidated Projections, and (ii) revised assumptions related to breakdown of foreign vs. domestic earnings in the ML Projections<sup>1</sup>
  - The present value of NOLs decreased by \$40.9 million to \$47.1 million relative to the prior preliminary discussion materials dated 1/10/22, primarily due to the impact of the IWCO disposition and ensuing reduction in projected taxable earnings
- **The Preliminary Financial Analyses were updated to reflect the following updated financial information provided by SC and ML managements:**
  - Updated based on use of Current FY 2022E forecast in the ML Projections (with projections for the outer years remaining unchanged)
  - Balance sheet financials based on 1/31/22 figures (compared to 10/31/21 figures incorporated in the prior preliminary discussion materials dated 1/10/22)
  - Capitalization information as of 3/1/22 (compared to information as of 12/28/21 incorporated in the prior preliminary discussion materials dated 1/10/22)
- **Preliminary Selected Companies Analysis:**
  - The preliminary selected companies analysis for ML was updated to reflect stock prices and other publicly available financial information as of 3/31/22 (previously, as of 1/4/22 market close). See page 21 for further detail on observed multiples.
  - No changes have been made to the selected multiples ranges relative to the prior preliminary discussion materials dated 1/10/22
- **Preliminary Illustrative Selected Transactions Analysis:**
  - The ML preliminary illustrative selected transactions were updated to include the recently announced acquisitions of (i) Clipper Logistics plc by GXO Logistics, Inc., (ii) Kane Logistics, Inc. by ID Logistics Group SA, (iii) LF Logistics Holdings Limited by A.P. Møller - Mærsk A/S and (iv) Whiplash Inc. by Ryder System, Inc.
  - The preliminary illustrative selected transactions analysis for ModusLink was updated to reflect (i) capitalization of FY 2022E Adjusted EBITDA instead of the corresponding metric for FY 2021 (given the passage of time) and (ii) an increase to the selected multiple range by 0.5x relative to the prior preliminary discussion materials dated 1/10/22
- **Preliminary Discounted Cash Flow (“DCF”) Analysis:**
  - Stock prices, betas, risk-free rates and other public information utilized in discount rate calculations have been updated to market close on 3/31/22 (previously, as of 1/4/22 market close)
  - No changes have been made to the selected discount rate range and the selected perpetual growth rates utilized in the preliminary DCF analysis relative to the prior preliminary discussion materials dated 1/10/22

<sup>1</sup> The Consolidated Projections now incorporate \$97 million of incremental NOLs generated from the IWCO disposition, but such NOLs are not projected to be able to be utilized due to limited US earnings.

# Selected Changes to Preliminary Financial Analyses

ModusLink

(dollars in millions, except per share amounts)

	January 10, 2022 Discussion Materials			April 4, 2022 Discussion Materials		
	Selected Companies Analysis					
Metric Capitalized	FY 2021 Adjusted EBITDA	FY 2022E Adjusted EBITDA	FY 2023E Adjusted EBITDA	LTM Ended 1/31/22 Adjusted EBITDA [Illustrative Only]	FY 2022E Adjusted EBITDA	FY 2023E Adjusted EBITDA
Base Amount	\$17.3	\$12.4	\$17.5	\$8.3	\$12.5	\$17.5
Selected Multiple Range	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x
Implied Equity Value [1]	\$85.4 - \$119.9	\$65.9 - \$90.6	\$86.3 - \$121.4	\$50.9 - \$67.4	\$68.1 - \$93.2	\$87.9 - \$122.9

	Selected Transactions Analysis [Illustrative Only]	
Metric Capitalized	FY 2021 Adjusted EBITDA	FY 2022E Adjusted EBITDA
Base Amount	\$17.3	\$12.5
Selected Multiple Range	4.0x - 6.0x	4.5x - 6.5x
Implied Equity Value [1]	\$85.4 - \$119.9	\$74.3 - \$99.4

	Discounted Cash Flow Analysis	
Terminal Metric	Unlevered Free Cash Flow	Unlevered Free Cash Flow
Perpetual Growth Rate Range	0.0% - 2.0%	0.0% - 2.0%
Discount Rate Range	13.0% - 15.0%	13.0% - 15.0%
Implied Equity Value [1]	\$92.4 - \$116.8	\$95.1 - \$119.9

1. Refer to page 23 for further detail on derivation of ML current equity value reference ranges.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization.

E refers to Estimated.

FY refers to Fiscal Year.

Source: SC and ML managements; January 10, 2022 Discussion Materials based on ML Projections prepared as of December 2021; current preliminary discussion materials based on ML Projections prepared as of February 2022; Capital IQ; Bloomberg; public filings.

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# Selected Market Changes

## ModusLink Selected Companies

Selected Company	Pricing As of 1/4/22			Pricing As of 3/31/22			Change Versus Prior Materials		
	Enterprise Value [1] to Adjusted EBITDA			Enterprise Value [1] to Adjusted EBITDA			Enterprise Value [1] to Adjusted EBITDA		
	LTM	FY 2022E[2]	FY 2023E[2]	LTM	FY 2022E[2]	FY 2023E[2]	LTM	FY 2022E[2]	FY 2023E[2]
Celestica Inc.	8.3x	4.7x	4.2x	6.7x	5.0x	4.6x	-1.6x	0.3x	0.4x
CJ Logistics Corporation	5.4x	5.3x	4.8x	5.4x	4.9x	4.6x	0.0x	-0.4x	-0.2x
Clipper Logistics plc	26.5x	13.1x	11.7x	27.0x	13.4x	12.1x	0.4x	0.3x	0.4x
Deutsche Post AG	7.7x	6.3x	6.2x	5.6x	4.6x	4.5x	-2.1x	-1.7x	-1.7x
FedEx Corporation	8.6x	7.6x	7.0x	7.3x	6.8x	6.3x	-1.3x	-0.7x	-0.7x
Flex Ltd.	6.3x	6.7x	6.2x	6.5x	6.5x	6.0x	0.2x	-0.2x	-0.1x
Jabil Inc.	6.3x	5.2x	5.3x	5.3x	4.5x	4.3x	-1.0x	-0.6x	-1.0x
Kerry Logistics Network Limited	8.0x	7.0x	7.6x	5.2x	6.0x	5.5x	-2.9x	-1.0x	-2.3x
Kuehne + Nagel International AG	15.1x	10.8x	11.9x	9.3x	9.3x	10.9x	-5.8x	-1.5x	-1.0x
United Parcel Service, Inc.	14.0x	12.7x	12.1x	12.3x	11.3x	11.1x	-1.7x	-1.4x	-1.0x
Wincanton plc	7.1x	4.5x	4.1x	7.5x	4.7x	4.4x	0.4x	0.2x	0.2x
GXO Logistics, Inc.	19.4x	16.2x	14.1x	15.0x	11.3x	10.2x	-4.4x	-4.9x	-4.0x
Low	5.4x	4.5x	4.1x	5.2x	4.5x	4.3x	-0.2x	0.1x	0.2x
High	26.5x	16.2x	14.1x	27.0x	13.4x	12.1x	0.4x	-2.8x	-2.0x
Median	8.2x	6.9x	6.6x	7.0x	6.2x	5.6x	-1.2x	-0.6x	-0.8x
Mean	11.1x	8.3x	8.0x	9.4x	7.4x	7.0x	-1.6x	-1.0x	-0.9x

Note: No company used in this analysis for comparative purposes is identical to ModusLink.

1. Enterprise Value equals equity market value + debt outstanding + preferred stock + minority interests – cash and cash equivalents.

2. Multiples based on forward looking financial information have been calendarized to ModusLink's fiscal year end of July 31 for all of the selected companies, except for Jabil Inc., whose fiscal year end is August 31.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public.

Source: Bloomberg, Capital IQ and public filings.

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# ModusLink: Preliminary Financial Analyses Summary

(dollars in millions)

	<b>Selected Companies Analysis</b>		<b>Selected Companies Analysis</b>		<b>Selected Companies Analysis</b>		<b>Selected Transactions Analysis [3]</b>		<b>Discounted Cash Flow Analysis</b>	
	<b>LTM Ended 1/31/22</b>		<b>FY 2022E</b>		<b>FY 2023E</b>		<b>FY 2022E</b>		<b>Perpetual Growth Rate</b>	
	<b>Adjusted EBITDA</b>		<b>Adjusted EBITDA</b>		<b>Adjusted EBITDA</b>		<b>Adjusted EBITDA</b>		<b>Discount Rate</b>	
Corresponding Base Amount	\$8.3		\$12.5		\$17.5		\$12.5		13.0% -- 15.0%	
Selected Multiples Range	4.0x -- 6.0x		4.0x -- 6.0x		4.0x -- 6.0x		4.5x -- 6.5x			
<b>Implied Enterprise Value Reference Range</b>	<b>\$33.0 -- \$49.5</b>		<b>\$50.2 -- \$75.3</b>		<b>\$70.0 -- \$105.0</b>		<b>\$56.5 -- \$81.6</b>		<b>\$77.3 -- \$102.1</b>	
Cash and Cash Equivalents as of 1/31/2022 [1] [2]	17.9	17.9	17.9	17.9	17.9	17.9	17.9	17.9	17.9	17.9
Implied Total Enterprise Value Reference Range	\$50.9 -- \$67.4		\$68.1 -- \$93.2		\$87.9 -- \$122.9		\$74.3 -- \$99.4		\$95.1 -- \$119.9	
Total Debt as of 1/31/2022 [1]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Implied Equity Value Reference Range [3]</b>	<b>\$50.9 -- \$67.4</b>		<b>\$68.1 -- \$93.2</b>		<b>\$87.9 -- \$122.9</b>		<b>\$74.3 -- \$99.4</b>		<b>\$95.1 -- \$119.9</b>	

1. Per SC and ML managements.

2. ML management has indicated that (i) ~\$10 million of ML's cash and cash equivalents balance is currently "trapped cash" and would potentially be subject to repatriation tax and (ii) over ~\$5 million of ML's cash and cash equivalents balance may be required for near-term net working capital requirements; these amounts have not been excluded from the cash balances shown above. Per SC and ML managements, ML may dividend to SC up to \$10 million allowable under its existing credit facility.

3. Per SC and ML management, in early March 2022, ML received the Revised IOI based on a purchase price for ML of \$80 million, incorporating ML's ~\$20 million cash balance and a reduction of ~\$18 million for future operating lease payments, following an initial indication of interest based on a valuation of \$70 million submitted in November 2021; however, the Revised IOI was subsequently withdrawn. Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

Source: SC and ML managements; ML Projections; Capital IQ; Bloomberg; public filings.

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# ModusLink Historical and Projected Financial Information

	Fiscal Year Ended July 31, LTM Ended				Fiscal Year Ending July 31,				CAGR 2019 to 2021	CAGR 2021 to 2025E
	2019	2020	2021	1/31/2022	2022E	2023E	2024E	2025E		
<b>Revenue</b>	<b>\$332.9</b>	<b>\$338.5</b>	<b>\$226.3</b>	<b>\$195.8</b>	<b>\$203.2</b>	<b>\$240.3</b>	<b>\$249.5</b>	<b>\$259.3</b>	<b>-17.6%</b>	<b>3.5%</b>
Growth %	1.7%	-33.1%			-10.2%	18.2%	3.8%	3.9%		
Cost of Materials	(191.4)	(190.3)	(109.0)	(90.2)	(86.5)	(116.8)	(121.3)	(126.0)		
<b>VAR</b>	<b>\$141.5</b>	<b>\$148.2</b>	<b>\$117.2</b>	<b>\$105.6</b>	<b>\$116.8</b>	<b>\$123.5</b>	<b>\$128.3</b>	<b>\$133.3</b>	<b>-9.0%</b>	<b>3.3%</b>
Growth %	4.7%	-20.9%			-0.4%	5.8%	3.8%	3.9%		
% of Revenue	42.5%	43.8%	51.8%	53.9%	57.5%	51.4%	51.4%	51.4%		
Cost of Goods Sold	(106.0)	(84.4)	(69.5)	(67.0)	(74.0)	(74.1)	(77.0)	(80.0)		
<b>Gross Profit</b>	<b>\$35.5</b>	<b>\$63.8</b>	<b>\$47.7</b>	<b>\$38.6</b>	<b>\$42.7</b>	<b>\$49.4</b>	<b>\$51.3</b>	<b>\$53.3</b>	<b>15.9%</b>	<b>2.8%</b>
% of Revenue	10.7%	18.8%	21.1%	19.7%	21.0%	20.6%	20.6%	20.6%		
% of VAR	25.1%	43.0%	40.7%	36.6%	36.6%	40.0%	40.0%	40.0%		
Operating Expenses	(39.3)	(35.8)	(39.1)	(36.2)	(31.9)	(35.4)	(35.4)	(35.4)		
Depreciation and Amortization	5.6	4.1	3.4	2.8	2.2	3.5	3.5	3.5		
Total Adjustments [1]	7.2	2.4	5.3	3.0	(0.5)	0.0	0.0	0.0		
<b>Adjusted EBITDA</b>	<b>\$9.1</b>	<b>\$34.4</b>	<b>\$17.3</b>	<b>\$8.3</b>	<b>\$12.5</b>	<b>\$17.5</b>	<b>\$19.4</b>	<b>\$21.4</b>	<b>38.1%</b>	<b>5.5%</b>
Growth %		279.7%	-49.8%		-27.3%	39.5%	10.8%	10.3%		
% of Revenue	2.7%	10.2%	7.6%	4.2%	6.2%	7.3%	7.8%	8.3%		
% of VAR	6.4%	23.2%	14.7%	7.8%	10.7%	14.2%	15.1%	16.1%		
Depreciation and Amortization	(5.6)	(4.1)	(3.4)	(2.8)	(2.2)	(3.5)	(3.5)	(3.5)		
<b>Adjusted EBIT</b>	<b>\$3.4</b>	<b>\$30.3</b>	<b>\$13.9</b>	<b>\$5.5</b>	<b>\$10.3</b>	<b>\$14.0</b>	<b>\$15.9</b>	<b>\$17.9</b>	<b>101.7%</b>	<b>6.6%</b>
Growth %		788.2%	-54.2%		-25.4%	35.3%	13.5%	12.6%		
% of Revenue	1.0%	8.9%	6.1%	2.8%	5.1%	5.8%	6.4%	6.9%		

## 1. Total Adjustments:

Severance	1.0	3.1	(0.1)	(0.4)	(0.0)	0.0	0.0	0.0
Provision for Asset Impairment	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bad Debt Expense	0.9	0.2	(0.0)	0.1	(0.0)	0.0	0.0	0.0
Cyber-Attack Impact	1.5	(0.7)	0.0	(0.0)	0.0	0.0	0.0	0.0
Penalties & Fines	0.8	(0.2)	(0.0)	(0.1)	(0.0)	0.0	0.0	0.0
SAP Project Costs	0.0	0.0	2.6	2.6	0.0	0.0	0.0	0.0
France / Hungary non-cash charge	0.0	0.0	1.6	0.0	0.0	0.0	0.0	0.0
eBusiness PCL charge	0.0	0.0	1.2	0.8	(0.5)	0.0	0.0	0.0
<b>Total Adjustments</b>	<b>\$7.2</b>	<b>\$2.4</b>	<b>\$5.3</b>	<b>\$3.0</b>	<b>(\$0.5)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items; CAGR refers to Compound Annual Growth Rate; E refers to Estimated; FY refers to Fiscal Year; VAR refers to Value-Added Revenue.

Source: SC and ML managements, historical figures per SC and ML managements and public filings; projected figures per ML Projections.

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## Selected Commentary

- A** After stabilizing in FY 2019 – FY 2020, VAR declined by ~21% in FY 2021 as a result of (i) customer exits and (ii) organic volume declines at certain top customers. VAR is expected to stabilize again, growing at ~3.3% over the projection period.
- B** Gross profit nearly doubled between FY 2019 and FY 2020 amid a management program to cut direct labor costs and exit unprofitable accounts, with gross margins generally projected to remain elevated (at levels near FY 2021 performance).
- C** ModusLink management is forecasting that Adjusted EBITDA will generally grow at a CAGR of ~5.5% after FY 2021, driven primarily by (i) new business VAR outpacing erosion in the baseline business and (ii) continued cost discipline supporting elevated profit margins.
- D** ModusLink is facing a decline in demand from certain customers, including due to the semiconductor chip shortage, which has impacted LTM and FY 2022 performance. ModusLink management believes that some recovery in demand from such customers, coupled with new business wins, will lead to a rebound in the outer years of the projection period.

# ModusLink: Preliminary Selected Companies Analysis

(dollars in millions, except per share values)

Selected Company	Share Price [2]	Equity Market Value [2,3]	Enterprise Value [2,3]	Enterprise Value [1] to Adjusted EBITDA		
				LTM	FY 2022E [4]	FY 2023E [4]
Celestica Inc.	\$11.91	\$1,633.7	\$2,034.1	6.7x	5.0x	4.6x
CJ Logistics Corporation	\$104.55	\$2,085.2	\$3,694.9	5.4x	4.9x	4.6x
Clipper Logistics plc	\$15.66	\$1,644.7	\$1,643.0	27.0x	13.4x	12.1x
Deutsche Post AG	\$48.38	59,945.4	62,094.9	5.6x	4.6x	4.5x
FedEx Corporation	\$231.39	60,956.9	75,400.9	7.3x	6.8x	6.3x
Flex Ltd.	\$18.55	9,051.1	10,923.1	6.5x	6.5x	6.0x
Jabil Inc.	\$61.73	9,222.1	11,011.1	5.3x	4.5x	4.3x
Kerry Logistics Network Limited	\$2.29	4,155.5	4,185.4	5.2x	6.0x	5.5x
Kuehne + Nagel International AG	\$285.70	34,420.5	32,305.2	9.3x	9.3x	10.9x
United Parcel Service, Inc.	\$214.46	187,276.7	198,614.7	12.3x	11.3x	11.1x
Wincanton plc	\$5.07	645.9	667.5	7.5x	4.7x	4.4x
GXO Logistics, Inc.	\$71.34	8,191.5	8,858.5	15.0x	11.3x	10.2x
Low				5.2x	4.5x	4.3x
High				27.0x	13.4x	12.1x
Median				7.0x	6.2x	5.8x
Mean				9.4x	7.4x	7.0x

Note: No company used in this analysis for comparative purposes is identical to ModusLink.

1. Enterprise Value equals equity market value + debt outstanding + preferred stock + minority interests – cash and cash equivalents.

2. Based on closing prices as of 3/31/22.

3. Based on diluted shares.

4. Multiples based on forward looking financial information have been calendarized to ModusLink's fiscal year end of July 31 for all of the selected companies, except for Jabil Inc., whose fiscal year end is August 31.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public.

Source: Bloomberg, Capital IQ and public filings.

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# ModusLink: Preliminary Selected Benchmarking Data

Size (LTM Revenue, millions)	Size (1) (Enterprise Value as of 3/31/22, millions)	Revenue Growth (FY 2019 to FY 2021 Revenue)	Revenue Growth (FY 2021 to FY 2023E Revenue)
United Parcel Service, Inc. \$97,287.0	United Parcel Service, Inc. \$198,614.7	Clipper Logistics plc 24.4%	GDX Logistics, Inc. 11.4%
FedEx Corporation \$91,683.0	FedEx Corporation \$75,400.9	Kerry Logistics Network Limited 20.3%	Clipper Logistics plc 9.7%
Deutsche Post AG \$90,808.8	Deutsche Post AG \$62,094.9	Kuehne + Nagel International AG 15.6%	Celestica Inc. 8.0%
Kuehne + Nagel International AG \$35,518.8	Kuehne + Nagel International AG \$32,305.2	United Parcel Service, Inc. 12.1%	Kerry Logistics Network Limited 8.0%
Jabil Inc. \$30,744.0	Jabil Inc. \$11,011.1	FedEx Corporation 10.9%	United Parcel Service, Inc. 5.5%
Flex Ltd. \$25,456.0	Flex Ltd. \$10,923.1	GDX Logistics, Inc. 8.9%	Jabil Inc. 5.2%
Kerry Logistics Network Limited \$10,081.1	GDX Logistics, Inc. \$8,858.5	Jabil Inc. 7.6%	Wincanton plc 5.0%
CJ Logistics Corporation \$9,338.4	Kerry Logistics Network Limited \$4,185.4	Deutsche Post AG 7.5%	FedEx Corporation 5.0%
GDX Logistics, Inc. \$7,840.0	CJ Logistics Corporation \$3,694.9	Wincanton plc 4.7%	CJ Logistics Corporation 4.3%
Celestica Inc. \$5,634.7	Celestica Inc. \$2,034.1	CJ Logistics Corporation 2.2%	Deutsche Post AG 4.2%
Wincanton plc \$1,752.9	Clipper Logistics plc \$1,643.0	Flex Ltd. -1.8%	Flex Ltd. 3.9%
Clipper Logistics plc \$1,047.9	Wincanton plc \$667.5	Celestica Inc. -4.3%	<b>ModusLink 3.1%</b>
<b>ModusLink \$195.8</b>		<b>ModusLink -17.6%</b>	Kuehne + Nagel International AG 2.6%
Adjusted EBITDA Growth (FY 2019 to FY 2021 Adjusted EBITDA)	Adjusted EBITDA Growth (FY 2021 to FY 2023E Adjusted EBITDA)	Profitability (LTM Adjusted EBITDA to LTM Revenue)	Profitability (FY 2022E to FY 2023E Average Adjusted EBITDA Margin)
Kuehne + Nagel International AG 38.4%	Clipper Logistics plc 22.3%	United Parcel Service, Inc. 16.5%	United Parcel Service, Inc. 16.6%
<b>ModusLink 38.1%</b>	GDX Logistics, Inc. 19.1%	Deutsche Post AG 12.2%	Deutsche Post AG 14.6%
Clipper Logistics plc 37.2%	Celestica Inc. 16.4%	FedEx Corporation 11.3%	FedEx Corporation 11.9%
Kerry Logistics Network Limited 24.3%	Wincanton plc 14.4%	Kuehne + Nagel International AG 9.8%	Clipper Logistics plc 10.8%
Deutsche Post AG 18.9%	Deutsche Post AG 13.1%	Kerry Logistics Network Limited 8.0%	Kuehne + Nagel International AG 9.6%
Flex Ltd. 18.0%	Jabil Inc. 9.3%	GDX Logistics, Inc. 7.4%	GDX Logistics, Inc. 8.6%
United Parcel Service, Inc. 17.1%	United Parcel Service, Inc. 8.7%	CJ Logistics Corporation 7.3%	Wincanton plc 7.8%
FedEx Corporation 12.2%	Kerry Logistics Network Limited 7.1%	Jabil Inc. 6.8%	CJ Logistics Corporation 7.6%
Jabil Inc. 12.0%	FedEx Corporation 6.5%	Flex Ltd. 6.6%	Jabil Inc. 7.4%
Celestica Inc. 11.8%	CJ Logistics Corporation 6.0%	Clipper Logistics plc 5.8%	Kerry Logistics Network Limited 7.1%
GDX Logistics, Inc. 7.4%	Flex Ltd. 5.1%	Celestica Inc. 5.4%	<b>ModusLink 6.8%</b>
Wincanton plc 6.3%	Kuehne + Nagel International AG 4.3%	Wincanton plc 5.1%	Flex Ltd. 6.5%
CJ Logistics Corporation 3.3%	<b>ModusLink 0.7%</b>	<b>ModusLink 4.2%</b>	Celestica Inc. 6.2%
Profitability (LTM Adjusted EBIT to LTM Revenue)	Profitability (FY 2022E to FY 2023E Average Adjusted EBIT Margin)	Relative Depreciation (LTM Depr. to LTM Adjusted EBITDA)	Internal Investment (LTM Capital Expenditures to LTM Revenue)
United Parcel Service, Inc. 13.9%	United Parcel Service, Inc. 13.6%	Kuehne + Nagel International AG 7.7%	<b>ModusLink [2] 0.8%</b>
Deutsche Post AG 9.9%	Deutsche Post AG 9.6%	Wincanton plc 7.6%	Kuehne + Nagel International AG 0.5%
Kuehne + Nagel International AG 9.0%	FedEx Corporation 7.6%	Kerry Logistics Network Limited 11.7%	Wincanton plc 0.7%
Kerry Logistics Network Limited 7.1%	Kuehne + Nagel International AG 7.1%	Clipper Logistics plc 15.8%	Celestica Inc. 0.9%
FedEx Corporation 7.0%	Kerry Logistics Network Limited 6.2%	United Parcel Service, Inc. 18.3%	Clipper Logistics plc 1.6%
Clipper Logistics plc 4.9%	Clipper Logistics plc 5.8%	Deutsche Post AG 18.6%	Flex Ltd. 1.7%
Wincanton plc 4.7%	<b>ModusLink 6.9%</b>	Flex Ltd. 33.1%	CJ Logistics Corporation 1.9%
Flex Ltd. 4.4%	GDX Logistics, Inc. 5.1%	<b>ModusLink 33.4%</b>	Kerry Logistics Network Limited 2.5%
Jabil Inc. 3.8%	GDX Logistics, Inc. 4.8%	FedEx Corporation 37.9%	GDX Logistics, Inc. 3.1%
GDX Logistics, Inc. 3.2%	Flex Ltd. 4.6%	Celestica Inc. 41.5%	Jabil Inc. 3.9%
CJ Logistics Corporation 3.2%	Jabil Inc. 4.5%	Jabil Inc. 43.6%	United Parcel Service, Inc. 4.3%
Celestica Inc. 3.2%	Celestica Inc. 4.4%	CJ Logistics Corporation 56.6%	Deutsche Post AG 4.6%
<b>ModusLink 2.8%</b>	CJ Logistics Corporation 3.9%	GDX Logistics, Inc. 56.9%	FedEx Corporation 6.6%

Note: No company shown for comparative purposes is identical to ModusLink; certain selected companies do not report VAR.

1. Based on public trading prices of common stock.

2. Represents FY 2021 Capital Expenditures to FY 2021 Revenue.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items.

Depr. refers to Depreciation.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public, other than for ModusLink, in which case LTM refers to Latest 12 Months.

Source: Bloomberg, Capital IQ, SC and ML managements, public filings, and ML Projections.

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# ModusLink: Preliminary Selected Transactions Analysis

(dollars in millions)

Announced	Effective	Target	Acquiror	Transaction Value [1]	Transaction Value / LTM Adjusted EBITDA [2]	LTM Adjusted EBITDA Margin % [2]
2/20/2022	Pending	Clipper Logistics plc	GXO Logistics, Inc.	\$925.6	20.0x	5.8%
2/14/2022	Pending	Kane Logistics, Inc.	ID Logistics Group SA	\$240.0	NA	NA
12/22/2021	Pending	LF Logistics Holdings Limited	A.P. Møller - Mærsk A/S	\$3,860.0	16.4x	18.1%
12/13/2021	1/1/2022	Whiplash Inc.	Ryder System, Inc.	\$480.0	NA	NA
9/10/2021	11/23/2021	Echo Global Logistics, Inc.	The Jordan Company, L.P.	\$1,340.4	13.2x	3.2%
8/6/2021	10/1/2021	B2C Europe Holding B.V.	A.P. Møller - Mærsk A/S	\$86.0	11.0x	NA
8/6/2021	8/6/2021	Visible Supply Chain Management, LLC	A.P. Møller - Mærsk A/S	\$838.0	13.0x	NA
7/22/2021	11/15/2021	Transplace Inc	Uber Freight LLC	\$2,250.0	NMF	NA
7/8/2021	Pending	Imperial Logistics Limited	DP World Limited	\$1,237.4	6.1x	5.6%
7/1/2021	Pending	Syncreon.Us Inc.	DP World Limited	\$1,200.0	NA	NA
6/30/2021	6/30/2021	Quad Logistics Services, LLC	Mullen Group Ltd.	\$40.0	8.0x	NA
4/27/2021	8/16/2021	Agility Global Integrated Logistics	DSV Panalpina A/S	\$4,200.0	16.3x	6.4%
5/12/2021	5/12/2021	Lasership, Inc.	American Securities LLC	\$1,700.0	13.0x	NA
3/17/2021	3/17/2021	AJT Worldwide Logistics, Inc.	The Jordan Company, L.P.	\$1,200.0	NA	NA
12/9/2020	7/7/2021	Ingram Micro Inc.	Platinum Equity, LLC	\$7,200.0	6.9x	2.3%
02/19/2020	1/4/2020	Performance Team LLC	A.P. Møller - Mærsk A/S	\$545.0	6.1x	17.1%
1/28/2020	3/2/2020	Prime Distribution Services, Inc.	C.H. Robinson Worldwide, Inc.	\$225.0	NA	NA
11/5/2018	12/3/2018	CaseStack, Inc.	Hub Group, Inc.	\$255.0	11.6x	9.1%
2/17/2015	5/29/2015	APL Logistics Ltd	Kintetsu World Express, Inc.	\$1,200.0	15.0x	4.8%
12/15/2014	1/30/2015	FedEx Supply Chain Distribution System, Inc.	FedEx Corporation	\$1,380.0	NA	NA
7/29/2014	9/2/2014	New Breed Holding Company	XPO Logistics, Inc.	\$615.0	8.0x	12.9%
Low				\$40.0	6.1x	2.3%
High				\$7,200.0	20.0x	18.1%
Median				\$1,200.0	12.3x	6.1%
Mean				\$1,477.0	11.8x	8.5%

Note: No company used in this analysis for comparative purposes is identical to ModusLink, and no transaction used in this analysis for comparative purposes is identical to the Revised Proposal.  
 1. Transaction Value refers to the implied enterprise value of target company, based on the announced transaction equity price and other public information available at the time of the announcement.  
 2. Based on reported metric for the most recent LTM period prior to the announcement of the transaction.  
 Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items. NA refers to Not Available. NMF refers to Not Meaningful Figure.  
 Sources: Capital IQ, public filings, press releases.

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# ModusLink: Preliminary Discounted Cash Flow Analysis

(dollars in millions)

	Projected Fiscal Year Ending July 31,				Terminal Value Assumptions
	2022E [1]	2023E	2024E	2025E	
Revenue	\$104.6	\$240.3	\$249.5	\$259.3	\$259.3
Growth %	-10.2%	18.2%	3.8%	3.9%	
Cost of Materials	(41.7)	(116.8)	(121.3)	(126.0)	(126.0)
Cost of Sales (Goods Sold)	(40.4)	(74.1)	(77.0)	(80.0)	(80.0)
Operating Expenses	(16.8)	(35.4)	(35.4)	(35.4)	(36.9)
Depreciation and Amortization	1.0	3.5	3.5	3.5	5.0
Total Adjustments	0.0	0.0	0.0	0.0	0.0
<b>Adjusted EBITDA</b>	<b>\$6.7</b>	<b>\$17.5</b>	<b>\$19.4</b>	<b>\$21.4</b>	<b>\$21.4</b>
% of Revenue	6.4%	7.3%	7.8%	8.3%	8.3%
Depreciation and Amortization	(1.0)	(3.5)	(3.5)	(3.5)	(5.0)
<b>Adjusted EBIT</b>	<b>\$5.7</b>	<b>\$14.0</b>	<b>\$15.9</b>	<b>\$17.9</b>	<b>\$16.4</b>
Taxes [2]	(1.4)	(3.5)	(4.0)	(4.5)	(4.1)
<b>Unlevered Earnings</b>	<b>\$4.2</b>	<b>\$10.5</b>	<b>\$11.9</b>	<b>\$13.4</b>	<b>\$12.3</b>
Depreciation and Amortization	1.0	3.5	3.5	3.5	5.0
Capital Expenditures	(1.9)	(5.0)	(5.0)	(5.0)	(5.0)
Change in Net Working Capital	(1.1)	(0.1)	(0.7)	(0.7)	(0.7)
<b>Unlevered Free Cash Flows</b>	<b>\$2.2</b>	<b>\$8.9</b>	<b>\$9.8</b>	<b>\$11.2</b>	<b>\$11.6</b>

Discount Rate	0.00%	1.00%	2.00%
13.00%	\$26.0	\$63.1	\$69.1
13.50%	\$25.8	\$60.0	\$65.5
14.00%	\$25.6	\$57.2	\$62.2
14.50%	\$25.4	\$54.5	\$59.2
15.00%	\$25.2	\$52.1	\$56.3

Discount Rate	0.00%	1.00%	2.00%
13.00%	\$89.1	\$95.0	\$102.1
13.50%	\$85.8	\$91.3	\$97.7
14.00%	\$82.8	\$87.8	\$93.6
14.50%	\$79.9	\$84.5	\$89.9
15.00%	\$77.3	\$81.6	\$86.5

Discount Rate	0.00%	1.00%	2.00%
13.00%	70.9%	72.7%	74.6%
13.50%	70.0%	71.8%	73.6%
14.00%	69.1%	70.9%	72.7%
14.50%	68.2%	70.0%	71.8%
15.00%	67.4%	69.1%	70.9%

Discount Rate	0.00%	1.00%	2.00%
13.00%	4.4x	4.6x	5.3x
13.50%	4.3x	4.7x	5.1x
14.00%	4.1x	4.5x	4.9x
14.50%	4.0x	4.3x	4.7x
15.00%	3.9x	4.2x	4.6x

Note: Present values as of 4/4/22; mid-year convention applied.

1. Represents a 6.0-month stub period.

2. Tax at 25.0%, per SC and ML managements.

3. Implied from corresponding discount rate and perpetual growth rate applied to 2025 unlevered free cash flow.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items.

E refers to Estimated.

PV refers to Present Value.

Source: SC and ML managements, ML Projections.

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# Present Value of Corporate Costs

(dollars in millions)

	Projected Fiscal Year Ending July 31,			
	2022E [1]	2023E	2024E	2025E
Management Salary and Wages [2]	(\$1.1)	(\$3.7)	(\$3.7)	(\$3.8)
Board Fees	(\$0.6)	(\$1.1)	(\$1.2)	(\$1.2)
Other Professional Fees [3]	(\$0.8)	(\$1.5)	(\$1.6)	(\$1.6)
Tax and Other Expenses	(\$0.5)	(\$0.8)	(\$0.8)	(\$0.8)
<b>Total Corporate Operating Expenses</b>	<b>(\$2.9)</b>	<b>(\$7.2)</b>	<b>(\$7.3)</b>	<b>(\$7.4)</b>
Taxes @ 26.0%	\$0.8	\$1.9	\$1.9	\$1.9
<b>Tax-Effectuated Corporate Expenses</b>	<b>(\$2.2)</b>	<b>(\$5.3)</b>	<b>(\$5.4)</b>	<b>(\$5.4)</b>

Discount Rate	Present Value of Cash Flows (2022 - 2025)	+	PV of Terminal Value Based on Perpetual Growth Rate for 2025 Tax-Effectuated Corporate Expenses			=	Implied Present Value of Tax-Effectuated Corporate Expenses		
			0.00%	1.00%	2.00%		0.00%	1.00%	2.00%
13.00%	(\$15.1)		(\$29.7)	(\$32.5)	(\$35.8)		(\$44.8)	(\$47.6)	(\$50.9)
13.50%	(\$15.0)		(\$28.2)	(\$30.8)	(\$33.8)		(\$43.2)	(\$45.8)	(\$48.8)
14.00%	(\$14.9)		(\$26.9)	(\$29.2)	(\$32.0)		(\$41.8)	(\$44.1)	(\$46.9)
14.50%	(\$14.8)		(\$25.6)	(\$27.8)	(\$30.3)		(\$40.4)	(\$42.6)	(\$45.1)
15.00%	(\$14.7)		(\$24.5)	(\$26.5)	(\$28.8)		(\$39.2)	(\$41.2)	(\$43.5)

Note: Present values as of 4/4/22; mid-year convention applied. Discount Rate range informed by 13% to 15% discount rate range used for ModusLink.

1. Represents a 6.0-month stub period.

2. Includes salary and wages for employees at Steel Connect (primarily related to corporate accounting and audit work) as well as Steel Partners shared services fee, which reflects salaries of Steel Partners employees based on allocation of time for functions performed for the benefit of Steel Connect.

3. Includes legal fees, investor relations fees, and stock market fees, among other professional fees.

E refers to Estimated.

Source: SC management, Corporate Expense Projections.

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## Relative Total Shareholder Return Information (Last 3 Years)

	Three-Year Return	Two-Year Return	One-Year Return
Steel Connect, Inc.	-35.5%	72.0%	-34.8%
S&P 500 Index (Total Return)	68.9%	83.7%	17.5%
Steel Partners Holdings L.P.	199.6%	666.3%	202.3%
ModusLink Selected Companies Index [1]	52.1%	88.8%	-5.6%



1. ModusLink Selected Companies Index includes Celestica, Inc., CJ Logistics Corporation, Clipper Logistics plc, Deutsche Post AG, FedEx Corporation, Flex Ltd., Jabil Inc., Kerry Logistics Network Limited, Kuehne + Nagel International AG, United Parcel Service, Inc., Wincanton plc, and GXO Logistics, Inc. Source: Capital IQ as of 3/31/22.



# Recent Trading Activity by Shareholder

## Largest Steel Connect Shareholders (Excluding Steel Partners and Other Insiders)

(dollars and shares in actuals)

Stockholder	Latest Shareholdings	% of Total Float	Net Shares Added / (Deducted) by Quarter							
			Q1 CY 2020	Q2 CY 2020	Q3 CY 2020	Q4 CY 2020	Q1 CY 2021	Q2 CY 2021	Q3 CY 2021	Q4 CY 2021
GAMCO Investors, Inc.	2,553,000	6.7%	-	552,000	1,610,920	(7,422)	(511,799)	(278,050)	19,351	-
% of Holdings Traded			0.0%	47.3%	93.7%	(0.2%)	(15.4%)	(9.9%)	0.8%	0.0%
Renaissance Technologies LLC	2,297,196	6.1%	(2,342)	283,239	121,943	293,441	(91,033)	(102,444)	(114,404)	(125,800)
% of Holdings Traded			(0.1%)	13.9%	5.3%	12.0%	(3.3%)	(3.9%)	(4.5%)	(5.2%)
The Vanguard Group, Inc.	1,909,467	5.0%	(89,800)	(102,386)	(146,947)	(21,801)	1,228,031	31,156	61,779	54,115
% of Holdings Traded			(10.0%)	(12.7%)	(20.9%)	(3.9%)	229.8%	1.8%	3.4%	2.9%
BlackRock, Inc.	1,038,519	2.7%	(15,971)	(81,325)	15	1,275	2,180	(72,226)	(599)	6,497
% of Holdings Traded			(1.3%)	(6.9%)	0.0%	0.1%	0.2%	(6.5%)	(0.1%)	0.6%
Solas Capital Management, LLC	867,736	2.3%	61,695	-	-	-	-	68,368	-	-
% of Holdings Traded			8.4%	0.0%	0.0%	0.0%	0.0%	8.6%	0.0%	0.0%
Bridgeway Capital Management, Inc.	274,845	0.7%	-	(250,600)	(43,000)	(35,200)	(46,155)	68,700	-	-
% of Holdings Traded			0.0%	(43.1%)	(13.0%)	(12.2%)	(18.3%)	33.3%	0.0%	0.0%
Geode Capital Management, LLC	232,624	0.6%	1,045	-	-	-	29,080	13,335	-	-
% of Holdings Traded			0.6%	0.0%	0.0%	0.0%	15.3%	6.1%	0.0%	0.0%
VWAP During Quarter			\$1.21	\$0.58	\$0.56	\$0.74	\$2.14	\$2.01	\$1.90	\$1.79
High Closing Stock Price During Quarter			\$1.57	\$0.87	\$0.67	\$0.98	\$2.67	\$2.21	\$2.07	\$2.40
Low Closing Stock Price During Quarter			\$0.75	\$0.46	\$0.51	\$0.51	\$0.77	\$1.79	\$1.64	\$1.31

Note: Net Shares Added / (Deducted) is shown through Q4 CY 2021.  
CY refers to Calendar Year; Q refers to Quarter; VWAP refers to Volume-Weighted Average Price.  
Source: Capital IQ, public filings.

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# Ownership Summary

## Steel Connect

(shares outstanding in millions)

Holder	As-Converted Shares [1]		% of Unaffiliated
	Shares	% Outstanding	
Steel Partners Holdings L.P. [1]	42.3	50.0%	
Warren Lichtenstein (Executive Chairman & Interim CEO)	1.6	1.8%	
Jack Howard (Director)	0.8	1.0%	
Glen Kassan (Vice Chairman)	0.4	0.5%	
Other Current / Former Directors and Executive Officers [2]	1.6	1.9%	
<b>Steel Partners and Other Insiders</b>	<b>46.7</b>	<b>55.2%</b>	
GAMCO Investors, Inc. (NYSE:GBL)	2.6	3.0%	6.7%
Renaissance Technologies LLC	2.3	2.7%	6.1%
The Vanguard Group, Inc.	1.9	2.3%	5.0%
BlackRock, Inc. (NYSE:BLK)	1.0	1.2%	2.7%
Solas Capital Management, LLC	0.9	1.0%	2.3%
Bridgeway Capital Management, LLC	0.3	0.3%	0.7%
Geode Capital Management, LLC	0.2	0.3%	0.6%
Other Public Shareholders	28.7	34.0%	75.8%
<b>Total Public Float [2]</b>	<b>37.9</b>	<b>44.8%</b>	<b>100.0%</b>
<b>Total As-Converted Shares [1]</b>	<b>84.6</b>	<b>100.0%</b>	

1. Includes (i) 17.9 million shares of common stock underlying the Company's Series C Convertible Preferred Stock and (ii) 6.3 million shares of common stock underlying the Company's Convertible Senior Notes, both of which are owned by Steel Partners, presented on an as-converted basis. Based on total common shares outstanding as of March 1, 2022, per the Company's Form 10-Q for the quarter ended January 31, 2022.

2. Source: Capital IQ.

 Denotes ownership of Steel Partners' 13D group.

Source: Capital IQ, Bloomberg, public filings.

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## Disclaimer (cont.)

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# Project Carbon

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DISCUSSION MATERIALS FOR THE SPECIAL COMMITTEE

JUNE 12, 2022 | CONFIDENTIAL | PRELIMINARY DRAFT

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# Summary of Selected Transaction Terms<sup>1</sup>

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- **Parties to the Transaction:**
  - Steel Partners Holdings L.P., a Delaware limited partnership (“Steel Partners” or “SP” or “Parent”)
  - [MERGER SUB], a Delaware corporation and a wholly-owned subsidiary of Parent (“Merger Sub”)
  - Steel Connect, Inc., a Delaware corporation (“Steel Connect”, “SC” or the “Company”)
- **Form of Transaction:**
  - Merger Sub shall be merged with and into the Company, with the Company continuing as the surviving corporation and becoming a wholly-owned subsidiary of Parent
- **Transaction Consideration:<sup>2</sup>**
  - Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than Excluded Shares and Dissenting Shares) shall be converted into the right to receive (A) \$1.35 in cash (the “Per Share Cash Merger Consideration”) and (B) one contingent value right to receive, subject to the terms of the CVR Agreement (defined below), an amount equal to (i) (a) Fair Market Value of the aggregate amount of gross proceeds received in connection with one or more sales of ModusLink Assets that are consummated within 24 months of the Effective Time (with the amount of any cash retained by the Company or its subsidiaries that would otherwise have been included in the ModusLink Assets), minus (b) \$80 million plus transaction expenses, divided by (ii) number of fully diluted shares of Company Common Stock outstanding<sup>3</sup> immediately prior to the Effective Time (the “ModusLink CVR”)<sup>4</sup>.
- **Certain Conditions:<sup>2</sup>**
  - Affirmative vote of holders of a majority of the outstanding shares of Company Common Stock not owned, directly or indirectly, by Parent (or its affiliates) or any other officers or directors of the Company
  - Affirmative vote of holders of a majority in voting power of the outstanding shares of Company Common Stock and Company Series C Preferred Stock, voting together as a single class
  - Affirmative vote of holders of a majority of the outstanding shares of Company Series C Preferred Stock
- **Go-Shop:**
  - 30-day go shop period
- **Termination Fee:<sup>5</sup>**
  - \$1.5 million termination fee
  - Expense reimbursement of up to \$1.0 million

1. This summary is intended only as an overview of selected terms and is not intended to cover all terms or details of the Transaction.

2. The terms Company Common Stock, Excluded Shares, Dissenting Shares, Series C Preferred Stock and Effective Time are as defined in the Agreement (defined below). The terms Fair Market Value and ModusLink Assets are as defined in the CVR Agreement (defined below).

3. Refers to number of shares of Company Common Stock outstanding as of immediately prior to the Effective Time.

4. At the direction of the Special Committee, given the uncertainty around events potentially impacting the value of the ModusLink CVR, we have not ascribed any value to the ModusLink CVR for purposes of our financial analyses or our Opinion.

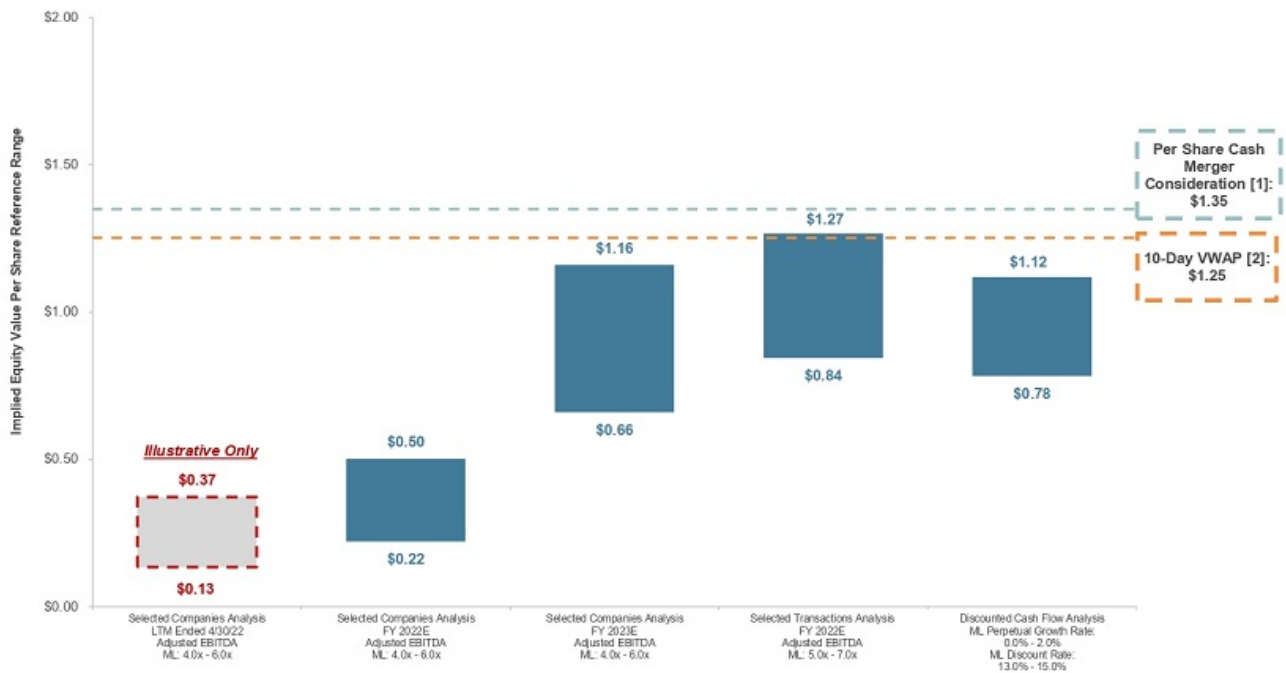
5. \$1.5 million termination fee not payable in, among other situations, the event of (a) alternative transaction during the go-shop period or with a party from which a bona fide proposal was received during the go-shop period and remains pending or (b) breach of certain representations, warranties, covenants or agreements by Parent.

Sources: Draft of the Agreement and Plan of Merger Agreement dated [June 9, 2022] (the “Agreement”) and draft of the Contingent Value Rights Agreement dated [June 11, 2022] (the “CVR Agreement”).

# Financial Analyses Summary

Steel Connect

## Implied Equity Value Per Share Reference Ranges



Note: No particular weight was attributed to any analysis.

1. At the direction of the Special Committee, given the uncertainty around events potentially impacting the value of the ModusLink CVR, we have not ascribed any value to the ModusLink CVR for purposes of our financial analyses.

2. Based on 10-Day VWAP as of 6/9/22, per Bloomberg.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items. E refers to Estimated. FY refers to Fiscal Year. VWAP refers to Volume-Weighted Average Price.

Source: Refer to following page for additional details and sources.

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# Financial Analyses Summary (cont.)

## Steel Connect

(dollars and shares outstanding in millions, except per share values)

	<b>(Illustrative Only)</b>														
	<b>Selected Companies Analysis</b>		<b>Selected Companies Analysis</b>		<b>Selected Companies Analysis</b>		<b>Selected Transactions Analysis [10]</b>		<b>Discounted Cash Flow Analysis</b>						
	LTM Ended 4/30/22 Adjusted EBITDA		FY 2022E Adjusted EBITDA		FY 2023E Adjusted EBITDA		FY 2022E Adjusted EBITDA		Perpetual Growth Rate						
<b>Implied Equity Value Reference Range - ModusLink [1] [2]</b>	<b>\$53.2</b>	<b>--</b>	<b>\$72.3</b>	<b>\$58.4</b>	<b>--</b>	<b>\$80.2</b>	<b>\$84.9</b>	<b>--</b>	<b>\$119.9</b>	<b>\$69.3</b>	<b>--</b>	<b>\$91.1</b>	<b>\$92.4</b>	<b>--</b>	<b>\$117.5</b>
Present Value of Steel Connect Corporate Expenses [3]	(31.3)	--	(40.7)	(31.3)	--	(40.7)	(31.3)	--	(40.7)	(5.0)	--	(5.0)	(31.3)	--	(40.7)
Present Value of Net Operating Losses [4]	1.2	--	2.3	1.2	--	2.3	1.2	--	2.3	1.6	--	1.9	1.2	--	2.3
Steel Connect Cash and Cash Equivalents as of 4/30/2022 [5]	35.0	--	35.0	35.0	--	35.0	35.0	--	35.0	35.0	--	35.0	35.0	--	35.0
Note Payable as of 4/30/2022 [5] [6]	0.0	--	3.5	0.0	--	3.5	0.0	--	3.5	0.0	--	3.5	0.0	--	3.5
Convertible Senior Notes as of 4/30/2022 [5] [7]	(14.9)	--	(14.9)	(14.9)	--	(14.9)	(14.9)	--	(14.9)	(14.9)	--	(14.9)	(14.9)	--	(14.9)
Series C Convertible Preferred Stock as of 4/30/2022 [5] [8]	(35.0)	--	(35.0)	(35.0)	--	(35.0)	(35.0)	--	(35.0)	(35.0)	--	(35.0)	(35.0)	--	(35.0)
<b>Implied Total Equity Value Reference Range</b>	<b>8.1</b>	<b>--</b>	<b>22.5</b>	<b>13.4</b>	<b>--</b>	<b>30.3</b>	<b>39.9</b>	<b>--</b>	<b>70.1</b>	<b>51.0</b>	<b>--</b>	<b>76.5</b>	<b>47.3</b>	<b>--</b>	<b>67.6</b>
Diluted Shares Outstanding [5] [9]	60.4	--	60.4	60.4	--	60.4	60.4	--	60.4	60.4	--	60.4	60.4	--	60.4
<b>Implied Equity Value Per Share Reference Range</b>	<b>\$0.13</b>	<b>--</b>	<b>\$0.37</b>	<b>\$0.22</b>	<b>--</b>	<b>\$0.50</b>	<b>\$0.66</b>	<b>--</b>	<b>\$1.16</b>	<b>\$0.84</b>	<b>--</b>	<b>\$1.27</b>	<b>\$0.78</b>	<b>--</b>	<b>\$1.12</b>

Note: Refer to following page for derivation of ML equity value reference ranges.

- Per ML management, ModusLink currently has ~\$10 million of 'trapped cash' potentially subject to repatriation, as well as ~\$5 million of cash required for near-term net working capital needs; if this cash was excluded from the implied equity value reference ranges for ModusLink, it would result in a reduction of ~\$0.25 to the implied equity value per share reference ranges shown above.
  - Per SC and ML managements, in early March 2022, ML received a revised indication of interest based on a purchase price for ML of \$80 million (the "Revised IOI"), incorporating ML's then-current ~\$20 million cash balance and a reduction of ~\$18 million for future operating lease payments, following an initial indication of interest based on a valuation of \$70 million submitted in November 2021; however, the Revised IOI was subsequently withdrawn.
  - For Selected Companies and DCF approaches, reflects present value of annual corporate expense projections of ~\$5.6 million to ~\$5.8 million per Corporate Expense Projections (as defined on page 10 herein), tax-effected and using a discount rate range of 13.0% to 15.0%. Selected Transactions approach assumes liquidation of corporate entity and ~\$5 million of wind-down/severance cash outlays based on certain hypothetical assumptions, per SC management.
  - Reflects net present value of tax savings from utilization of the Company's federal NOL balance of ~\$2.2 billion (of which ~\$1.8 billion expires in 2023), inclusive of \$97 million of worthless stock deduction accrued in FY 2022 as a result of the IWCO disposition. For Selected Companies and DCF approaches, based on the NOL Projections, the Consolidated Projections (in each case, as defined on page 10 herein), a federal corporate tax rate of 21%, and a discount rate range of 15.0% to 18.0%. For Selected Transactions Analysis, based on S382 limitations and assumes (i) (a) midpoint of ModusLink equity value reference ranges shown herein and (b) 1.64% long-term tax-exempt rate to derive annual usage limitation, (ii) federal corporate tax rate of 21% and (iii) discount rate range of 15.0% to 18.0%. Per SC management, state NOLs are not projected to have material value, if any, and foreign NOLs are not projected to be utilized; as such, we have ascribed zero value to state and foreign NOLs in the above analyses.
  - Per Company management.
  - Reflects note payable received in connection with disposition of IWCO. Per discussions with SC management, the likelihood of recovering any value from the note payable is minimal, and as such, the Company has determined that the fair value was zero for purposes of its financial statements; we have ascribed zero value on the low end and 50% of its face value of \$6.9 million on the high end of the range.
  - Reflects outstanding principal balance of Convertible Senior Notes as of 4/30/22. In a situation under which the conversion option is deemed to be in-the-money (implied per share equity value greater than \$2.37 per share), the outstanding balance would be reduced to \$0 and the diluted shares outstanding figure would be increased by 6.3 million shares.
  - Reflects liquidation preference of outstanding Series C Convertible Preferred Stock as of 4/30/22. In a situation under which the conversion option is deemed to be in-the-money (implied per share equity value greater than \$1.96 per share), the liquidation preference would be reduced to \$0 and the diluted shares outstanding figure would be increased by 17.9 million shares.
  - Reflects 60.4 million common shares outstanding as of 6/1/22, plus the impact of 2.0 thousand stock options outstanding, to the extent in-the-money (based on the treasury method), per SC management.
  - Selected Transactions approach assumes buyer would pay SC proceeds for ModusLink and that SC would wind down the corporate entity. Assumes wind-down/severance cash outlays of ~\$5 million based on certain hypothetical assumptions, per SC management. Ascribes value to Company NOLs based on net present value of tax savings using S382 limitation analysis.
- Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items. E refers to Estimated. FY refers to Fiscal Year.  
Source: SC and ML managements; Consolidated Projections (as defined on page 10 herein); Capital IQ; Bloomberg; public filings.

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# Financial Analyses Summary (cont.)

ModusLink

(dollars in millions)

	<b>(Illustrative Only)</b>									
	<b>Selected Companies Analysis</b>		<b>Selected Companies Analysis</b>		<b>Selected Companies Analysis</b>		<b>Selected Transactions Analysis [3]</b>		<b>Discounted Cash Flow Analysis</b>	
	LTM Ended 4/30/22		FY 2022E		FY 2023E		FY 2022E		Perpetual Growth Rate	
	Adjusted EBITDA		Adjusted EBITDA		Adjusted EBITDA		Adjusted EBITDA		Discount Rate	
Corresponding Base Amount	\$9.6		\$10.9		\$17.5		\$10.9		13.0% -- 15.0%	
Selected Mx Ranges	4.0x --	6.0x	4.0x --	6.0x	4.0x --	6.0x	5.0x --	7.0x		
<b>Implied Enterprise Value Reference Range</b>	<b>\$38.3</b>	<b>-- \$57.4</b>	<b>\$43.5</b>	<b>-- \$65.3</b>	<b>\$70.0</b>	<b>-- \$105.0</b>	<b>\$54.4</b>	<b>-- \$76.1</b>	<b>\$77.5</b>	<b>-- \$102.6</b>
Cash and Cash Equivalents as of 4/30/2022 [1][2]	14.9	-- 14.9	14.9	-- 14.9	14.9	-- 14.9	14.9	-- 14.9	14.9	-- 14.9
Implied Total Enterprise Value Reference Range	\$53.2	-- \$72.3	\$58.4	-- \$80.2	\$84.9	-- \$119.9	\$69.3	-- \$91.1	\$92.4	-- \$117.5
Total Debt as of 4/30/2022 [1]	0.0	-- 0.0	0.0	-- 0.0	0.0	-- 0.0	0.0	-- 0.0	0.0	-- 0.0
<b>Implied Equity Value Reference Range [3]</b>	<b>\$53.2</b>	<b>-- \$72.3</b>	<b>\$58.4</b>	<b>-- \$80.2</b>	<b>\$84.9</b>	<b>-- \$119.9</b>	<b>\$69.3</b>	<b>-- \$91.1</b>	<b>\$92.4</b>	<b>-- \$117.5</b>

1. Per SC and ML managements.

2. ML management has indicated that (i) ~\$10 million of ML's cash and cash equivalents balance is currently "trapped cash" and would potentially be subject to repatriation tax and (ii) ~\$5 million of ML's cash and cash equivalents balance may be required for near-term net working capital requirements; these amounts have not been excluded from the cash balances shown above. Per SC and ML managements, ML may dividend to SC up to \$10 million allowable under its existing credit facility, subject to covenant requirements.

3. Per SC and ML management, in early March 2022, ML received the Revised IOI based on a purchase price for ML of \$80 million, incorporating ML's then-current ~\$20 million cash balance and a reduction of ~\$18 million for future operating lease payments, following an initial indication of interest based on a valuation of \$70 million submitted in November 2021; however, the Revised IOI was subsequently withdrawn.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation, and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

Source: SC and ML managements; ML Projections (as defined on page 10 herein); Capital IQ; Bloomberg; public filings.

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# Overview of Financial Projections

## Overview of ModusLink Projections

- In February 2021, ML management, in consultation with SC management, prepared a set of long-term projections for FY 2021 through FY 2025 which were subsequently reviewed by the SC Board.
- In July/August 2021, ML management, in consultation with SC management, prepared its annual budget for FY 2022, which was finalized in October 2021 based on feedback from and subsequently approved by the SC Board (such final budget, the "**FY 2022 Budget**"). The projections for FY 2023 through FY 2025 remained unchanged based on ML management's assessment of the longer-term business outlook.
- ML underperformed relative to its FY 2022 Budget during the first fiscal quarter, with ML management also observing headwinds that they believed would translate into near-term pressure on financial results. Accordingly, in December 2021, ML management<sup>1</sup> updated its forecast for FY 2022 (the "**FY 2022 2Q Forecast**"), but left its projections unchanged for FY 2023 to FY 2025.
- In the second fiscal quarter, ML continued to underperform relative to its FY 2022 Budget (VAR was ~5% lower than budgeted) but outperformed the FY 2022 2Q Forecast (VAR was ~3% higher than estimated). In February 2022, ML management<sup>1</sup> updated its forecast for FY 2022 (the "**FY 2022 3Q Forecast**"), which contemplated a slower than previously estimated ramp-up of new customer accounts but maintained effectively the same full-year EBITDA level relative to the FY 2022 2Q Forecast. Projections for FY 2023 to FY 2025 remained unchanged.
- In the third fiscal quarter, ML continued to face headwinds with new customer conversion, driving VAR underperformance relative to the FY 2022 Budget (~11%) and the FY 2022 3Q Forecast (~2%). In May 2022, ML management<sup>1</sup> updated its forecast for FY 2022 (the "**Current FY 2022 Forecast**") to reflect the latest outlook, which contemplates a slower ramp-up of new customer accounts and lower EBITDA relative to the FY 2022 3Q Forecast. Projections for FY 2023 to FY 2025 remained unchanged.
- The Current FY 2022 Forecast, together with the FY 2023 to FY 2025 projections, which have been authorized by the Special Committee for Houlihan Lokey's use in these discussion materials, are referred to herein as the "**ML Projections**".

## Overview of NOL, SC and Consolidated Projections

- In February 2021, SC management prepared corporate expense projections for FY 2021 through FY 2025, with the FY 2022 projections subsequently updated in connection with the annual budgeting process that was finalized in October 2021 (and FY 2023 – FY 2025 projections remaining unchanged). Such figures are referred to herein as the "**Pre-IWCO Disposition Corporate Expense Projections**". In May 2022, SC management revised such projections to reflect corporate savings opportunities identified at Steel Connect following the disposition of IWCO. Such projections, as authorized by the Special Committee for Houlihan Lokey's use in these discussion materials, are referred to herein as the "**Corporate Expense Projections**".
- Following the disposition of IWCO as well as the preparation of the updated Corporate Expense Projections, SC and ML managements prepared revised taxable income projections and NOL utilization assumptions, which were authorized by the Special Committee for Houlihan Lokey's use in these discussion materials. Such projections are referred to herein as the "**NOL Projections**".
- The Corporate Expense Projections, together with the ML Projections and the NOL Projections, are referred to herein as the "**Consolidated Projections**".

<sup>1</sup> The FY 2022 2Q Forecast, FY 2022 3Q Forecast and Current FY 2022 Forecast were prepared by ML management in consultation with SC management and reviewed by the SC Board. Source: ML and SC managements.



# ModusLink Financial Performance Update: 3Q FY 2022

## 3Q FY 2022 Actuals vs. FY 2022 Budget and FY 2022 3Q Forecast

(dollars in millions)

	3Q FY 2022					
	FY 2022 Budget	Actuals	Variance	FY 2022 3Q Forecast	Actuals	Variance
Base VAR	\$25.9	\$25.0	(\$0.9)	\$23.8	\$25.0	\$1.2
New VAR	4.8	2.3	(2.5)	4.0	2.3	(1.7)
<b>VAR</b>	<b>\$30.7</b>	<b>\$27.2</b>	<b>(\$3.5)</b>	<b>\$27.8</b>	<b>\$27.2</b>	<b>(\$0.6)</b>
<b>Gross Profit</b>	<b>\$11.4</b>	<b>\$9.2</b>	<b>(\$2.2)</b>	<b>\$9.2</b>	<b>\$9.2</b>	<b>\$0.0</b>
% of VAR	37.1%	34.0%	-3.1%	33.1%	34.0%	0.9%
<b>Adjusted EBITDA</b>	<b>\$3.5</b>	<b>\$2.5</b>	<b>(\$1.0)</b>	<b>\$1.4</b>	<b>\$2.5</b>	<b>\$1.1</b>
% of VAR	11.4%	9.1%	-2.3%	5.0%	9.1%	4.0%

### Selected Variance Observations

- VAR underperformed the FY 2022 3Q Forecast by 2%, driven by lower-than-expected conversion of new business opportunities
- EBITDA outperformed the FY 2022 3Q Forecast (but was still below the FY 2022 Budget) as a result of continued implementation of temporary cost-cutting measures

Note: Financials shown above are based on Steel Connect's fiscal year-end of July 31.  
 Adj. EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.  
 E refers to Estimated.  
 FY refers to Fiscal Year.  
 Q refers to Quarter.  
 VAR refers to Value-Added Revenue.  
 Source: ML management.  
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# ModusLink Outlook Observations: Current FY 2022 Forecast

## Current FY 2022 Forecast & Performance – Quarterly Observations

(dollars in millions)

	FY 2022E				
	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Estimated	FY Estimated
Base VAR	\$23.6	\$27.1	\$25.0	\$25.8	\$101.5
New VAR	1.7	1.6	2.3	4.7	10.3
<b>VAR</b>	<b>\$25.3</b>	<b>\$28.6</b>	<b>\$27.2</b>	<b>\$30.7</b>	<b>\$111.8</b>
<b>Gross Profit</b>	<b>\$9.4</b>	<b>\$10.9</b>	<b>\$9.2</b>	<b>\$9.9</b>	<b>\$39.4</b>
% of VAR	37.2%	38.1%	34.0%	32.1%	35.2%
<b>Adjusted EBITDA</b>	<b>\$2.1</b>	<b>\$4.0</b>	<b>\$2.5</b>	<b>\$2.3</b>	<b>\$10.9</b>
% of VAR	8.2%	13.9%	9.1%	7.6%	9.7%

While the Current FY 2022 Forecast contemplates a rebound in VAR performance in 4Q 2022 supported by an uptick in new business, New VAR forecasts for 4Q 2022 are down by ~\$5 million relative to 4Q estimates in the FY 2022 3Q Forecast due to challenges in converting prospects into new customers, as well as on-boarding delays

The Current FY 2022 Forecast contemplates lower margins for 4Q 2022 due in part to customer mix

ML management has indicated that based on preliminary results, May VAR and gross profit performance registered ~\$0.2 million and nearly ~\$1.0 million, respectively, above May expectations in the Current FY 2022 Forecast<sup>1</sup>

Note: Financials shown above are based on Steel Connect's fiscal year-end of July 31.

1. Adjusted EBITDA variance not referenced due to insufficient information related to adjustments.

Adj. EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

Q refers to Quarter.

VAR refers to Value-Added Revenue.

Source: ML management, ML Projections.

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## ModusLink Outlook Observations: Current FY 2022 Forecast (cont.)

### Current FY 2022 Forecast vs. FY 2022 Budget, FY 2022 2Q Forecast, and FY 2022 3Q Forecast

(dollars in millions)

	FY 2022E Forecast				Change (Current vs. 3Q Forecast)
	FY 2022 Budget	FY 2022 2Q Forecast	FY 2022 3Q Forecast	Current FY 2022 Forecast	
Base VAR	\$105.5	\$98.5	\$99.9	\$101.5	\$1.6
New VAR	15.5	21.2	16.9	10.3	(6.6)
<b>VAR</b>	<b>\$121.0</b>	<b>\$119.7</b>	<b>\$116.8</b>	<b>\$111.8</b>	<b>(\$5.0)</b>
<b>Gross Profit</b>	<b>\$47.1</b>	<b>\$42.6</b>	<b>\$42.7</b>	<b>\$39.4</b>	<b>(\$3.3)</b>
% of VAR	38.9%	35.6%	36.6%	35.2%	-1.3%
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$15.3</b>	<b>\$12.4</b>	<b>\$12.8</b>	<b>\$10.9</b>	<b>(\$1.9)</b>
% of VAR	12.6%	10.3%	10.9%	9.7%	-1.2%

#### Selected Observations

- Relative to the FY 2022 3Q Forecast, the Current FY 2022 Forecast contemplates a decline in new business VAR, resulting in a downward revision to gross profit and EBITDA for FY 2022
- VAR and profit forecasts have declined repeatedly throughout FY 2022 amid sustained headwinds in the business

Note: Financials shown above are based on Steel Connect's fiscal year-end of July 31.

1. In the prior Special Committee Discussion Materials dated 4/4/2022, the then-current FY 2022 3Q Forecast for Adjusted EBITDA was shown as \$12.5 million; that figure has since been updated to \$12.8 million, as shown above, based on additional information received from SC and ML management regarding EBITDA adjustments.

Adj. EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

VAR refers to Value-Added Revenue.

Source: ML management, ML Projections.

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# Corporate Expense Projections Comparison

SC management has updated its Corporate Expense Projections to reflect its latest estimate of corporate savings opportunities at Steel Connect following the disposition of IWCO.

(dollars in millions)

	Pre-IWCO Disposition Corporate Expense Projections		Corporate Expense Projections (Current) [1]		Difference	
	Projected FY Ending July 31,		Projected FY Ending July 31,		Projected FY Ending July 31,	
	2022E	2023E	2022E	2023E	2022E	2023E
Management Salary and Wages [2]	(\$3.4)	(\$3.7)	(\$2.5)	(\$2.2)	\$0.9	\$1.5
Board Fees	(\$1.1)	(\$1.1)	(\$1.2)	(\$1.0)	(\$0.1)	\$0.1
Other Professional Fees [3]	(\$1.5)	(\$1.5)	(\$2.8)	(\$1.6)	(\$1.3)	(\$0.0)
Tax and Other Expenses	(\$1.0)	(\$0.8)	(\$0.7)	(\$0.8)	\$0.3	\$0.0
<b>Total Corporate Operating Expenses</b>	<b>(\$7.1)</b>	<b>(\$7.2)</b>	<b>(\$7.2)</b>	<b>(\$5.6)</b>	<b>(\$0.1)</b>	<b>\$1.6</b>

FY 2024 and FY 2025 projections reflect same \$1.6mm annual variance observed for FY 2023 projections, which approximate annual run-rate, per SC management.

## Selected Observations

- A** The current Corporate Expense Projections reflect a ~\$1.5 million reduction to run-rate SC management salary and wages in FY 2023, as SC increases the use of shared SP resources to manage the entity and eliminates dedicated SC headcount.
- B** Board fees, as well as tax and other expenses, are projected to remain in-line with the Pre-IWCO Disposition Corporate Expense Projections.
- C** FY 2023 professional fees, which approximate an annual run-rate per SC management, are projected to remain in-line with the Pre-IWCO Disposition Corporate Expense Projections, with certain identified cost savings offset by increases in other professional fees following the disposition of IWCO<sup>4</sup>.

1. Comparison focuses on FY 2022 and FY 2023, as FY 2023 approximates annual run-rate, per SC management.  
 2. Includes salary and wages for employees at Steel Connect (in the Pre-IWCO Disposition Corporate Expense Projections), as well as Steel Partners shared services fee, which reflects salaries of Steel Partners employees based on allocation of time for functions performed for the benefit of Steel Connect.  
 3. Includes legal fees, auditor fees, investor relations fees, and stock market fees, among other professional fees.  
 4. SC management has indicated that audit fees at Steel Connect are expected to increase following the disposition of IWCO, as certain audit costs that were previously allocated to IWCO will now be allocated to Steel Connect, relating to additional audit work that will need to be conducted at the SC level.  
 E refers to Estimated.  
 FY refers to Fiscal Year.

Source: Steel Connect management, Corporate Expense Projections.

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# Summary of Selected Changes Relative to Prior Preliminary Financial Analyses Dated April 4, 2022

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The following changes have been made relative to the prior preliminary discussion materials dated 4/4/22

■ **Corporate Expense Projections and NOL Projections<sup>1</sup>:**

- SC management provided updated Corporate Expense Projections reflecting its latest estimate of corporate savings opportunities at Steel Connect following the disposition of IWCO, as well as updated NOL Projections reflecting such revised Corporate Expense Projections
- *The present value of Steel Connect Corporate Expenses decreased by \$7.9 million to \$10.2 million relative to the prior preliminary discussion materials dated 4/4/22*
- *The present value of NOLs increased by \$1.2 million to \$1.8 million relative to the prior preliminary discussion materials dated 4/4/22*

■ **The Financial Analyses were updated to reflect the following additional updated financial information provided by SC and ML managements:**

- Current FY 2022E forecast in the ML Projections (with projections for the outer years remaining unchanged)
- Financial information (including LTM Adjusted EBITDA and balance sheet items) based on 4/30/22 figures (compared to 1/31/22 figures incorporated in the prior preliminary discussion materials dated 4/4/22)
- Capitalization information as of 6/1/22 (compared to information as of 3/1/22 incorporated in the prior preliminary discussion materials dated 4/4/22)

■ **Selected Companies Analysis:**

- The selected companies analysis for ML was updated to reflect stock prices and other publicly available financial information as of 6/9/22 (previously, as of 3/31/22 market close). *See page 19 for further detail on observed multiples.*
- Clipper Logistics plc was removed from the selected companies, due to the closing of its announced sale to GXO Logistics, Inc.
- No changes have been made to the selected multiples ranges relative to the prior preliminary discussion materials dated 4/4/22

■ **Selected Transactions Analysis:**

- The ML selected transactions were updated to include the recently announced acquisition of the Intermodal Business of XPO Logistics Inc. by STG Logistics, Inc.
- The selected transactions analysis for ModusLink was updated to reflect an increase to the selected multiple range by 0.5x relative to the prior preliminary discussion materials dated 4/4/22

■ **Discounted Cash Flow (“DCF”) Analysis:**

- Stock prices, betas, risk-free rates and other public information utilized in discount rate calculations have been updated to market close on 6/9/22 (previously, as of 3/31/22 market close)
- No changes have been made to the selected discount rate range and the selected perpetual growth rates utilized in the DCF analysis relative to the prior preliminary discussion materials dated 4/4/22

1. Utilized in the Selected Companies and DCF approaches.  
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# Selected Changes to Financial Analyses

## Steel Connect (Consolidated)

(dollars in millions, except per share amounts)

	April 4, 2022 Discussion Materials			June 12, 2022 Discussion Materials		
	<b>Selected Companies Analysis</b>					
Metric Capitalized	LTM Ended 1/31/22 Adjusted EBITDA [Illustrative Only]	FY 2022E Adjusted EBITDA	FY 2023E Adjusted EBITDA	LTM Ended 4/30/22 Adjusted EBITDA [Illustrative Only]	FY 2022E Adjusted EBITDA	FY 2023E Adjusted EBITDA
Implied Total Equity Value [1]	(\$0.5) - \$8.2	\$16.7 - \$34.0	\$36.5 - \$63.7	\$8.1 - \$22.5	\$13.4 - \$30.3	\$39.9 - \$70.1
Implied Equity Value Per Share [1]	\$0.00 - \$0.14	\$0.28 - \$0.56	\$0.60 - \$1.05	\$0.13 - \$0.37	\$0.22 - \$0.50	\$0.66 - \$1.16
	<b>Selected Transactions Analysis</b>					
Metric Capitalized	FY 2022E Adjusted EBITDA [Illustrative Only]			FY 2022E Adjusted EBITDA		
Implied Total Equity Value [1]	\$57.2 - \$85.7			\$51.0 - \$76.5		
Implied Equity Value Per Share [1]	\$0.95 - \$1.42			\$0.84 - \$1.27		
	<b>Discounted Cash Flow Analysis</b>					
Terminal Metric	Unlevered Free Cash Flow			Unlevered Free Cash Flow		
Implied Total Equity Value [1]	\$43.8 - \$60.7			\$47.3 - \$67.6		
Implied Equity Value Per Share [1]	\$0.72 - \$1.00			\$0.78 - \$1.12		

1. Refer to page 6 for further detail on derivation of value reference ranges.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization.

E refers to Estimated.

FY refers to Fiscal Year.

Source: SC and ML managements; 4/4/22 preliminary discussion materials based on Consolidated Projections prepared as of February 2022; current discussion materials based on Consolidated Projections prepared as of May 2022; Capital IQ; Bloomberg; public filings.

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# Selected Changes to Financial Analyses

ModusLink

(dollars in millions, except per share amounts)

	April 4, 2022 Discussion Materials			June 12, 2022 Discussion Materials		
	Selected Companies Analysis					
Metric Capitalized	LTM Ended 1/31/22 Adjusted EBITDA [Illustrative Only]	FY 2022E Adjusted EBITDA	FY 2023E Adjusted EBITDA	LTM Ended 4/30/22 Adjusted EBITDA [Illustrative Only]	FY 2022E Adjusted EBITDA	FY 2023E Adjusted EBITDA
Base Amount	\$8.3	\$12.5	\$17.5	\$9.6	\$10.9	\$17.5
Selected Multiple Range	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x	4.0x - 6.0x
Implied Equity Value [1]	\$50.9 - \$67.4	\$68.1 - \$93.2	\$87.9 - \$122.9	\$53.2 - \$72.3	\$58.4 - \$80.2	\$84.9 - \$119.9

	Selected Transactions Analysis	
Metric Capitalized	FY 2022E Adjusted EBITDA [Illustrative Only]	FY 2022E Adjusted EBITDA
Base Amount	\$12.5	\$10.9
Selected Multiple Range	4.5x - 6.5x	5.0x - 7.0x
Implied Equity Value [1]	\$74.3 - \$99.4	\$69.3 - \$91.1

	Discounted Cash Flow Analysis	
Terminal Metric	Unlevered Free Cash Flow	Unlevered Free Cash Flow
Perpetual Growth Rate Range	0.0% - 2.0%	0.0% - 2.0%
Discount Rate Range	13.0% - 15.0%	13.0% - 15.0%
Implied Equity Value [1]	\$95.1 - \$119.9	\$92.4 - \$117.5

1. Refer to page 7 for further detail on derivation of ML current equity value reference ranges.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization.

E refers to Estimated.

FY refers to Fiscal Year.

Source: SC and ML managements; 4/4/22 preliminary discussion materials based on ML Projections prepared as of February 2022, current discussion materials based on ML Projections prepared as of May 2022; Capital IQ; Bloomberg; public filings.

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# Selected Market Changes

## ModusLink Selected Companies

Selected Company	Pricing As of 3/31/22			Pricing As of 6/9/22			Change Versus Prior Materials		
	Enterprise Value [1] to Adjusted EBITDA			Enterprise Value [1] to Adjusted EBITDA			Enterprise Value [1] to Adjusted EBITDA		
	LTM	FY 2022E[2]	FY 2023E[2]	LTM	FY 2022E[2]	FY 2023E[2]	LTM	FY 2022E[2]	FY 2023E[2]
Celesica Inc.	6.7x	5.0x	4.6x	5.7x	5.3x	4.2x	-1.0x	0.3x	-0.3x
CJ Logistics Corporation	5.4x	4.9x	4.6x	5.2x	5.3x	4.8x	-0.2x	0.4x	0.1x
Clipper Logistics plc [3]	27.0x	13.4x	12.1x	NA	NA	NA	NA	NA	NA
Deutsche Post AG	5.6x	4.6x	4.5x	5.7x	5.4x	4.8x	0.1x	0.8x	0.4x
FedEx Corporation	7.3x	6.8x	6.3x	6.9x	6.5x	6.0x	-0.4x	-0.3x	-0.3x
Flex Ltd.	6.5x	6.5x	6.0x	6.4x	6.0x	5.1x	-0.1x	-0.5x	-0.9x
GXO Logistics, Inc. [4]	15.0x	11.3x	10.2x	11.2x	10.4x	8.7x	-3.8x	-0.9x	-1.5x
Jabil Inc.	5.3x	4.5x	4.3x	5.2x	4.5x	4.3x	-0.1x	-0.1x	0.0x
Kerry Logistics Network Limited	5.2x	6.0x	5.5x	5.2x	5.3x	5.9x	0.0x	-0.7x	0.4x
Kuehne + Nagel International AG	9.3x	9.3x	10.9x	6.3x	6.8x	7.1x	-3.0x	-2.5x	-3.8x
United Parcel Service, Inc.	12.3x	11.3x	11.1x	9.9x	9.9x	9.4x	-2.5x	-1.4x	-1.7x
Wincanton plc	7.5x	4.7x	4.4x	6.1x	5.2x	3.9x	-1.3x	0.5x	-0.4x
Low	5.2x	4.5x	4.3x	5.2x	4.5x	3.9x	0.0x	-0.1x	-0.4x
High	27.0x	13.4x	12.1x	11.2x	10.4x	9.4x	-15.8x	-3.0x	-2.7x
Median	7.0x	6.2x	5.8x	6.1x	5.4x	5.1x	-0.8x	-0.9x	-0.7x
Mean	9.4x	7.4x	7.0x	6.7x	6.4x	5.8x	-2.7x	-0.9x	-1.2x

Note: No company used in this analysis for comparative purposes is identical to ModusLink.

1. Enterprise Value equals equity market value + debt outstanding + preferred stock + minority interests – cash and cash equivalents.

2. Multiples based on forward looking financial information have been calendarized to ModusLink's fiscal year end of July 31 for all of the selected companies, except for Jabil Inc., whose fiscal year end is August 31.

3. Clipper Logistics plc removed from selected companies due to closing of acquisition by GXO Logistics, Inc.

4. Financial information for GXO Logistics, Inc. is presented on a standalone basis, excluding the impact of the acquisition of Clipper Logistics plc, due to the lack of pro forma historical financial information being publicly available and consensus estimates that are not pro forma for the acquisition.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public.

Source: Bloomberg, Capital IQ and public filings.

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# ModusLink Historical and Projected Financial Information

(dollars in millions)

	Fiscal Year Ended July 31,				LTM Ended 4/30/2022	Fiscal Year Ending July 31,				CAGR 2019 to 2021	CAGR 2021 to 2025E
	2019	2020	2021	2022		2022E	2023E	2024E	2025E		
<b>Revenue</b>	<b>\$332.9</b>	<b>\$338.5</b>	<b>\$226.3</b>	<b>\$197.9</b>		<b>\$201.0</b>	<b>\$240.3</b>	<b>\$249.5</b>	<b>\$259.3</b>	<b>-17.6%</b>	<b>3.5%</b>
Growth %		1.7%	-33.1%			-11.1%	19.5%	3.8%	3.9%		
Cost of Materials	(191.4)	(190.3)	(109.0)	(91.9)		(89.2)	(116.8)	(121.3)	(126.0)		
<b>VAR</b>	<b>\$141.5</b>	<b>\$148.2</b>	<b>\$117.2</b>	<b>\$106.0</b>		<b>\$111.8</b>	<b>\$123.5</b>	<b>\$128.3</b>	<b>\$133.3</b>	<b>-9.0%</b>	<b>3.3%</b>
Growth %		4.7%	-20.9%			-4.6%	10.4%	3.8%	3.9%		
% of Revenue	42.5%	43.8%	51.8%	53.6%		55.6%	51.4%	51.4%	51.4%		
Cost of Goods Sold	(106.0)	(84.4)	(69.5)	(68.0)		(72.4)	(74.1)	(77.0)	(80.0)		
<b>Gross Profit</b>	<b>\$35.5</b>	<b>\$63.8</b>	<b>\$47.7</b>	<b>\$38.0</b>		<b>\$39.4</b>	<b>\$49.4</b>	<b>\$51.3</b>	<b>\$53.3</b>	<b>15.9%</b>	<b>2.8%</b>
% of Revenue	10.7%	18.8%	21.1%	19.2%		19.6%	20.6%	20.6%	20.6%		
% of VAR	25.1%	43.0%	40.7%	35.8%		35.2%	40.0%	40.0%	40.0%		
Operating Expenses	(39.3)	(35.8)	(39.1)	(33.0)		(30.8)	(35.4)	(35.4)	(35.4)		
Depreciation and Amortization	5.6	4.1	3.4	2.5		2.2	3.5	3.5	3.5		
Total Adjustments [1]	7.2	2.4	5.3	2.1		0.0	0.0	0.0	0.0		
<b>Adjusted EBITDA</b>	<b>\$9.1</b>	<b>\$34.4</b>	<b>\$17.3</b>	<b>\$9.6</b>		<b>\$10.9</b>	<b>\$17.5</b>	<b>\$19.4</b>	<b>\$21.4</b>	<b>38.1%</b>	<b>5.5%</b>
Growth %		279.7%	-49.8%			-37.0%	60.9%	10.8%	10.3%		
% of Revenue	2.7%	10.2%	7.6%	4.8%		5.4%	7.3%	7.8%	8.3%		
% of VAR	6.4%	23.2%	14.7%	9.0%		9.7%	14.2%	15.1%	16.1%		
Depreciation and Amortization	(5.6)	(4.1)	(3.4)	(2.5)		(2.2)	(3.5)	(3.5)	(3.5)		
<b>Adjusted EBIT</b>	<b>\$3.4</b>	<b>\$30.3</b>	<b>\$13.9</b>	<b>\$7.1</b>		<b>\$8.7</b>	<b>\$14.0</b>	<b>\$15.9</b>	<b>\$17.9</b>	<b>101.7%</b>	<b>6.6%</b>
Growth %		788.2%	-54.2%			-37.4%	61.4%	13.5%	12.6%		
% of Revenue	1.0%	8.9%	6.1%	3.6%		4.3%	5.8%	6.4%	6.9%		
1. Total Adjustments:											
Severance	1.0	3.1	(0.1)	0.0		(0.0)	0.0	0.0	0.0		
Provision for Asset Impairment	3.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0		
Bad Debt Expense	0.9	0.2	(0.0)	0.1		(0.0)	0.0	0.0	0.0		
Cyber-Attack Impact	1.5	(0.7)	0.0	0.0		0.0	0.0	0.0	0.0		
Penalties & Fines	0.8	(0.2)	(0.0)	(0.1)		(0.0)	0.0	0.0	0.0		
SAP Project Costs	0.0	0.0	2.6	0.8		0.0	0.0	0.0	0.0		
France / Hungary non-cash charge	0.0	0.0	1.6	0.0		0.0	0.0	0.0	0.0		
eBusiness PCL charge	0.0	0.0	1.2	0.8		(0.5)	0.0	0.0	0.0		
Other Income	0.0	0.0	0.0	0.5		0.5	0.0	0.0	0.0		
<b>Total Adjustments</b>	<b>\$7.2</b>	<b>\$2.4</b>	<b>\$5.3</b>	<b>\$2.1</b>		<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>		

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items; CAGR refers to Compound Annual Growth Rate; E refers to Estimated; FY refers to Fiscal Year; VAR refers to Value-Added Revenue.

Source: SC and ML managements, historical figures per SC and ML managements and public filings; projected figures per ML Projections.

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# ModusLink: Selected Companies Analysis

(dollars in millions, except per share values)

Selected Company	Share Price [2]	Equity Market Value [2,3]	Enterprise Value [2,3]	Enterprise Value [1] to Adjusted EBITDA		
				LTM	FY 2022E [4]	FY 2023E [4]
Celestica Inc.	\$11.02	\$1,509.7	\$1,814.4	5.7x	5.3x	4.2x
CJ Logistics Corporation	\$95.90	\$1,912.7	\$3,568.5	5.2x	5.3x	4.8x
Deutsche Post AG	\$38.15	46,619.7	62,525.9	5.7x	5.4x	4.8x
FedEx Corporation	\$217.00	56,999.0	71,443.0	6.9x	6.5x	6.0x
Flex Ltd.	\$16.85	8,111.5	9,422.5	6.4x	6.0x	5.1x
GXO Logistics, Inc. [5]	\$52.12	6,064.2	6,725.2	11.2x	10.4x	8.7x
Jabil Inc.	\$60.97	9,108.5	10,897.5	5.2x	4.5x	4.3x
Kerry Logistics Network Limited	\$2.30	4,160.4	4,190.3	5.2x	5.3x	5.9x
Kuehne + Nagel International AG	\$231.99	27,944.9	25,212.0	6.3x	6.8x	7.1x
United Parcel Service, Inc.	\$176.55	154,671.5	164,025.5	9.9x	9.9x	9.4x
Wincanton plc	\$4.65	583.4	578.8	6.1x	5.2x	3.9x
Low				5.2x	4.5x	3.9x
High				11.2x	10.4x	9.4x
Median				6.1x	5.4x	5.1x
Mean				6.7x	6.4x	5.8x

Note: No company used in this analysis for comparative purposes is identical to ModusLink.

1. Enterprise Value equals equity market value + debt outstanding + preferred stock + minority interests – cash and cash equivalents.

2. Based on closing prices as of 6/9/22.

3. Based on diluted shares.

4. Multiples based on forward looking financial information have been calendarized to ModusLink's fiscal year end of July 31 for all of the selected companies, except for Jabil Inc., whose fiscal year end is August 31.

5. Financial information for GXO Logistics, Inc. is presented on a standalone basis, excluding the impact of the acquisition of Clipper Logistics plc, due to the lack of pro forma historical financial information being publicly available and consensus estimates that are not pro forma for the acquisition.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public.

Source: Bloomberg, Capital IQ and public filings.

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# ModusLink: Selected Benchmarking Data

Size (LTM Revenue, millions)	Size (1) (Enterprise Value as of 6/9/22, millions)	Revenue Growth (FY 2019 to FY 2021 Revenue)	Revenue Growth (FY 2021 to FY 2023E Revenue)
United Parcel Service, Inc. \$98,757.0	United Parcel Service, Inc. \$164,025.5	Kerry Logistics Network Limited 20.3%	GXO Logistics, Inc. 8.9%
FedEx Corporation \$91,683.0	FedEx Corporation \$71,443.0	Kuehne + Nagel International AG 15.6%	Kuehne + Nagel International AG 7.9%
Deutsche Post AG \$91,130.1	Deutsche Post AG \$62,525.9	United Parcel Service, Inc. 12.1%	Celestica Inc. 6.1%
Kuehne + Nagel International AG \$37,739.5	Kuehne + Nagel International AG \$25,212.0	FedEx Corporation 10.9%	Kerry Logistics Network Limited 5.7%
Jabil Inc. \$30,744.0	Jabil Inc. \$10,897.5	GXO Logistics, Inc. 8.9%	Wincanton plc 5.6%
Flex Ltd. \$26,041.0	Flex Ltd. \$9,422.5	Jabil Inc. 7.6%	Jabil Inc. 5.2%
Kerry Logistics Network Limited \$10,059.3	GXO Logistics, Inc. \$6,725.2	Deutsche Post AG 7.5%	Flex Ltd. 4.9%
CJ Logistics Corporation \$9,120.5	Kerry Logistics Network Limited \$4,190.3	Wincanton plc 3.3%	FedEx Corporation 4.9%
GXO Logistics, Inc. \$8,201.0	CJ Logistics Corporation \$3,568.5	CJ Logistics Corporation 2.2%	Deutsche Post AG 4.3%
Celestica Inc. \$5,966.7	Celestica Inc. \$1,814.4	Flex Ltd. 1.2%	United Parcel Service, Inc. 4.2%
Wincanton plc \$1,779.9	Wincanton plc \$578.8	Celestica Inc. -4.3%	CJ Logistics Corporation 3.6%
<b>ModusLink \$197.9</b>		<b>ModusLink -17.6%</b>	<b>ModusLink 3.1%</b>

Adjusted EBITDA Growth (FY 2019 to FY 2021 Adjusted EBITDA)	Adjusted EBITDA Growth (FY 2021 to FY 2023E Adjusted EBITDA)	Profitability (LTM Adjusted EBITDA to LTM Revenue)	Profitability (FY 2022E to FY 2023E Average Adjusted EBITDA Margin)
Kuehne + Nagel International AG 36.4%	Wincanton plc 21.3%	United Parcel Service, Inc. 16.8%	United Parcel Service, Inc. 16.6%
<b>ModusLink 38.1%</b>	Celestica Inc. 16.3%	Deutsche Post AG 12.0%	Deutsche Post AG 13.6%
Kerry Logistics Network Limited 24.3%	GXO Logistics, Inc. 14.8%	FedEx Corporation 11.3%	FedEx Corporation 11.9%
Deutsche Post AG 18.9%	Kuehne + Nagel International AG 13.2%	Kuehne + Nagel International AG 10.6%	Kuehne + Nagel International AG 10.0%
United Parcel Service, Inc. 18.3%	Deutsche Post AG 11.9%	Kerry Logistics Network Limited 8.0%	GXO Logistics, Inc. 8.0%
FedEx Corporation 12.2%	Jabil Inc. 9.1%	CJ Logistics Corporation 7.5%	CJ Logistics Corporation 7.5%
Jabil Inc. 12.0%	Flex Ltd. 7.1%	GXO Logistics, Inc. 7.4%	Jabil Inc. 7.4%
Celestica Inc. 10.0%	United Parcel Service, Inc. 7.0%	Jabil Inc. 6.8%	Kerry Logistics Network Limited 7.4%
Flex Ltd. 8.2%	FedEx Corporation 6.3%	Flex Ltd. 5.6%	Wincanton plc 7.0%
GXO Logistics, Inc. 7.4%	CJ Logistics Corporation 5.2%	Celestica Inc. 5.4%	<b>ModusLink 6.4%</b>
CJ Logistics Corporation 3.3%	Kerry Logistics Network Limited 4.6%	Wincanton plc 5.3%	Flex Ltd. 6.2%
Wincanton plc -2.2%	<b>ModusLink 0.7%</b>	<b>ModusLink 4.8%</b>	Celestica Inc. 5.9%

Profitability (LTM Adjusted EBIT to LTM Revenue)	Profitability (FY 2022E to FY 2023E Average Adjusted EBIT Margin)	Relative Depreciation (LTM Depr. to LTM Adjusted EBITDA)	Internal Investment (LTM Capital Expenditures to LTM Revenue)
United Parcel Service, Inc. 13.8%	United Parcel Service, Inc. 13.6%	Kuehne + Nagel International AG 6.5%	Kuehne + Nagel International AG 0.5%
Kuehne + Nagel International AG 9.9%	Deutsche Post AG 9.5%	Kerry Logistics Network Limited 11.7%	Wincanton plc 0.8%
Deutsche Post AG 9.8%	Kuehne + Nagel International AG 8.2%	Wincanton plc 14.1%	Celestica Inc. 0.9%
Kerry Logistics Network Limited 7.1%	FedEx Corporation 7.6%	United Parcel Service, Inc. 18.0%	Flex Ltd. 1.7%
FedEx Corporation 7.0%	Kerry Logistics Network Limited 5.9%	Deutsche Post AG 18.4%	CJ Logistics Corporation 1.7%
Wincanton plc 4.6%	<b>ModusLink 5.1%</b>	<b>ModusLink 25.9%</b>	<b>ModusLink [2] 1.9%</b>
Jabil Inc. 3.8%	Wincanton plc 4.7%	Celestica Inc. 31.2%	Kerry Logistics Network Limited 2.6%
Flex Ltd. 3.8%	Jabil Inc. 4.5%	Flex Ltd. 32.9%	GXO Logistics, Inc. 3.0%
Celestica Inc. 3.7%	Flex Ltd. 4.4%	FedEx Corporation 37.9%	Jabil Inc. 3.9%
<b>ModusLink 3.8%</b>	GXO Logistics, Inc. 4.3%	Jabil Inc. 43.6%	United Parcel Service, Inc. 4.0%
CJ Logistics Corporation 3.4%	Celestica Inc. 4.2%	CJ Logistics Corporation 55.0%	Deutsche Post AG 4.4%
GXO Logistics, Inc. 3.3%	CJ Logistics Corporation 3.5%	GXO Logistics, Inc. 55.1%	FedEx Corporation 6.6%

Note: No company shown for comparative purposes is identical to ModusLink; certain selected companies do not report VAR.

Note: Financial information for GXO Logistics, Inc. is presented on a standalone basis, excluding the impact of the acquisition of Clipper Logistics plc, due to the lack of pro forma historical financial information being publicly available and consensus estimates that are not pro forma for the acquisition.

1. Based on public trading prices of common stock.

2. Represents FY 2022E Capital Expenditures to FY 2022E Revenue.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items.

Depr. refers to Depreciation.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public, other than for ModusLink, in which case LTM refers to Latest 12 Months.

Source: Bloomberg, Capital IQ, SC and ML managements, public filings, and ML Projections.

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# ModusLink: Selected Transactions Analysis

(dollars in millions)

Announced	Effective	Target	Acquirer	Transaction Value [1]	Transaction Value / LTM Adjusted EBITDA [2]	LTM Adjusted EBITDA Margin % [2]	[3]
3/25/2022	3/25/2022	Intermodal Business of XPO Logistics, Inc.	STG Logistics, Inc.	\$710.0	NA	NA	
2/20/2022	5/24/2022	Clipper Logistics plc	GXO Logistics, Inc.	\$1,257.7	20.0x	5.8%	
2/14/2022	4/4/2022	Kane Logistics, Inc.	ID Logistics Group SA	\$240.0	NA	NA	
12/22/2021	Pending	LF Logistics Holdings Limited	A.P. Møller - Mærsk A/S	\$3,860.0	16.4x	18.1%	
12/13/2021	1/1/2022	Whiplash Inc.	Ryder System, Inc.	\$480.0	NA	NA	
9/10/2021	11/23/2021	Echo Global Logistics, Inc.	The Jordan Company, L.P.	\$1,340.4	13.2x	3.2%	
8/6/2021	10/1/2021	B2C Europe Holding B.V.	A.P. Møller - Mærsk A/S	\$86.0	11.0x	NA	
8/6/2021	8/6/2021	Visible Supply Chain Management, LLC	A.P. Møller - Mærsk A/S	\$838.0	13.0x	NA	
7/22/2021	11/15/2021	Transplace Inc	Uber Freight LLC	\$2,250.0	NMF	NA	
7/8/2021	Pending	Imperial Logistics Limited	DP World Limited	\$1,237.4	6.1x	5.6%	
7/1/2021	Pending	Syncreon Us Inc.	DP World Limited	\$1,200.0	NA	NA	
6/30/2021	6/30/2021	Quad Logistics Services, LLC	Mullen Group Ltd.	\$40.0	8.0x	NA	
4/27/2021	8/16/2021	Agility Global Integrated Logistics	DSV Panalpina A/S	\$4,200.0	16.3x	6.4%	
5/12/2021	5/12/2021	Lasership, Inc.	American Securities LLC	\$1,700.0	13.0x	NA	
3/17/2021	3/17/2021	AIT Worldwide Logistics, Inc.	The Jordan Company, L.P.	\$1,200.0	NA	NA	
12/9/2020	7/7/2021	Ingram Micro Inc.	Platinum Equity, LLC	\$7,200.0	6.9x	2.3%	
02/19/2020	1/4/2020	Performance Team LLC	A.P. Møller - Mærsk A/S	\$545.0	6.1x	17.1%	
1/28/2020	3/2/2020	Prime Distribution Services, Inc.	C.H. Robinson Worldwide, Inc.	\$225.0	NA	NA	
11/5/2018	12/3/2018	CaseStack, Inc.	Hub Group, Inc.	\$255.0	11.6x	9.1%	
2/17/2015	5/29/2015	APL Logistics Ltd	Kintetsu World Express, Inc.	\$1,200.0	15.0x	4.8%	
12/15/2014	1/30/2015	FedEx Supply Chain Distribution System, Inc.	FedEx Corporation	\$1,380.0	NA	NA	
7/29/2014	9/2/2014	New Breed Holding Company	XPO Logistics, Inc.	\$615.0	8.0x	12.9%	
Low				\$40.0	6.1x	2.3%	
High				\$7,200.0	20.0x	18.1%	
Median				\$1,200.0	12.3x	6.1%	
Mean				\$1,457.2	11.8x	8.5%	

Note: No company used in this analysis for comparative purposes is identical to ModusLink, and no transaction used in this analysis for comparative purposes is identical to the Transaction.

1. Transaction Value refers to the implied enterprise value of target company, based on the announced transaction equity price and other public information available at the time of the announcement.

2. Based on reported metric for the most recent LTM period prior to the announcement of the transaction.

3. Per Wall Street equity research, the intermodal business of XPO Logistics, Inc. has an estimated EBITDA of ~\$70 million, which implies an EBITDA multiple of ~10.1x.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items. NA refers to Not Available. NMF refers to Not Meaningful Figure.

Sources: Capital IQ, public filings, press releases.

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# ModusLink: Discounted Cash Flow Analysis

(dollars in millions)

	Projected Fiscal Year Ending July 31,				Terminal Value Assumptions
	2022E [1]	2023E	2024E	2025E	
Revenue	\$50.8	\$240.3	\$249.5	\$299.3	\$299.3
Growth %	-11.1%	19.5%	3.8%	3.9%	
Cost of Materials	(20.1)	(116.8)	(121.3)	(126.0)	(126.0)
Cost of Sales (Goods Sold)	(20.8)	(74.1)	(77.0)	(80.0)	(80.0)
Operating Expenses	(8.1)	(35.4)	(35.4)	(35.4)	(36.9)
Depreciation and Amortization	0.5	3.5	3.5	3.5	5.0
Total Adjustments	0.1	0.0	0.0	0.0	0.0
<b>Adjusted EBITDA</b>	<b>\$2.3</b>	<b>\$17.5</b>	<b>\$19.4</b>	<b>\$21.4</b>	<b>\$21.4</b>
% of Revenue	4.6%	7.3%	7.8%	8.3%	8.3%
Depreciation and Amortization	(0.5)	(3.5)	(3.5)	(3.5)	(5.0)
<b>Adjusted EBIT</b>	<b>\$1.8</b>	<b>\$14.0</b>	<b>\$15.9</b>	<b>\$17.9</b>	<b>\$16.4</b>
Taxes [2]	(0.5)	(3.5)	(4.0)	(4.5)	(4.1)
<b>Unlevered Earnings</b>	<b>\$1.4</b>	<b>\$10.5</b>	<b>\$11.9</b>	<b>\$13.4</b>	<b>\$12.3</b>
Depreciation and Amortization	0.5	3.5	3.5	3.5	5.0
Capital Expenditures	(1.0)	(5.0)	(5.0)	(5.0)	(5.0)
Change in Net Working Capital	(0.6)	(0.1)	(0.7)	(0.7)	(0.7)
<b>Unlevered Free Cash Flows</b>	<b>\$0.3</b>	<b>\$8.9</b>	<b>\$9.8</b>	<b>\$11.2</b>	<b>\$11.6</b>

Discount Rate
13.00%
13.50%
14.00%
14.50%
15.00%

Implied 2025E Adjusted EBITDA Terminal Multiple [3]	0.00%	1.00%	2.00%
	4.4x	4.8x	5.3x
	4.3x	4.7x	5.1x
	4.1x	4.5x	4.9x
	4.0x	4.3x	4.7x
	3.9x	4.2x	4.6x

Discount Rate	Present Value of Cash Flows (2022 - 2025)	PV of Terminal Value Based on Perpetual Growth Rate for 2025 Unlevered Free Cash Flow			Implied Enterprise Value		
		0.00%	1.00%	2.00%	0.00%	1.00%	2.00%
13.00%	\$24.7	\$64.6	\$70.7	\$77.9	\$89.3	\$95.4	\$102.6
13.50%	\$24.5	\$61.5	\$67.1	\$73.6	\$86.0	\$91.6	\$98.1
14.00%	\$24.3	\$58.6	\$63.8	\$69.8	\$82.9	\$88.1	\$94.1
14.50%	\$24.2	\$55.9	\$60.7	\$66.2	\$80.1	\$84.8	\$90.4
15.00%	\$24.0	\$53.5	\$57.9	\$62.9	\$77.5	\$81.8	\$86.9

Discount Rate
13.00%
13.50%
14.00%
14.50%
15.00%

PV of Terminal Value as a % of Enterprise Value	0.00%	1.00%	2.00%
	72.4%	74.1%	75.9%
	71.5%	73.2%	75.0%
	70.7%	72.4%	74.1%
	69.8%	71.5%	73.3%
	69.0%	70.7%	72.4%

Note: Present values as of 6/12/22; mid-year convention applied.

1. Represents a 3.0-month stub period.

2. Tax at 25.0%, per SC and ML managements.

3. Implied from corresponding discount rate and perpetual growth rate applied to 2025 unlevered free cash flow.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items.

E refers to Estimated.

PV refers to Present Value.

Source: SC and ML managements, ML Projections.

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# Transaction Implied Premiums to Historical Stock Trading Prices

(dollars per share in actuals)

Trading Period As of 6/9/22	Selected Metric [1]	Implied Premium of Per Share Cash Merger Consideration over Selected Metric	
Unaffected Date Closing (6/1/22)	\$1.22	10.7%	[2]
1-Day Closing Price	\$1.27	6.3%	
10-Day VWAP	\$1.25	7.8%	
20-Day VWAP	\$1.21	11.4%	
30-Day VWAP	\$1.23	10.1%	
2-Month VWAP	\$1.25	8.1%	
3-Month VWAP	\$1.24	8.9%	
6-Month VWAP	\$1.28	5.2%	
12-Month VWAP	\$1.64	(17.6%)	
Since Final Proposal (6/1/22) VWAP	\$1.27	6.1%	
Since Revised Proposal (3/28/22) VWAP	\$1.25	8.4%	
Since IWCO Disposition (2/25/22) VWAP	\$1.25	7.6%	
Since Initial Proposal (11/19/20) VWAP	\$1.91	(29.5%)	
52-Week High - 10/14/21 Closing	\$2.40	(43.8%)	
52-Week Low - 2/23/22 Closing	\$1.00	35.0%	

1. Closing prices per Capital IQ. VWAP based on trading information, per Bloomberg as of 6/9/22.

2. Reflects the closing stock price on June 1, 2022, immediately prior to public announcement of the Final Proposal.

"Final Proposal" refers to final, non-binding expression of interest from Steel Partners on May 27, 2022 (based on cash consideration of \$1.35 per share and ModusLink CVR), which was publicly announced on 6/1/22 after market close.

"Revised Proposal" refers to the revised, non-binding expression of interest from Steel Partners on March 24, 2022 (based on cash consideration of \$1.30 per share), which was publicly announced on 3/28/22 after market close.

"Initial Proposal" refers to the initial, non-binding expression of interest from Steel Partners on November 19, 2020 (based on consideration per share of \$0.65 to \$0.72), which was publicly announced the same day after market close.

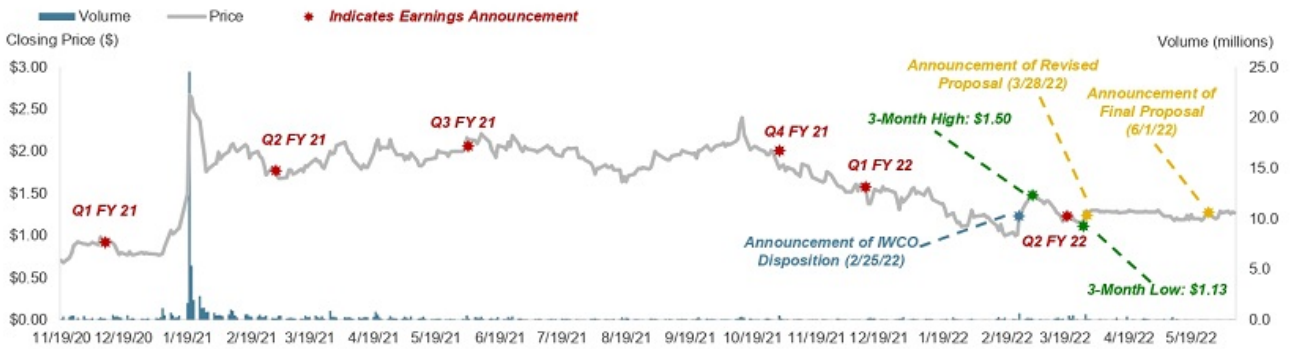
VWAP refers to Volume-Weighted Average Price.

Source: Capital IQ and Bloomberg.

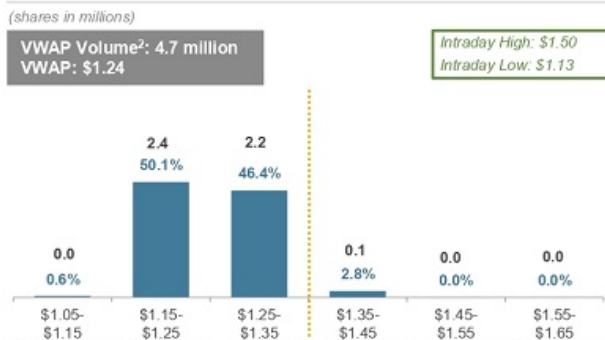
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# Recent Stock Performance

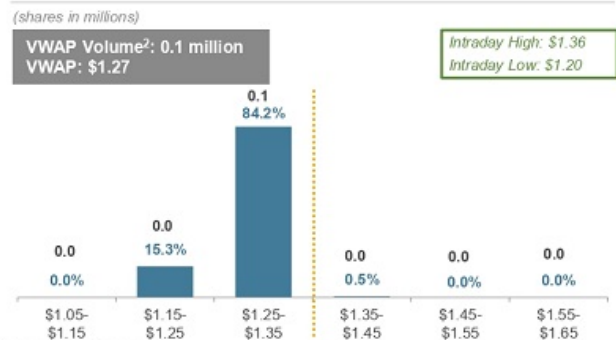
## Stock Performance Since Initial Proposal (11/19/20)



### Last Three Months<sup>1</sup>



### Since Final Proposal (6/1/22)<sup>1</sup>



1. Based on the closing price in one-minute intervals as provided by Bloomberg and the amount of volume transacted during that intraday window.  
2. Per Bloomberg, reflects the number of shares traded over the period that are included for purposes of the VWAP calculations.  
FY refers to Fiscal Year. Q refers to Quarter. VWAP refers to Volume-Weighted Average Price.  
Source: Bloomberg and Capital IQ as of 6/9/22.

## Relative Total Shareholder Return Information (Last 3 Years)

	Three-Year Return	Two-Year Return	One-Year Return	Since Revised Proposal (3/28/22) [1]	Since Final Proposal (6/1/22) [2]
Steel Connect, Inc.	-30.2%	76.0%	-40.7%	9.5%	4.1%
S&P 500 Index (Total Return)	46.3%	29.1%	-3.4%	-11.9%	-2.0%
Steel Partners Holdings L.P.	203.7%	545.6%	52.6%	-1.7%	-1.7%
ModusLink Selected Companies Index [3]	42.6%	35.7%	-27.3%	-14.9%	-4.1%



1. Since March 28, 2022, the last trading day prior to public announcement of the Revised Proposal.

2. Since June 1, 2022, the last trading day prior to public announcement of the Final Proposal.

3. ModusLink Selected Companies Index includes Celestica, Inc., CJ Logistics Corporation, Deutsche Post AG, FedEx Corporation, Flex Ltd., GXO Logistics, Inc., Jabil Inc., Kerry Logistics Network Limited, Kuehne + Nagel International AG, United Parcel Service, Inc., and Wincanton plc.

Source: Capital IQ as of 6/9/22.

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# Present Value of Corporate Expenses

(dollars in millions)

	Projected Fiscal Year Ending July 31,			
	2022E [1]	2023E	2024E	2025E
Management Salary and Wages [2]	(\$0.3)	(\$2.2)	(\$2.3)	(\$2.3)
Board Fees	(\$0.3)	(\$1.0)	(\$1.0)	(\$1.0)
Other Professional Fees [3]	(\$0.9)	(\$1.6)	(\$1.6)	(\$1.6)
Tax and Other Expenses	(\$0.3)	(\$0.8)	(\$0.8)	(\$0.8)
<b>Total Corporate Operating Expenses</b>	<b>(\$1.7)</b>	<b>(\$5.6)</b>	<b>(\$5.7)</b>	<b>(\$5.8)</b>
Taxes @ 26.0% [4]	\$0.4	\$1.5	\$1.5	\$1.5
<b>Tax-Effectuated Corporate Expenses</b>	<b>(\$1.3)</b>	<b>(\$4.1)</b>	<b>(\$4.2)</b>	<b>(\$4.3)</b>

Discount Rate	Present Value of Cash Flows (2022 - 2025)	+	PV of Terminal Value Based on Perpetual Growth Rate for 2025 Tax-Effectuated Corporate Expenses			=	Implied Present Value of Tax-Effectuated Corporate Expenses		
			0.00%	1.00%	2.00%		0.00%	1.00%	2.00%
13.00%	(\$11.7)		(\$24.0)	(\$26.3)	(\$29.0)		(\$35.7)	(\$38.0)	(\$40.7)
13.50%	(\$11.6)		(\$22.9)	(\$25.0)	(\$27.4)		(\$34.5)	(\$36.6)	(\$39.0)
14.00%	(\$11.5)		(\$21.8)	(\$23.7)	(\$26.0)		(\$33.3)	(\$35.3)	(\$37.5)
14.50%	(\$11.5)		(\$20.8)	(\$22.6)	(\$24.6)		(\$32.3)	(\$34.1)	(\$36.1)
15.00%	(\$11.4)		(\$19.9)	(\$21.5)	(\$23.4)		(\$31.3)	(\$32.9)	(\$34.8)

Note: Present values as of 6/12/22, mid-year convention applied. Discount Rate range informed by 13% to 15% discount rate range used for ModusLink.

1. Represents a 3.0-month stub period.

2. Reflects salaries of Steel Partners employees based on allocation of time for functions performed for the benefit of Steel Connect.

3. Includes legal fees, auditor fees, investor relations fees, and stock market fees, among other professional fees.

4. Tax at 26.0%, per SC management.

E refers to Estimated.

Source: SC management, Corporate Expense Projections.

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# NOL Projections

(dollars in millions)

	Projected Fiscal Year Ending July 31,			
	2022E	2023E	2024E	2025E
<b>Steel Connect</b>				
<b>Estimated Pretax Income</b>	(\$9.9)	(\$8.3)	(\$8.4)	(\$7.8)
Book to Tax Adjustments	0.1	0.6	0.0	(0.7)
IWCO Worthless Stock Deduction Estimate	(97.0)	0.0	0.0	0.0
<b>Estimated Taxable Income (Loss)</b>	<b>(\$106.8)</b>	<b>(\$7.7)</b>	<b>(\$8.4)</b>	<b>(\$8.5)</b>
<b>ModusLink Corporation (U.S. Only)</b>				
Earnings Before Taxes	\$7.9	\$13.8	\$15.7	\$17.7
% Related to U.S.	NA	20.0%	25.0%	30.0%
Estimated Pretax Income	(\$0.3)	\$2.8	\$3.9	\$5.3
Tax Adjustments (GILTI)	2.0	2.0	2.0	2.0
<b>Estimated Taxable Income (Loss)</b>	<b>\$1.7</b>	<b>\$4.8</b>	<b>\$5.9</b>	<b>\$7.3</b>
<b>Consolidated</b>				
<b>Consolidated Taxable Income (Loss)</b>	<b>(\$105.1)</b>	<b>(\$2.9)</b>	<b>(\$2.5)</b>	<b>(\$1.1)</b>
IRC 163(j) Disallowed Interest Expense	1.4	1.3	1.3	1.3
<b>Total Taxable Income / (Loss)</b>	<b>(\$103.7)</b>	<b>(\$1.6)</b>	<b>(\$1.2)</b>	<b>\$0.2</b>

Source: SC management, Consolidated Projections.  
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# Illustrative Federal NOL Observations

## Schedule of Steel Connect Federal NOLs

(dollars in millions)

Year Generated	NOL Amount	Illustrative Maximum Tax Shelter [1]	Expiration Date
FY 2003	\$1,786.0	\$375.1	7/31/2023
FY 2004	\$48.3	\$10.2	7/31/2024
FY 2007	\$19.4	\$4.1	7/31/2027
FY 2008	\$39.7	\$8.3	7/31/2028
FY 2009	\$4.8	\$1.0	7/31/2029
FY 2011	\$14.6	\$3.1	7/31/2031
FY 2012	\$5.3	\$1.1	7/31/2032
FY 2013	\$44.0	\$9.2	7/31/2033
FY 2015	\$12.7	\$2.7	7/31/2035
FY 2016	\$40.9	\$8.6	7/31/2036
FY 2017	\$13.1	\$2.7	7/31/2037
FY 2018	\$30.7	\$6.4	7/31/2038
FY 2022	\$97.0 [2]	\$20.4	NA [3]
<b>Total</b>	<b>\$2,156.4</b>	<b>\$452.8</b>	

Note: Does not reflect \$73.4 million of foreign NOLs or \$111.1 million of state NOLs, which SC management has indicated it does not project utilizing over the projection period.

1. Calculated by multiplying corresponding gross NOL amount by the current federal tax rate of 21.0%. Shown for illustrative purposes only.

2. Reflects \$97 million worthless stock deduction from disposition of IWCO, per SC management. Additional NOLs may be generated in FY 2022 depending on final year-end results.

3. NOLs generated after FY 2018 are not expected to expire, per SC management.

FY refers to Fiscal Year, NA refers to Not Available; NOL refers to Net Operating Loss.

Source: SC management, Consolidated Projections.

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# Weighted Average Cost of Capital Calculation

ModusLink

Selected Company	Total Debt to Total Cap [1] [2]	Dd to Total Cap [1] [3]	Dnd to Total Cap [1] [4]	Total Debt to Equity Market Value [2] [5]	Dd to Equity Market Value [3] [5]	Dnd to Equity Market Value [4] [5]	Pfd. Stock to Total Cap [1] [6]	Equity Market Value to Total Cap [1] [6]	Pfd. Stock to Equity Market Value [5] [6]
Celastica Inc.	30.1%	30.1%	0.0%	43.1%	43.1%	0.0%	0.0%	69.9%	0.0%
CJ Logistics Corporation	45.0%	45.0%	0.0%	81.7%	81.7%	0.0%	0.0%	55.0%	0.0%
Deutsche Post AG	32.2%	32.2%	0.0%	47.5%	47.5%	0.0%	0.0%	67.8%	0.0%
FedEx Corporation	26.5%	26.5%	0.0%	36.0%	36.0%	0.0%	0.0%	73.5%	0.0%
Flex Ltd.	34.1%	34.1%	0.0%	51.7%	51.7%	0.0%	0.0%	65.9%	0.0%
GXO Logistics, Inc. [7]	13.4%	13.4%	0.0%	15.5%	15.5%	0.0%	0.0%	86.6%	0.0%
Jabil Inc.	24.0%	24.0%	0.0%	31.6%	31.6%	0.0%	0.0%	76.0%	0.0%
Kerry Logistics Network Limited	16.3%	16.3%	0.0%	19.4%	19.4%	0.0%	0.0%	83.7%	0.0%
Kuehne + Nagel International AG	1.5%	1.5%	0.0%	1.6%	1.6%	0.0%	0.0%	98.5%	0.0%
United Parcel Service, Inc.	12.4%	12.4%	0.0%	14.1%	14.1%	0.0%	0.0%	87.6%	0.0%
Wincanton plc	5.1%	5.1%	0.0%	5.4%	5.4%	0.0%	0.0%	94.9%	0.0%
Median	24.0%	24.0%	0.0%	31.6%	31.6%	0.0%	0.0%	76.0%	0.0%
Mean	21.9%	21.9%	0.0%	31.6%	31.6%	0.0%	0.0%	78.1%	0.0%

Selected Company	Levered Beta [8]	Unlevered Beta [9]	Equity Risk Premium [10]	Size Premium [11]	Cost of Equity [12]	Cost of Debt [13]	Cost of Pfd. Stock [14]	WACC
Celastica Inc.	1.42	1.07	6.07%	1.34%	13.4%	4.1%	NA	10.2%
CJ Logistics Corporation	0.30 *	0.19 *	6.07%	1.34%	6.6%	2.5%	NA	4.4%
Deutsche Post AG	0.92	0.68	6.07%	-0.22%	8.8%	1.5%	NA	6.3%
FedEx Corporation	1.18	0.92	6.07%	-0.22%	10.3%	3.4%	NA	8.3%
Flex Ltd.	1.77	1.27	6.07%	0.54%	14.7%	4.3%	NA	10.8%
GXO Logistics, Inc. [7]	2.11 *	1.88 *	6.07%	0.54%	16.7%	2.4%	NA	14.7%
Jabil Inc.	1.64	1.32	6.07%	0.55%	13.9%	3.5%	NA	11.2%
Kerry Logistics Network Limited	0.69	0.61	6.07%	0.89%	8.5%	1.4%	NA	7.3%
Kuehne + Nagel International AG	0.61	0.60	6.07%	0.43%	7.5%	0.1%	NA	7.4%
United Parcel Service, Inc.	0.90	0.81	6.07%	-0.22%	8.7%	3.3%	NA	7.9%
Wincanton plc	0.73	0.70	6.07%	2.10%	9.9%	NA	NA	9.4%
Median	0.92	0.81			9.9%	2.9%	NA	8.3%
Mean	1.10	0.89			10.8%	2.7%	NA	8.9%

Note: No company used in this calculation for comparative purposes is identical to ModusLink.

1. Total Cap refers to total capitalization, which equals Equity Market Value + Total Debt + Pfd. Stock.

2. Total Debt refers to total debt amount based on most recent public filings as of 6/9/22.

3. Dd refers to Implied Tax-Deductible Debt, which equals the lesser of (a) 30% of Adjusted Taxable Income/Cost of Debt, or (b) Total Debt.

LTM Adjusted EBITDA, based on most recent public filings as of 6/9/22, is assumed to be a valid proxy for Adjusted Taxable Income for the selected companies.

4. Dnd refers to Implied Non-Tax-Deductible Debt, which equals Total Debt minus Dd.

5. Equity Market Value based on closing price on 6/9/22 and on diluted shares as of 6/9/22.

6. Pfd. Stock refers to preferred stock, which is the amount as stated in most recent public filings as of 6/9/22.

7. Financial information for GXO Logistics, Inc. is presented on a standalone basis, excluding the impact of the acquisition of Clipper Logistics plc, due to the lack of pro forma historical financial information being publicly available.

8. Based on actual levered 5-year weekly beta per Bloomberg as of 6/9/22.

9. Unlevered Beta = Levered Beta / (1 + (1 - tax rate) \* Dd to Equity Market Value) + (Dnd to Equity Market Value) + (Pfd. Stock to Equity Market Value).

10. Based on review of studies measuring the historical returns between stocks and bonds, theoretical models such as supply-side and demand-side models and other materials.

11. Duff & Phelps Cost of Capital Navigator ("Navigator").

12. Cost of Equity = Risk-Free Rate of Return + (Levered Beta \* Equity Risk Premium) + Size Premium. Risk-Free Rate of Return as of 6/9/22, based on 20-year U.S. Treasury Bond Yield.

13. Based on selected company weighted average interest rate per most recent public filings as of 6/9/22 (for consistency).

14. Based on selected company weighted average preferred dividend per most recent public filings as of 6/9/22.

\*Excluded from median and mean data due to low r-squared of observed beta and/or limited trading history, among other factors.

NA refers to not available.

Sources: Bloomberg, Capital IQ.

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# Weighted Average Cost of Capital Calculation (cont.)

ModusLink

(dollars in millions)

Market Assumptions		Capital Structure Assumptions		Cost of Equity for Computed WACC	
Risk-Free Rate of Return [1]	3.40%	ModusLink Adjusted Taxable Income [5]	\$9.6	Selected Unlevered Beta [11]	0.81
Equity Risk Premium [2]	6.07%	ModusLink Total Debt [6]	\$0.0	Computed Levered Beta [12]	1.07
Size Premium [3]	7.89%	ModusLink Dd [7]	\$0.0	Cost of Equity [13]	17.8%
Tax Rate [4]	25.00%	ModusLink Dnd [8]	\$0.0		
		Total Debt to Total Capitalization [9]	24.0%		
		Dd to Total Capitalization [10]	0.0%		
		Dnd to Total Capitalization [10]	24.0%		
		Total Debt to Equity Market Value	31.6%		
		Dd to Equity Market Value [10]	0.0%		
		Dnd to Equity Market Value [10]	31.6%		
		Preferred Stock to Total Capitalization [9]	0.0%		
		Equity Market Value to Total Capitalization [9]	76.0%		
		Preferred Stock to Equity Market Value	0.0%		
		Cost of Debt [9]	2.9%		
		Cost of Preferred Stock [9]	NA		
Computed Weighted Average Cost of Capital			14.2%		
<b>Selected Weighted Average Cost of Capital Range</b>			<b>13.0% – 15.0%</b>		

1. Risk-Free Rate of Return as of 6/9/22, based on 20-year U.S. Treasury Bond Yield.

2. Based on a review of studies measuring the historical returns between stocks and bonds, theoretical models such as supply side and demand side models and other materials. Adjusted by correlation between the S&P 500 TR Index and the MSCI Daily TR Gross World Index.

3. Navigator.

4. Forward tax rate, per Steel Connect and ModusLink management.

5. ModusLink LTM Adjusted EBITDA is assumed to be a valid proxy for ModusLink Adjusted Taxable Income.

6. ModusLink Total Debt refers to total debt amount of ModusLink as of 6/9/22.

7. ModusLink Dd refers to Implied Tax-Deductible Debt of ModusLink, which equals the lesser of (a) 30% of ModusLink Adjusted Taxable Income/Cost of Debt, or (b) ModusLink Total Debt. Based on Capital Structure Assumptions.

8. ModusLink Dnd refers to Implied Non-Tax-Deductible Debt of ModusLink, which equals ModusLink Total Debt minus ModusLink Dd.

9. Based on review of corresponding metrics of selected companies listed on previous page.

10. Based on ModusLink's Dd and Dnd and the Capital Structure Assumptions regarding Total Debt to Total Capitalization and Equity Market Value to Total Capitalization.

11. Based on review of selected companies' unlevered betas listed on previous page.

12. Computed Levered Beta = Selected Unlevered Beta \* (1 + ((1 - Tax Rate) \* Dd to Equity Market Value) + (Dnd to Equity Market Value) + (Preferred Stock to Equity Market Value)).

Based on Market and Capital Structure Assumptions.

13. Cost of Equity = Risk-Free Rate of Return + (Computed Levered Beta \* Equity Risk Premium) + Size Premium. Based on Market Assumptions.

Sources: Bloomberg, Capital IQ.

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# Ownership Summary

## Steel Connect

(shares outstanding in millions)

Holder	As-Converted Shares [1]		% of Unaffiliated
	Shares	% Outstanding	
Steel Partners Holdings L.P. [1]	42.3	50.1%	
Warren Lichtenstein (Executive Chairman & Interim CEO)	1.6	1.9%	
Jack Howard (Director)	0.9	1.0%	
Glen Kassan (Vice Chairman)	0.4	0.5%	
Other Current / Former Directors and Executive Officers [2]	1.7	2.0%	
<b>Steel Partners and Other Insiders</b>	<b>46.8</b>	<b>55.4%</b>	
GAMCO Investors, Inc. (NYSE:GBL)	2.6	3.0%	6.8%
Renaissance Technologies LLC	2.2	2.6%	5.8%
The Vanguard Group, Inc.	1.9	2.2%	5.0%
BlackRock, Inc. (NYSE:BLK)	1.0	1.2%	2.7%
Bridgeway Capital Management, LLC	0.3	0.3%	0.7%
Bank of America Corporation	0.2	0.3%	0.6%
Geode Capital Management, LLC	0.2	0.3%	0.6%
Other Public Shareholders	29.3	34.6%	77.7%
<b>Total Public Float [2]</b>	<b>37.7</b>	<b>44.6%</b>	<b>100.0%</b>
<b>Total As-Converted Shares [1]</b>	<b>84.5</b>	<b>100.0%</b>	

1. Includes (i) 17.9 million shares of common stock underlying the Company's Series C Convertible Preferred Stock and (ii) 6.3 million shares of common stock underlying the Company's Convertible Senior Notes, both of which are owned by Steel Partners, presented on an as-converted basis. Based on total common shares outstanding as of June 1, 2022, per SC management.

2. Source: Capital IQ.

 Denotes ownership of Steel Partners' 13D group.

Source: Capital IQ, Bloomberg, public filings, SC management.

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# Recent Trading Activity by Shareholder

## Largest Steel Connect Shareholders (Excluding Steel Partners and Other Insiders)

(dollars and shares in actuals)

Stockholder	Latest Shareholdings	% of Total Float	Net Shares Added / (Deducted) by Quarter							
			Q2 CY 2020	Q3 CY 2020	Q4 CY 2020	Q1 CY 2021	Q2 CY 2021	Q3 CY 2021	Q4 CY 2021	Q1 CY 2022
GAMCO Investors, Inc.	2,553,000	6.8%	552,000	1,610,920	(7,422)	(511,799)	(278,050)	19,351	-	-
% of Holdings Traded			47.3%	93.7%	(0.2%)	(15.4%)	(9.9%)	0.8%	0.0%	0.0%
Renaissance Technologies LLC	2,199,315	5.8%	283,239	121,943	293,441	(91,033)	(102,444)	(114,404)	(125,800)	(97,881)
% of Holdings Traded			13.9%	5.3%	12.0%	(3.3%)	(3.9%)	(4.5%)	(5.2%)	(4.3%)
The Vanguard Group, Inc.	1,901,359	5.0%	(102,386)	(146,947)	(21,801)	1,228,031	31,156	61,779	54,115	(8,108)
% of Holdings Traded			(12.7%)	(20.9%)	(3.9%)	229.8%	1.8%	3.4%	2.9%	(0.4%)
BlackRock, Inc.	1,024,979	2.7%	(81,325)	15	1,275	2,180	(72,226)	(599)	6,497	(13,540)
% of Holdings Traded			(6.9%)	0.0%	0.1%	0.2%	(6.5%)	(0.1%)	0.6%	(1.3%)
Bridgeway Capital Management, Inc.	262,845	0.7%	(250,600)	(43,000)	(35,200)	(46,155)	68,700	-	-	(12,000)
% of Holdings Traded			(43.1%)	(13.0%)	(12.2%)	(18.3%)	33.3%	0.0%	0.0%	(4.4%)
Bank of America Corporation	243,500	0.6%	-	1,220	(1,220)	-	310	12,216	157,303	73,671
% of Holdings Traded			0.0%	New Position	(100.0%)	0.0%	New Position	3940.6%	1255.8%	43.4%
Geode Capital Management, LLC	232,624	0.6%	-	-	-	29,080	13,335	-	-	-
% of Holdings Traded			0.0%	0.0%	0.0%	15.3%	6.1%	0.0%	0.0%	0.0%
VWAP During Quarter			\$0.58	\$0.56	\$0.74	\$2.14	\$2.01	\$1.90	\$1.79	\$1.25
High Closing Stock Price During Quarter			\$0.87	\$0.67	\$0.98	\$2.67	\$2.21	\$2.07	\$2.40	\$1.57
Low Closing Stock Price During Quarter			\$0.46	\$0.51	\$0.51	\$0.77	\$1.79	\$1.64	\$1.31	\$1.00

Note: Net Shares Added / (Deducted) is shown through Q1 CY 2022.  
 CY refers to Calendar Year; Q refers to Quarter; VWAP refers to Volume-Weighted Average Price.  
 Source: Capital IQ, Bloomberg, public filings.

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## Disclaimer (cont.)

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# Project Carbon

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EXCERPT OF DISCUSSION MATERIALS FOR THE SPECIAL COMMITTEE

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# Overview of Financial Projections

## Overview of ModusLink Projections

- In February 2021, ML management, in consultation with SC management, prepared a set of long-term projections for FY 2021 through FY 2025 which were subsequently reviewed by the SC Board.
- In July/August 2021, ML management, in consultation with SC management, prepared its annual budget for FY 2022, which was finalized in October 2021 based on feedback from and subsequently approved by the SC Board (such final budget, the "**FY 2022 Budget**"). The projections for FY 2023 through FY 2025 remained unchanged based on ML management's assessment of the longer-term business outlook.
- ML underperformed relative to its FY 2022 Budget during the first fiscal quarter, with ML management also observing headwinds that they believed would translate into near-term pressure on financial results. Accordingly, in December 2021, ML management<sup>1</sup> updated its forecast for FY 2022 (the "**FY 2022 2Q Forecast**"), but left its projections unchanged for FY 2023 to FY 2025.
- In the second fiscal quarter, ML continued to underperform relative to its FY 2022 Budget (VAR was ~5% lower than budgeted) but outperformed the FY 2022 2Q Forecast (VAR was ~3% higher than estimated). In February 2022, ML management<sup>1</sup> updated its forecast for FY 2022 (the "**FY 2022 3Q Forecast**"), which contemplated a slower than previously estimated ramp-up of new customer accounts but maintained effectively the same full-year EBITDA level relative to the FY 2022 2Q Forecast. Projections for FY 2023 to FY 2025 remained unchanged.
- In the third fiscal quarter, ML continued to face headwinds with new customer conversion, driving VAR underperformance relative to the FY 2022 Budget (~11%) and the FY 2022 3Q Forecast (~2%). In May 2022, ML management<sup>1</sup> updated its forecast for FY 2022 (the "**Current FY 2022 Forecast**") to reflect the latest outlook, which contemplates a slower ramp-up of new customer accounts and lower EBITDA relative to the FY 2022 3Q Forecast. Projections for FY 2023 to FY 2025 remained unchanged.
- The Current FY 2022 Forecast, together with the FY 2023 to FY 2025 projections, which have been authorized by the Special Committee for Houlihan Lokey's use in these discussion materials, are referred to herein as the "**ML Projections**".

## Overview of NOL, SC and Consolidated Projections

- In February 2021, SC management prepared corporate expense projections for FY 2021 through FY 2025, with the FY 2022 projections subsequently updated in connection with the annual budgeting process that was finalized in October 2021 (and FY 2023 – FY 2025 projections remaining unchanged). Such figures are referred to herein as the "**Pre-IWCO Disposition Corporate Expense Projections**". In May 2022, SC management revised such projections to reflect corporate savings opportunities identified at Steel Connect following the disposition of IWCO. Such projections, as authorized by the Special Committee for Houlihan Lokey's use in these discussion materials, are referred to herein as the "**Corporate Expense Projections**".
- Following the disposition of IWCO as well as the preparation of the updated Corporate Expense Projections, SC and ML managements prepared revised taxable income projections and NOL utilization assumptions, which were authorized by the Special Committee for Houlihan Lokey's use in these discussion materials. Such projections are referred to herein as the "**NOL Projections**".
- The Corporate Expense Projections, together with the ML Projections and the NOL Projections, are referred to herein as the "**Consolidated Projections**".

<sup>1</sup> The FY 2022 2Q Forecast, FY 2022 3Q Forecast and Current FY 2022 Forecast were prepared by ML management in consultation with SC management and reviewed by the SC Board. Source: ML and SC managements.

# ModusLink Financial Performance Update: 3Q FY 2022

## 3Q FY 2022 Actuals vs. FY 2022 Budget and FY 2022 3Q Forecast

(dollars in millions)

	3Q FY 2022					
	FY 2022 Budget	Actuals	Variance	FY 2022 3Q Forecast	Actuals	Variance
Base VAR	\$25.9	\$25.0	(\$0.9)	\$23.8	\$25.0	\$1.2
New VAR	4.8	2.3	(2.5)	4.0	2.3	(1.7)
<b>VAR</b>	<b>\$30.7</b>	<b>\$27.2</b>	<b>(\$3.5)</b>	<b>\$27.8</b>	<b>\$27.2</b>	<b>(\$0.6)</b>
<b>Gross Profit</b>	<b>\$11.4</b>	<b>\$9.2</b>	<b>(\$2.2)</b>	<b>\$9.2</b>	<b>\$9.2</b>	<b>\$0.0</b>
% of VAR	37.1%	34.0%	-3.1%	33.1%	34.0%	0.9%
<b>Adjusted EBITDA</b>	<b>\$3.5</b>	<b>\$2.5</b>	<b>(\$1.0)</b>	<b>\$1.4</b>	<b>\$2.5</b>	<b>\$1.1</b>
% of VAR	11.4%	9.1%	-2.3%	5.0%	9.1%	4.0%

### Selected Variance Observations

- VAR underperformed the FY 2022 3Q Forecast by 2%, driven by lower-than-expected conversion of new business opportunities
- EBITDA outperformed the FY 2022 3Q Forecast (but was still below the FY 2022 Budget) as a result of continued implementation of temporary cost-cutting measures

Note: Financials shown above are based on Steel Connect's fiscal year-end of July 31.  
 Adj. EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.  
 E refers to Estimated.  
 FY refers to Fiscal Year.  
 Q refers to Quarter.  
 VAR refers to Value-Added Revenue.  
 Source: ML management.  
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# ModusLink Outlook Observations: Current FY 2022 Forecast

## Current FY 2022 Forecast & Performance – Quarterly Observations

(dollars in millions)

	FY 2022E				
	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Estimated	FY Estimated
Base VAR	\$23.6	\$27.1	\$25.0	\$25.8	\$101.5
New VAR	1.7	1.6	2.3	4.7	10.3
<b>VAR</b>	<b>\$25.3</b>	<b>\$28.6</b>	<b>\$27.2</b>	<b>\$30.7</b>	<b>\$111.8</b>
<b>Gross Profit</b>	<b>\$9.4</b>	<b>\$10.9</b>	<b>\$9.2</b>	<b>\$9.9</b>	<b>\$39.4</b>
% of VAR	37.2%	38.1%	34.0%	32.1%	35.2%
<b>Adjusted EBITDA</b>	<b>\$2.1</b>	<b>\$4.0</b>	<b>\$2.5</b>	<b>\$2.3</b>	<b>\$10.9</b>
% of VAR	8.2%	13.9%	9.1%	7.6%	9.7%

While the Current FY 2022 Forecast contemplates a rebound in VAR performance in 4Q 2022 supported by an uptick in new business, New VAR forecasts for 4Q 2022 are down by ~\$5 million relative to 4Q estimates in the FY 2022 3Q Forecast due to challenges in converting prospects into new customers, as well as on-boarding delays

The Current FY 2022 Forecast contemplates lower margins for 4Q 2022 due in part to customer mix

ML management has indicated that based on preliminary results, May VAR and gross profit performance registered ~\$0.2 million and nearly ~\$1.0 million, respectively, above May expectations in the Current FY 2022 Forecast<sup>1</sup>

Note: Financials shown above are based on Steel Connect's fiscal year-end of July 31.

1. Adjusted EBITDA variance not referenced due to insufficient information related to adjustments.

Adj. EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

Q refers to Quarter.

VAR refers to Value-Added Revenue.

Source: ML management, ML Projections.

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## ModusLink Outlook Observations: Current FY 2022 Forecast (cont.)

### Current FY 2022 Forecast vs. FY 2022 Budget, FY 2022 2Q Forecast, and FY 2022 3Q Forecast

(dollars in millions)

	FY 2022E Forecast				Change (Current vs. 3Q Forecast)
	FY 2022 Budget	FY 2022 2Q Forecast	FY 2022 3Q Forecast	Current FY 2022 Forecast	
Base VAR	\$105.5	\$98.5	\$99.9	\$101.5	\$1.6
New VAR	15.5	21.2	16.9	10.3	(6.6)
<b>VAR</b>	<b>\$121.0</b>	<b>\$119.7</b>	<b>\$116.8</b>	<b>\$111.8</b>	<b>(\$5.0)</b>
<b>Gross Profit</b>	<b>\$47.1</b>	<b>\$42.6</b>	<b>\$42.7</b>	<b>\$39.4</b>	<b>(\$3.3)</b>
% of VAR	38.9%	35.6%	36.6%	35.2%	-1.3%
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$15.3</b>	<b>\$12.4</b>	<b>\$12.8</b>	<b>\$10.9</b>	<b>(\$1.9)</b>
% of VAR	12.6%	10.3%	10.9%	9.7%	-1.2%

#### Selected Observations

- Relative to the FY 2022 3Q Forecast, the Current FY 2022 Forecast contemplates a decline in new business VAR, resulting in a downward revision to gross profit and EBITDA for FY 2022
- VAR and profit forecasts have declined repeatedly throughout FY 2022 amid sustained headwinds in the business

Note: Financials shown above are based on Steel Connect's fiscal year-end of July 31.

1. In the prior Special Committee Discussion Materials dated 4/4/2022, the then-current FY 2022 3Q Forecast for Adjusted EBITDA was shown as \$12.5 million; that figure has since been updated to \$12.8 million, as shown above, based on additional information received from SC and ML management regarding EBITDA adjustments.

Adj. EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.  
E refers to Estimated.

FY refers to Fiscal Year.

VAR refers to Value-Added Revenue.

Source: ML management, ML Projections.

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# Corporate Expense Projections Comparison

SC management has updated its Corporate Expense Projections to reflect its latest estimate of corporate savings opportunities at Steel Connect following the disposition of IWCO.

(dollars in millions)

	Pre-IWCO Disposition Corporate Expense Projections		Corporate Expense Projections (Current) [1]		Difference	
	Projected FY Ending July 31,		Projected FY Ending July 31,		Projected FY Ending July 31,	
	2022E	2023E	2022E	2023E	2022E	2023E
Management Salary and Wages [2]	(\$3.4)	(\$3.7)	(\$2.5)	(\$2.2)	\$0.9	\$1.5
Board Fees	(\$1.1)	(\$1.1)	(\$1.2)	(\$1.0)	(\$0.1)	\$0.1
Other Professional Fees [3]	(\$1.5)	(\$1.5)	(\$2.8)	(\$1.6)	(\$1.3)	(\$0.0)
Tax and Other Expenses	(\$1.0)	(\$0.8)	(\$0.7)	(\$0.8)	\$0.3	\$0.0
<b>Total Corporate Operating Expenses</b>	<b>(\$7.1)</b>	<b>(\$7.2)</b>	<b>(\$7.2)</b>	<b>(\$5.6)</b>	<b>(\$0.1)</b>	<b>\$1.6</b>

FY 2024 and FY 2025 projections reflect same \$1.6mm annual variance observed for FY 2023 projections, which approximate annual run-rate, per SC management.

## Selected Observations

- A** The current Corporate Expense Projections reflect a ~\$1.5 million reduction to run-rate SC management salary and wages in FY 2023, as SC increases the use of shared SP resources to manage the entity and eliminates dedicated SC headcount.
- B** Board fees, as well as tax and other expenses, are projected to remain in-line with the Pre-IWCO Disposition Corporate Expense Projections.
- C** FY 2023 professional fees, which approximate an annual run-rate per SC management, are projected to remain in-line with the Pre-IWCO Disposition Corporate Expense Projections, with certain identified cost savings offset by increases in other professional fees following the disposition of IWCO<sup>4</sup>.

1. Comparison focuses on FY 2022 and FY 2023, as FY 2023 approximates annual run-rate, per SC management.  
 2. Includes salary and wages for employees at Steel Connect (in the Pre-IWCO Disposition Corporate Expense Projections), as well as Steel Partners shared services fee, which reflects salaries of Steel Partners employees based on allocation of time for functions performed for the benefit of Steel Connect.  
 3. Includes legal fees, auditor fees, investor relations fees, and stock market fees, among other professional fees.  
 4. SC management has indicated that audit fees at Steel Connect are expected to increase following the disposition of IWCO, as certain audit costs that were previously allocated to IWCO will now be allocated to Steel Connect, relating to additional audit work that will need to be conducted at the SC level.  
 E refers to Estimated.  
 FY refers to Fiscal Year.

Source: Steel Connect management, Corporate Expense Projections.

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# ModusLink Historical and Projected Financial Information

(dollars in millions)

	Fiscal Year Ended July 31,			LTM Ended	Fiscal Year Ending July 31,				CAGR	CAGR
	2019	2020	2021	4/30/2022	2022E	2023E	2024E	2025E	2019 to 2021	2021 to 2025E
<b>Revenue</b>	<b>\$332.9</b>	<b>\$338.5</b>	<b>\$226.3</b>	<b>\$197.9</b>	<b>\$201.0</b>	<b>\$240.3</b>	<b>\$249.5</b>	<b>\$259.3</b>	<b>-17.6%</b>	<b>3.5%</b>
Growth %		1.7%	-33.1%		-11.1%	19.5%	3.8%	3.9%		
Cost of Materials	(191.4)	(190.3)	(109.0)	(91.9)	(89.2)	(116.8)	(121.3)	(126.0)		
<b>VAR</b>	<b>\$141.5</b>	<b>\$148.2</b>	<b>\$117.2</b>	<b>\$106.0</b>	<b>\$111.8</b>	<b>\$123.5</b>	<b>\$128.3</b>	<b>\$133.3</b>	<b>-9.0%</b>	<b>3.3%</b>
Growth %		4.7%	-20.9%		-4.6%	10.4%	3.8%	3.9%		
% of Revenue	42.5%	43.8%	51.8%	53.6%	55.6%	51.4%	51.4%	51.4%		
Cost of Goods Sold	(106.0)	(84.4)	(69.5)	(68.0)	(72.4)	(74.1)	(77.0)	(80.0)		
<b>Gross Profit</b>	<b>\$35.5</b>	<b>\$63.8</b>	<b>\$47.7</b>	<b>\$38.0</b>	<b>\$39.4</b>	<b>\$49.4</b>	<b>\$51.3</b>	<b>\$53.3</b>	<b>15.9%</b>	<b>2.8%</b>
% of Revenue	10.7%	18.8%	21.1%	19.2%	19.6%	20.6%	20.6%	20.6%		
% of VAR	25.1%	43.0%	40.7%	35.8%	35.2%	40.0%	40.0%	40.0%		
Operating Expenses	(39.3)	(35.8)	(39.1)	(33.0)	(30.8)	(35.4)	(35.4)	(35.4)		
Depreciation and Amortization	5.6	4.1	3.4	2.5	2.2	3.5	3.5	3.5		
Total Adjustments [1]	7.2	2.4	5.3	2.1	0.0	0.0	0.0	0.0		
<b>Adjusted EBITDA</b>	<b>\$9.1</b>	<b>\$34.4</b>	<b>\$17.3</b>	<b>\$9.6</b>	<b>\$10.9</b>	<b>\$17.5</b>	<b>\$19.4</b>	<b>\$21.4</b>	<b>38.1%</b>	<b>5.5%</b>
Growth %		279.7%	-49.8%		-37.0%	60.9%	10.8%	10.3%		
% of Revenue	2.7%	10.2%	7.6%	4.8%	5.4%	7.3%	7.8%	8.3%		
% of VAR	6.4%	23.2%	14.7%	9.0%	9.7%	14.2%	15.1%	16.1%		
Depreciation and Amortization	(5.6)	(4.1)	(3.4)	(2.5)	(2.2)	(3.5)	(3.5)	(3.5)		
<b>Adjusted EBIT</b>	<b>\$3.4</b>	<b>\$30.3</b>	<b>\$13.9</b>	<b>\$7.1</b>	<b>\$8.7</b>	<b>\$14.0</b>	<b>\$15.9</b>	<b>\$17.9</b>	<b>101.7%</b>	<b>6.6%</b>
Growth %		788.2%	-54.2%		-37.4%	61.4%	13.5%	12.6%		
% of Revenue	1.0%	8.9%	6.1%	3.6%	4.3%	5.8%	6.4%	6.9%		
1. Total Adjustments:										
Severance	1.0	3.1	(0.1)	0.0	(0.0)	0.0	0.0	0.0		
Provision for Asset Impairment	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Bad Debt Expense	0.9	0.2	(0.0)	0.1	(0.0)	0.0	0.0	0.0		
Cyber-Attack Impact	1.5	(0.7)	0.0	0.0	0.0	0.0	0.0	0.0		
Penalties & Fines	0.8	(0.2)	(0.0)	(0.1)	(0.0)	0.0	0.0	0.0		
SAP Project Costs	0.0	0.0	2.6	0.8	0.0	0.0	0.0	0.0		
France / Hungary non-cash charge	0.0	0.0	1.6	0.0	0.0	0.0	0.0	0.0		
eBusiness PCL charge	0.0	0.0	1.2	0.8	(0.5)	0.0	0.0	0.0		
Other Income	0.0	0.0	0.0	0.5	0.5	0.0	0.0	0.0		
<b>Total Adjustments</b>	<b>\$7.2</b>	<b>\$2.4</b>	<b>\$5.3</b>	<b>\$2.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>		

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items; CAGR refers to Compound Annual Growth Rate; E refers to Estimated; FY refers to Fiscal Year; VAR refers to Value-Added Revenue.

Source: SC and ML managements, historical figures per SC and ML managements and public filings; projected figures per ML Projections.

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# ModusLink: Selected Companies Analysis

(dollars in millions, except per share values)

Selected Company	Share Price [2]	Equity Market Value [2,3]	Enterprise Value [2,3]	Enterprise Value [1] to Adjusted EBITDA		
				LTM	FY 2022E [4]	FY 2023E [4]
Celestica Inc.	\$11.02	\$1,509.7	\$1,814.4	5.7x	5.3x	4.2x
CJ Logistics Corporation	\$95.90	\$1,912.7	\$3,568.5	5.2x	5.3x	4.8x
Deutsche Post AG	\$38.15	46,619.7	62,525.9	5.7x	5.4x	4.8x
FedEx Corporation	\$217.00	56,999.0	71,443.0	6.9x	6.5x	6.0x
Flex Ltd.	\$16.85	8,111.5	9,422.5	6.4x	6.0x	5.1x
GXO Logistics, Inc. [5]	\$52.12	6,064.2	6,725.2	11.2x	10.4x	8.7x
Jabil Inc.	\$60.97	9,108.5	10,897.5	5.2x	4.5x	4.3x
Kerry Logistics Network Limited	\$2.30	4,160.4	4,190.3	5.2x	5.3x	5.9x
Kuehne + Nagel International AG	\$231.99	27,944.9	25,212.0	6.3x	6.8x	7.1x
United Parcel Service, Inc.	\$176.55	154,671.5	164,025.5	9.9x	9.9x	9.4x
Wincanton plc	\$4.65	583.4	578.8	6.1x	5.2x	3.9x
Low				5.2x	4.5x	3.9x
High				11.2x	10.4x	9.4x
Median				6.1x	5.4x	5.1x
Mean				6.7x	6.4x	5.8x

Note: No company used in this analysis for comparative purposes is identical to ModusLink.

1. Enterprise Value equals equity market value + debt outstanding + preferred stock + minority interests – cash and cash equivalents.

2. Based on closing prices as of 6/9/22.

3. Based on diluted shares.

4. Multiples based on forward looking financial information have been calendarized to ModusLink's fiscal year end of July 31 for all of the selected companies, except for Jabil Inc., whose fiscal year end is August 31.

5. Financial information for GXO Logistics, Inc. is presented on a standalone basis, excluding the impact of the acquisition of Clipper Logistics plc, due to the lack of pro forma historical financial information being publicly available and consensus estimates that are not pro forma for the acquisition.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public.

Source: Bloomberg, Capital IQ and public filings.

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# ModusLink: Selected Benchmarking Data

Size (LTM Revenue, millions)	Size (1) (Enterprise Value as of 6/9/22, millions)	Revenue Growth (FY 2019 to FY 2021 Revenue)	Revenue Growth (FY 2021 to FY 2023E Revenue)
United Parcel Service, Inc. \$98,757.0	United Parcel Service, Inc. \$164,025.5	Kerry Logistics Network Limited 20.3%	GXO Logistics, Inc. 8.9%
FedEx Corporation \$91,683.0	FedEx Corporation \$71,443.0	Kuehne + Nagel International AG 15.6%	Kuehne + Nagel International AG 7.9%
Deutsche Post AG \$91,130.1	Deutsche Post AG \$62,525.9	United Parcel Service, Inc. 12.1%	Celestica Inc. 6.1%
Kuehne + Nagel International AG \$37,739.5	Kuehne + Nagel International AG \$25,212.0	FedEx Corporation 10.9%	Kerry Logistics Network Limited 5.7%
Jabil Inc. \$30,744.0	Jabil Inc. \$10,897.5	GXO Logistics, Inc. 8.9%	Wincanton plc 5.6%
Flex Ltd. \$26,041.0	Flex Ltd. \$9,422.5	Jabil Inc. 7.6%	Jabil Inc. 5.2%
Kerry Logistics Network Limited \$10,059.3	GXO Logistics, Inc. \$6,725.2	Deutsche Post AG 7.5%	Flex Ltd. 4.9%
CJ Logistics Corporation \$9,120.5	Kerry Logistics Network Limited \$4,190.3	Wincanton plc 3.3%	FedEx Corporation 4.9%
GXO Logistics, Inc. \$8,201.0	CJ Logistics Corporation \$3,568.5	CJ Logistics Corporation 2.2%	Deutsche Post AG 4.3%
Celestica Inc. \$5,966.7	Celestica Inc. \$1,814.4	Flex Ltd. 1.2%	United Parcel Service, Inc. 4.2%
Wincanton plc \$1,779.9	Wincanton plc \$578.8	Celestica Inc. -4.3%	CJ Logistics Corporation 3.6%
<b>ModusLink \$197.9</b>		<b>ModusLink -17.6%</b>	<b>ModusLink 3.1%</b>

Adjusted EBITDA Growth (FY 2019 to FY 2021 Adjusted EBITDA)	Adjusted EBITDA Growth (FY 2021 to FY 2023E Adjusted EBITDA)	Profitability (LTM Adjusted EBITDA to LTM Revenue)	Profitability (FY 2022E to FY 2023E Average Adjusted EBITDA Margin)
Kuehne + Nagel International AG 36.4%	Wincanton plc 21.3%	United Parcel Service, Inc. 16.0%	United Parcel Service, Inc. 16.6%
<b>ModusLink 38.1%</b>	Celestica Inc. 16.3%	Deutsche Post AG 12.0%	Deutsche Post AG 13.6%
Kerry Logistics Network Limited 24.3%	GXO Logistics, Inc. 14.8%	FedEx Corporation 11.3%	FedEx Corporation 11.9%
Deutsche Post AG 18.9%	Kuehne + Nagel International AG 13.2%	Kuehne + Nagel International AG 10.6%	Kuehne + Nagel International AG 10.0%
United Parcel Service, Inc. 18.3%	Deutsche Post AG 11.9%	Kerry Logistics Network Limited 8.0%	GXO Logistics, Inc. 8.0%
FedEx Corporation 12.2%	Jabil Inc. 9.1%	CJ Logistics Corporation 7.5%	GXO Logistics Corporation 7.5%
Jabil Inc. 12.0%	Flex Ltd. 7.1%	GXO Logistics, Inc. 7.4%	Jabil Inc. 7.4%
Celestica Inc. 10.0%	United Parcel Service, Inc. 7.0%	Jabil Inc. 6.8%	Kerry Logistics Network Limited 7.4%
Flex Ltd. 8.2%	FedEx Corporation 6.3%	Flex Ltd. 5.6%	Wincanton plc 7.0%
GXO Logistics, Inc. 7.4%	CJ Logistics Corporation 5.2%	Celestica Inc. 5.4%	<b>ModusLink 6.4%</b>
CJ Logistics Corporation 3.3%	Kerry Logistics Network Limited 4.6%	Wincanton plc 5.3%	Flex Ltd. 6.2%
Wincanton plc -2.2%	<b>ModusLink 0.7%</b>	<b>ModusLink 4.8%</b>	Celestica Inc. 5.9%

Profitability (LTM Adjusted EBIT to LTM Revenue)	Profitability (FY 2022E to FY 2023E Average Adjusted EBIT Margin)	Relative Depreciation (LTM Depr. to LTM Adjusted EBITDA)	Internal Investment (LTM Capital Expenditures to LTM Revenue)
United Parcel Service, Inc. 13.8%	United Parcel Service, Inc. 13.6%	Kuehne + Nagel International AG 6.5%	Kuehne + Nagel International AG 0.5%
Kuehne + Nagel International AG 9.9%	Deutsche Post AG 9.5%	Kerry Logistics Network Limited 11.7%	Wincanton plc 0.8%
Deutsche Post AG 9.8%	Kuehne + Nagel International AG 8.2%	Wincanton plc 14.1%	Celestica Inc. 0.9%
Kerry Logistics Network Limited 7.1%	FedEx Corporation 7.6%	United Parcel Service, Inc. 18.0%	Flex Ltd. 1.7%
FedEx Corporation 7.0%	Kerry Logistics Network Limited 5.9%	Deutsche Post AG 18.4%	CJ Logistics Corporation 1.7%
Wincanton plc 4.6%	<b>ModusLink 5.1%</b>	<b>ModusLink 25.9%</b>	<b>ModusLink [2] 1.9%</b>
Jabil Inc. 3.8%	Wincanton plc 4.7%	Celestica Inc. 31.2%	Kerry Logistics Network Limited 2.6%
Flex Ltd. 3.8%	Jabil Inc. 4.5%	Flex Ltd. 32.9%	GXO Logistics, Inc. 3.0%
Celestica Inc. 3.7%	Flex Ltd. 4.4%	FedEx Corporation 37.9%	Jabil Inc. 3.9%
<b>ModusLink 3.8%</b>	GXO Logistics, Inc. 4.3%	Jabil Inc. 43.6%	United Parcel Service, Inc. 4.0%
CJ Logistics Corporation 3.4%	Celestica Inc. 4.2%	CJ Logistics Corporation 55.0%	Deutsche Post AG 4.4%
GXO Logistics, Inc. 3.3%	CJ Logistics Corporation 3.5%	GXO Logistics, Inc. 55.1%	FedEx Corporation 6.6%

Note: No company shown for comparative purposes is identical to ModusLink; certain selected companies do not report VAR.

Note: Financial information for GXO Logistics, Inc. is presented on a standalone basis, excluding the impact of the acquisition of Clipper Logistics plc, due to the lack of pro forma historical financial information being publicly available and consensus estimates that are not pro forma for the acquisition.

1. Based on public trading prices of common stock.

2. Represents FY 2022E Capital Expenditures to FY 2022E Revenue.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items.

Adjusted EBIT refers to Earnings Before Interest and Taxes, adjusted for certain non-recurring items.

Depr. refers to Depreciation.

E refers to Estimated.

FY refers to Fiscal Year.

LTM refers to the most recently completed 12-month period for which financial information has been made public, other than for ModusLink, in which case LTM refers to Latest 12 Months.

Source: Bloomberg, Capital IQ, SC and ML managements, public filings, and ML Projections.

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# ModusLink: Selected Transactions Analysis

(dollars in millions)

Announced	Effective	Target	Acquirer	Transaction Value [1]	Transaction Value / LTM Adjusted EBITDA [2]	LTM Adjusted EBITDA Margin % [2]	[3]
3/25/2022	3/25/2022	Intermodal Business of XPO Logistics, Inc.	STG Logistics, Inc.	\$710.0	NA	NA	
2/20/2022	5/24/2022	Clipper Logistics plc	GXO Logistics, Inc.	\$1,257.7	20.0x	5.8%	
2/14/2022	4/4/2022	Kane Logistics, Inc.	ID Logistics Group SA	\$240.0	NA	NA	
12/22/2021	Pending	LF Logistics Holdings Limited	A.P. Møller - Mærsk A/S	\$3,860.0	16.4x	18.1%	
12/13/2021	1/1/2022	Whiplash Inc.	Ryder System, Inc.	\$480.0	NA	NA	
9/10/2021	11/23/2021	Echo Global Logistics, Inc.	The Jordan Company, L.P.	\$1,340.4	13.2x	3.2%	
8/6/2021	10/1/2021	B2C Europe Holding B.V.	A.P. Møller - Mærsk A/S	\$86.0	11.0x	NA	
8/6/2021	8/6/2021	Visible Supply Chain Management, LLC	A.P. Møller - Mærsk A/S	\$838.0	13.0x	NA	
7/22/2021	11/15/2021	Transplace Inc	Uber Freight LLC	\$2,250.0	NMF	NA	
7/8/2021	Pending	Imperial Logistics Limited	DP World Limited	\$1,237.4	6.1x	5.6%	
7/1/2021	Pending	Syncreon Us Inc.	DP World Limited	\$1,200.0	NA	NA	
6/30/2021	6/30/2021	Quad Logistics Services, LLC	Mullen Group Ltd.	\$40.0	8.0x	NA	
4/27/2021	8/16/2021	Agility Global Integrated Logistics	DSV Panalpina A/S	\$4,200.0	16.3x	6.4%	
5/12/2021	5/12/2021	Lasership, Inc.	American Securities LLC	\$1,700.0	13.0x	NA	
3/17/2021	3/17/2021	AIT Worldwide Logistics, Inc.	The Jordan Company, L.P.	\$1,200.0	NA	NA	
12/9/2020	7/7/2021	Ingram Micro Inc.	Platinum Equity, LLC	\$7,200.0	6.9x	2.3%	
02/19/2020	1/4/2020	Performance Team LLC	A.P. Møller - Mærsk A/S	\$545.0	6.1x	17.1%	
1/28/2020	3/2/2020	Prime Distribution Services, Inc.	C.H. Robinson Worldwide, Inc.	\$225.0	NA	NA	
11/5/2018	12/3/2018	CaseStack, Inc.	Hub Group, Inc.	\$255.0	11.6x	9.1%	
2/17/2015	5/29/2015	APL Logistics Ltd	Kintetsu World Express, Inc.	\$1,200.0	15.0x	4.8%	
12/15/2014	1/30/2015	FedEx Supply Chain Distribution System, Inc.	FedEx Corporation	\$1,380.0	NA	NA	
7/29/2014	9/2/2014	New Breed Holding Company	XPO Logistics, Inc.	\$615.0	8.0x	12.9%	
Low				\$40.0	6.1x	2.3%	
High				\$7,200.0	20.0x	18.1%	
Median				\$1,200.0	12.3x	6.1%	
Mean				\$1,457.2	11.8x	8.5%	

Note: No company used in this analysis for comparative purposes is identical to ModusLink, and no transaction used in this analysis for comparative purposes is identical to the Transaction.

1. Transaction Value refers to the implied enterprise value of target company, based on the announced transaction equity price and other public information available at the time of the announcement.

2. Based on reported metric for the most recent LTM period prior to the announcement of the transaction.

3. Per Wall Street equity research, the intermodal business of XPO Logistics, Inc. has an estimated EBITDA of ~\$70 million, which implies an EBITDA multiple of ~10.1x.

Adjusted EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization, adjusted for certain non-recurring items. NA refers to Not Available. NMF refers to Not Meaningful Figure.

Sources: Capital IQ, public filings, press releases.

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# Transaction Implied Premiums to Historical Stock Trading Prices

(dollars per share in actuals)

Trading Period As of 6/9/22	Selected Metric [1]	Implied Premium of Per Share Cash Merger Consideration over Selected Metric	
Unaffected Date Closing (6/1/22)	\$1.22	10.7%	[2]
1-Day Closing Price	\$1.27	6.3%	
10-Day VWAP	\$1.25	7.8%	
20-Day VWAP	\$1.21	11.4%	
30-Day VWAP	\$1.23	10.1%	
2-Month VWAP	\$1.25	8.1%	
3-Month VWAP	\$1.24	8.9%	
6-Month VWAP	\$1.28	5.2%	
12-Month VWAP	\$1.64	(17.6%)	
Since Final Proposal (6/1/22) VWAP	\$1.27	6.1%	
Since Revised Proposal (3/28/22) VWAP	\$1.25	8.4%	
Since IWCO Disposition (2/25/22) VWAP	\$1.25	7.6%	
Since Initial Proposal (11/19/20) VWAP	\$1.91	(29.5%)	
52-Week High - 10/14/21 Closing	\$2.40	(43.8%)	
52-Week Low - 2/23/22 Closing	\$1.00	35.0%	

1. Closing prices per Capital IQ. VWAP based on trading information, per Bloomberg as of 6/9/22.

2. Reflects the closing stock price on June 1, 2022, immediately prior to public announcement of the Final Proposal.

"Final Proposal" refers to final, non-binding expression of interest from Steel Partners on May 27, 2022 (based on cash consideration of \$1.35 per share and ModusLink CVR), which was publicly announced on 6/1/22 after market close.

"Revised Proposal" refers to the revised, non-binding expression of interest from Steel Partners on March 24, 2022 (based on cash consideration of \$1.30 per share), which was publicly announced on 3/28/22 after market close.

"Initial Proposal" refers to the initial, non-binding expression of interest from Steel Partners on November 19, 2020 (based on consideration per share of \$0.65 to \$0.72), which was publicly announced the same day after market close.

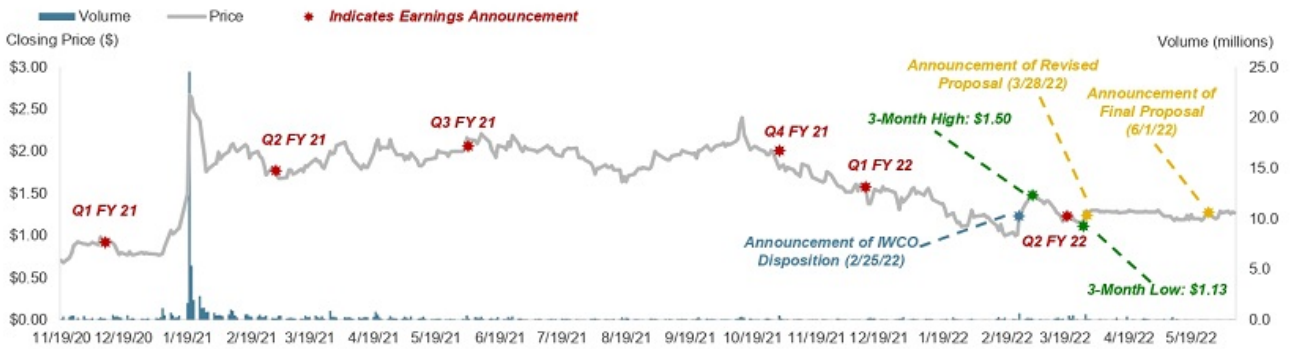
VWAP refers to Volume-Weighted Average Price.

Source: Capital IQ and Bloomberg.

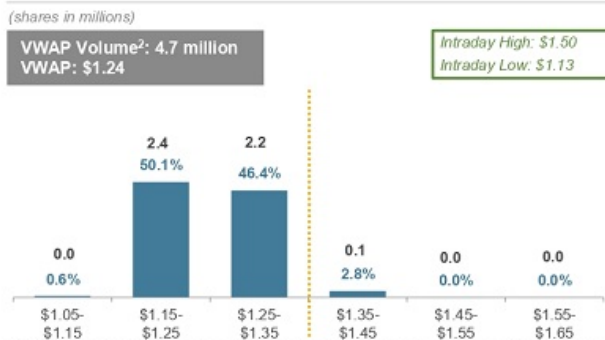
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# Recent Stock Performance

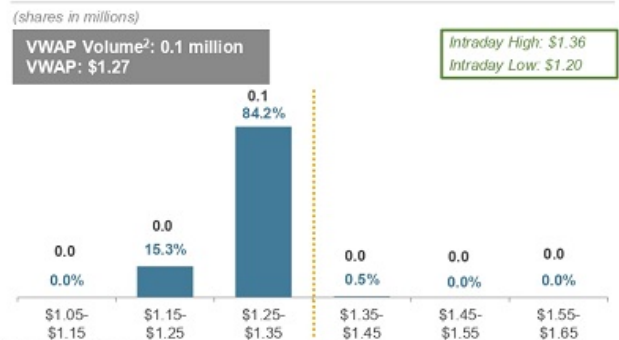
## Stock Performance Since Initial Proposal (11/19/20)



### Last Three Months<sup>1</sup>



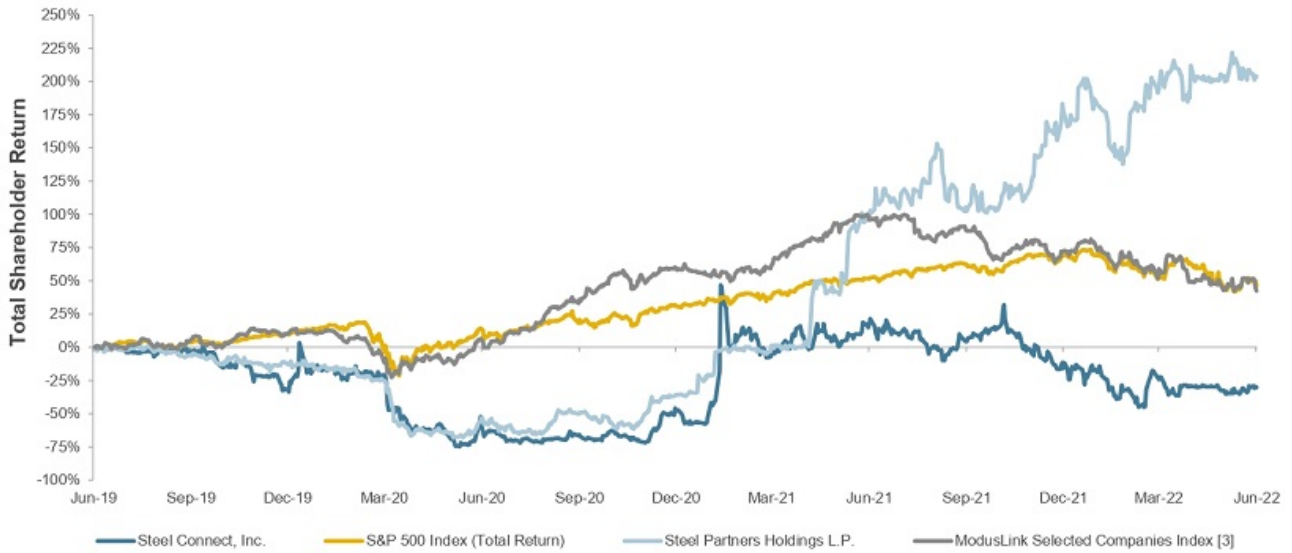
### Since Final Proposal (6/1/22)<sup>1</sup>



1. Based on the closing price in one-minute intervals as provided by Bloomberg and the amount of volume transacted during that intraday window.  
2. Per Bloomberg, reflects the number of shares traded over the period that are included for purposes of the VWAP calculations.  
FY refers to Fiscal Year. Q refers to Quarter. VWAP refers to Volume-Weighted Average Price.  
Source: Bloomberg and Capital IQ as of 6/9/22.

## Relative Total Shareholder Return Information (Last 3 Years)

	Three-Year Return	Two-Year Return	One-Year Return	Since Revised Proposal (3/28/22) [1]	Since Final Proposal (6/1/22) [2]
Steel Connect, Inc.	-30.2%	76.0%	-40.7%	9.5%	4.1%
S&P 500 Index (Total Return)	46.3%	29.1%	-3.4%	-11.9%	-2.0%
Steel Partners Holdings L.P.	203.7%	545.6%	52.6%	-1.7%	-1.7%
ModusLink Selected Companies Index [3]	42.6%	35.7%	-27.3%	-14.9%	-4.1%



1. Since March 28, 2022, the last trading day prior to public announcement of the Revised Proposal.

2. Since June 1, 2022, the last trading day prior to public announcement of the Final Proposal.

3. ModusLink Selected Companies Index includes Celestica, Inc., CJ Logistics Corporation, Deutsche Post AG, FedEx Corporation, Flex Ltd., GXO Logistics, Inc., Jabil Inc., Kerry Logistics Network Limited, Kuehne + Nagel International AG, United Parcel Service, Inc., and Wincanton plc.

Source: Capital IQ as of 6/9/22.

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# Ownership Summary

## Steel Connect

(shares outstanding in millions)

Holder	As-Converted Shares [1]		% of Unaffiliated
	Shares	% Outstanding	
Steel Partners Holdings L.P. [1]	42.3	50.1%	
Warren Lichtenstein (Executive Chairman & Interim CEO)	1.6	1.9%	
Jack Howard (Director)	0.9	1.0%	
Glen Kassan (Vice Chairman)	0.4	0.5%	
Other Current / Former Directors and Executive Officers [2]	1.7	2.0%	
<b>Steel Partners and Other Insiders</b>	<b>46.8</b>	<b>55.4%</b>	
GAMCO Investors, Inc. (NYSE:GBL)	2.6	3.0%	6.8%
Renaissance Technologies LLC	2.2	2.6%	5.8%
The Vanguard Group, Inc.	1.9	2.2%	5.0%
BlackRock, Inc. (NYSE:BLK)	1.0	1.2%	2.7%
Bridgeway Capital Management, LLC	0.3	0.3%	0.7%
Bank of America Corporation	0.2	0.3%	0.6%
Geode Capital Management, LLC	0.2	0.3%	0.6%
Other Public Shareholders	29.3	34.6%	77.7%
<b>Total Public Float [2]</b>	<b>37.7</b>	<b>44.6%</b>	<b>100.0%</b>
<b>Total As-Converted Shares [1]</b>	<b>84.5</b>	<b>100.0%</b>	

1. Includes (i) 17.9 million shares of common stock underlying the Company's Series C Convertible Preferred Stock and (ii) 6.3 million shares of common stock underlying the Company's Convertible Senior Notes, both of which are owned by Steel Partners, presented on an as-converted basis. Based on total common shares outstanding as of June 1, 2022, per SC management.

2. Source: Capital IQ.

 Denotes ownership of Steel Partners' 13D group.

Source: Capital IQ, Bloomberg, public filings, SC management.

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# Recent Trading Activity by Shareholder

## Largest Steel Connect Shareholders (Excluding Steel Partners and Other Insiders)

(dollars and shares in actuals)

Stockholder	Latest Shareholdings	% of Total Float	Net Shares Added / (Deducted) by Quarter							
			Q2 CY 2020	Q3 CY 2020	Q4 CY 2020	Q1 CY 2021	Q2 CY 2021	Q3 CY 2021	Q4 CY 2021	Q1 CY 2022
GAMCO Investors, Inc.	2,553,000	6.8%	552,000	1,610,920	(7,422)	(511,799)	(278,050)	19,351	-	-
% of Holdings Traded			47.3%	93.7%	(0.2%)	(15.4%)	(9.9%)	0.8%	0.0%	0.0%
Renaissance Technologies LLC	2,199,315	5.8%	283,239	121,943	293,441	(91,033)	(102,444)	(114,404)	(125,800)	(97,881)
% of Holdings Traded			13.9%	5.3%	12.0%	(3.3%)	(3.9%)	(4.5%)	(5.2%)	(4.3%)
The Vanguard Group, Inc.	1,901,359	5.0%	(102,386)	(146,947)	(21,801)	1,228,031	31,156	61,779	54,115	(8,108)
% of Holdings Traded			(12.7%)	(20.9%)	(3.9%)	229.8%	1.8%	3.4%	2.9%	(0.4%)
BlackRock, Inc.	1,024,979	2.7%	(81,325)	15	1,275	2,180	(72,226)	(599)	6,497	(13,540)
% of Holdings Traded			(6.9%)	0.0%	0.1%	0.2%	(6.5%)	(0.1%)	0.6%	(1.3%)
Bridgeway Capital Management, Inc.	262,845	0.7%	(250,600)	(43,000)	(35,200)	(46,155)	68,700	-	-	(12,000)
% of Holdings Traded			(43.1%)	(13.0%)	(12.2%)	(18.3%)	33.3%	0.0%	0.0%	(4.4%)
Bank of America Corporation	243,500	0.6%	-	1,220	(1,220)	-	310	12,216	157,303	73,671
% of Holdings Traded			0.0%	New Position	(100.0%)	0.0%	New Position	3940.6%	1255.8%	43.4%
Geode Capital Management, LLC	232,624	0.6%	-	-	-	29,080	13,335	-	-	-
% of Holdings Traded			0.0%	0.0%	0.0%	15.3%	6.1%	0.0%	0.0%	0.0%
VWAP During Quarter			\$0.58	\$0.56	\$0.74	\$2.14	\$2.01	\$1.90	\$1.79	\$1.25
High Closing Stock Price During Quarter			\$0.87	\$0.67	\$0.98	\$2.67	\$2.21	\$2.07	\$2.40	\$1.57
Low Closing Stock Price During Quarter			\$0.46	\$0.51	\$0.51	\$0.77	\$1.79	\$1.64	\$1.31	\$1.00

Note: Net Shares Added / (Deducted) is shown through Q1 CY 2022.  
 CY refers to Calendar Year; Q refers to Quarter; VWAP refers to Volume-Weighted Average Price.  
 Source: Capital IQ, Bloomberg, public filings.

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# Disclaimer

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## Disclaimer (cont.)

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## Calculation of Filing Fee Table

Schedule 13E-3  
(Form Type)

## Steel Connect, Inc.

(Name of registrant as specified in its charter)

Steel Connect, Inc.  
 Steel Partners Holdings L.P.,  
 SP Merger Sub, Inc.  
 Handy & Harman Ltd.  
 WHX CS Corp.  
 Steel Partners, Ltd.  
 SPH Group LLC  
 SPH Group Holdings LLC  
 Steel Partners Holdings GP Inc.  
 Steel Excel Inc.  
 Warren G. Lichtenstein  
 Jack L. Howard

(Name of persons filing statement)

Table 1: Transaction Value

	Proposed Maximum Aggregate Value of Transaction	Fee Rate	Amount of Filing Fee
Fees to be Paid	\$ 57,642,441.75 <sup>(1)</sup>	0.0000927	\$ 5,343.45 <sup>(2)</sup>
Fees Previously Paid	\$ -		\$ -
Total Transaction Valuation	\$ 57,642,441.75		
Total Fees Due for Filing			\$ 5,343.45
Total Fees Previously Paid			\$ -
Total Fee Offsets			\$ -
Net Fee Due			\$ 5,343.45

Table 1: Fee Offset Claims and Sources

	Registrant or Filer Name	Form or Filing Type	File Number	Initial Filing Date	Filing Date	Fee Offset Claimed	Fee Paid with Fee Offset Source
Fee Offset Claims		PREM14A	001-35319	July 7, 2022		\$ 5,343.45	
Fee Offset Sources	Steel Connect Inc.	PREM14A	001-35319		July 7, 2022		\$5,343.45 <sup>(3)</sup>

- (1) Solely for purposes of calculating the filing fee in accordance with Rule 0-11(b)(1) under the Securities Exchange Act of 1934 (as amended, "Exchange Act Rule 0-11"), this amount represents (i) the sum of (a) 60,398,784 shares of common stock of Steel Connect, Inc. (the "Company"), par value \$0.01 per share (the "Shares"), minus (b) 18,182,705 Shares held by Steel Partners Holdings L.P. and its wholly owned subsidiaries, plus (c) 482,026 restricted Shares held by directors and officers of the Company, multiplied by (ii) the Per Share Merger Consideration of \$1.35 per Share.
- (2) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): Estimated solely for the purposes of calculating the filing fee, the underlying value of the transaction was based on the total maximum consideration to be received by the registrant in the transaction (\$57,642,441.75). In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying \$57,642,441.75 by 0.0000927.
- (3) The Company previously paid \$5,343.45 upon the filing of its Preliminary Proxy Statement on Schedule 14A on July 7, 2022 in connection with the transaction reported hereby.