



Special Committee of the Board of Directors of Steel Connect, Inc. Retains Financial Advisor and Legal Counsel

January 11, 2021

SMYRNA, Tenn.--(BUSINESS WIRE)--Jan. 11, 2021-- Steel Connect, Inc. (the "Company") (NASDAQ: STCN) announced today that its Special Committee of independent directors (the "Special Committee") has retained Houlihan Lokey as its financial advisor and Dentons US LLP as its legal counsel to assist it in connection with its review and evaluation of the previously announced preliminary non-binding expression of interest (the "Expression of Interest") that the Company's board of directors (the "Board") received on November 19, 2020 from Steel Partners Holdings L.P. ("Steel Holdings").

The Special Committee will, among other things, consider the Expression of Interest from Steel Holdings to purchase all outstanding shares of the Company's common stock not currently owned by Steel Holdings or its affiliates, and any alternatives thereto.

The Board cautions that no decision has yet been made with respect to the Company's response to the Expression of Interest or any alternatives thereto. The Board has only received a non-binding proposal, which does not constitute an offer or proposal capable of acceptance and may be withdrawn at any time and in any manner. There can be no assurance that any definitive offer will be made, that any agreement will be executed or that the transaction proposed in the Expression of Interest or any other transaction will be approved or completed. The Board resolutions establishing the Special Committee expressly provide that the Board will not approve the proposed transaction contemplated by the Expression of Interest or any alternative thereto without a prior favorable recommendation by the Special Committee. The Company is not obligated to disclose any further developments or updates on the progress of the proposed transaction until either the Company enters into a definitive agreement or the Special Committee determines no such transaction will be approved.

This press release is not a solicitation of a proxy, an offer to purchase nor a solicitation of an offer to sell shares of the Company, nor is it a substitute for any proxy statement or filings that may be made with the Securities and Exchange Commission ("SEC") should the proposed transaction move forward. If such documents are filed with the SEC, investors will be urged to thoroughly review and consider them because they will contain important information, including risk factors. Any such documents, once filed, will be available free of charge at the SEC's website (www.sec.gov) and from the Company.

About Steel Connect, Inc.

Steel Connect, Inc. is a diversified holding company with two wholly-owned subsidiaries, IWCO Direct Holdings, Inc. and ModusLink Corporation, that have market-leading positions in direct marketing and supply chain management, respectively.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including statements made with respect to a potential transaction between the Company and Steel Holdings, or a potential alternative transaction. The following important factors and uncertainties, among others, could cause actual results to differ materially from those described in these forward-looking statements: client or program losses; fluctuations in demand for our products and services; general economic conditions and public health crises (such as the ongoing coronavirus outbreak); demand variability with clients to which the Company sells on a purchase order basis rather than pursuant to contracts with minimum purchase requirements; risks inherent with conducting international operations; the Company's ability to execute on its business strategy and to achieve anticipated synergies and benefits from business acquisitions, including any cost reduction plans and the continued and increased demand for and market acceptance of its services, which could negatively affect the Company's ability to meet its revenue, operating income and cost savings targets, maintain and improve its cash position, expand its operations and revenue, lower its costs, improve its gross margins, reach and sustain profitability, reach its long-term objectives and operate optimally; increased competition and technological changes in the markets in which the Company competes; failure to realize expected benefits of restructuring and cost-cutting actions; difficulties integrating technologies, operations and personnel in accordance with the Company's business strategy; loss of essential employees or an inability to recruit and retain personnel; the Company's ability to preserve and monetize its net operating losses; failure to settle disputes and litigation on terms favorable to the Company; failure to maintain compliance with NASDAQ's continued listing requirements; the Company's ability to repay indebtedness and potential adverse effects from the phase-out of LIBOR; the Company's ability to negotiate and consummate the proposed transaction with Steel Holdings; the advice of Houlihan Lokey as financial advisor; and the determinations of the Special Committee.

For a detailed discussion of cautionary statements and risks that may affect the Company's future results of operations and financial results, please refer to the Company's filings with the SEC, including, but not limited to, the risk factors in the Company's Annual Report on Form 10-K filed with the SEC on September 30, 2020. These filings are available on the Company's Investor Relations website under the "SEC Filings" tab.

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Investor Relations

Jennifer Golembeske

914-461-1276

investorrelations@steelconnectinc.com

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