

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

July 28, 2023
Date of Report (date of earliest event reported)

Steel Connect, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	001-35319 (Commission File Number)	04-2921333 (I.R.S. Employer Identification No.)
590 Madison Avenue, 32nd Floor New York New York (Address of Principal Executive Offices)		10022 (Zip Code)

(212) 520-2300
Registrant's telephone number, including area code

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	STCN	Nasdaq Capital Market
Rights to Purchase Series D Junior Participating Preferred Stock	--	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

ModusLink Corporation Long Term Incentive Plan

On July 28, 2023, Mr. Fawaz Khalil, the Chief Executive Officer of ModusLink Corporation (“ModusLink”), a wholly-owned subsidiary of Steel Connect, Inc. (the “Company”), received an award under the ModusLink Corporation Long Term Incentive Plan (the “Plan”). The Plan is administered by the Organization and Compensation Committee of the Board of Directors of the Company (the “Compensation Committee”), which approves a target award amount under the Plan for each participant expressed as a specified dollar amount. The Plan determines the payout of awards under the Plan based on such target award amount and the growth of “Earnings after Cost of Capital” (a ModusLink financial performance metric defined in the Plan) measured over a three-year performance period commencing on August 1, 2022 and ending on July 31, 2025. Mr. Khalil’s target award amount is equal to \$243,750.

Under the Plan, an award, when and if paid out, may be paid in the form of a lump-sum cash payment (less required and applicable tax withholding), as soon as possible after the approval of ModusLink’s audited financials at the end of the three-year performance period, contingent upon the participant being employed as of the payout date (provided that the Compensation Committee may exercise discretion to pay out an award following termination under certain circumstances, including involuntary termination of employment due to a reduction-in-force, cost reduction or restructure, or in the event of the participant’s death, disability or retirement). The Compensation Committee reserves the right under the Plan to settle up to 50% of an award (if any) in shares of common stock of the Company issued pursuant to the Steel Connect, Inc. 2020 Stock Incentive Compensation Plan (or any successor or replacement plan) as may be permitted under the terms of such plan. The number of shares of common stock delivered in such circumstances would be determined by the Compensation Committee based on a closing price of the common stock on the principal securities exchange or securities market on which such shares are then listed on a specified date as approved by the Compensation Committee in its sole discretion. In order to be eligible to participate in the Plan, participants are required to execute a form of award agreement and form of restrictive covenant agreement.

The preceding summary of Mr. Khalil’s award is qualified in its entirety by reference to the full text of such plan and form of award agreement, copies of which are attached as Exhibits 10.1 and 10.2 hereto, respectively, and incorporated herein by reference.

Board Change

On July 28, 2023, Maria U. Molland notified the Board of Directors (the “Board”) of the Company that she does not plan to stand for reelection at the upcoming annual meeting of stockholders of the Company (the “Annual Meeting”). Ms. Molland’s decision was not related to any disagreement with the Company on any matter relating to its operations, policies or practices. The Board thanks Ms. Molland for her contributions.

The Board plans to nominate Joseph Martin to succeed Ms. Molland upon his election at the Annual Meeting. Mr. Martin, age 46, will begin service as a Director of the Company immediately after the Annual Meeting. Mr. Martin has been Chief Administrative Officer and Chief Legal Officer of Steel Partners Holdings, L.P. (“Steel Holdings”) since June 2023. He previously served as the General Counsel and Corporate Secretary of Clover Health Investments, Corp. from March 2022 until June 2023 where he oversaw the legal, compliance, business development and cyber security functions. From August 2020 to March 2022, Mr. Martin served as General Counsel of Steel Holdings and General Counsel and Chief Compliance Officer of the Company, where, in each case, he oversaw the legal and compliance functions. Mr. Martin also held several legal and compliance-focused positions at Louisiana-Pacific Corporation from September 2018 to August 2019, including Interim General Counsel and Secretary from May 2019 to August 2019, and General Counsel for the OSB and EWP division from September 2018 to May 2019. From July 2009 to September 2018, Mr. Martin held several positions at Georgia-Pacific LLC, including Assistant General Counsel and Assistant Secretary. Mr. Martin holds a B.A. in Economics and History from the University of California, Berkeley, and a J.D. from Harvard Law School.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
10.1*	ModusLink Corporation Long Term Incentive Plan.
10.2*	Form of Award Agreement Under the ModusLink Corporation Long Term Incentive Plan.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Management contract or compensatory plan or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 31, 2023

Steel Connect, Inc.

By: /s/ Jason Wong

Name: Jason Wong

Title: Chief Financial Officer

MODUSLINK CORPORATION
Long Term Incentive Plan

Purpose

The ModusLink Corporation Long Term Incentive Plan (the "Plan") is intended to provide incentive award opportunities to eligible participants who are deemed to have achieved significant individual performance while contributing to the annual growth and profitability of ModusLink Corporation and its subsidiaries (the "Company").

Effective Date and Term of Plan

The Plan is effective as of August 1, 2023. The Plan will continue until terminated, modified or suspended by the Company as provided herein.

Administration

The Compensation Committee (the "Compensation Committee") of the Board of Directors (the "Board") of Steel Connect Inc. ("Steel Connect"), the parent of the Company, shall be responsible for administering the Plan. The Compensation Committee may delegate, in its sole discretion, approval of bonuses for employees of the Company to the Chief Executive Officer of Steel Connect and/or to the Board. For sake of clarity, any future reference to the Compensation Committee implies the Compensation Committee and its designees. In the event that for any reason the Committee is unable to act, or if there shall be no such Compensation Committee, then the Board shall administer the Plan, and references herein to the Committee (except in the proviso to this sentence) shall be deemed to be references to the Board.

All decisions made by the Compensation Committee pursuant to the provisions of the Plan shall be made in its sole discretion and shall be final, conclusive and binding upon all parties. Subject to the provisions of the Plan, the Compensation Committee shall have the sole authority and discretion to (i) construe and interpret the Plan, (ii) establish, amend, change and/or rescind rules for administration of the Plan, (iii) make all designations and determinations under the Plan, and (iv) decide all questions concerning the Plan and to take all other steps necessary or advisable in the administration of the Plan. The Compensation Committee who may alter, amend, nullify or terminate the terms of the Plan or may authorize or withhold payment of any award under the Plan.

Neither the Compensation Committee, nor any officer or employee of the Company acting on its behalf, shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan. The Compensation Committee and each and any officer or employee of the Company acting on its behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation taken or made in good faith with respect to the Plan.

Eligibility & Participation

Participation in the Plan is restricted to those employees designated eligible to participate in the Plan by the Compensation Committee. In addition, in order to be eligible to participate in the Plan, participants shall be required to sign the Company's restrictive covenant agreement. For the avoidance of doubt, the covenants set forth in the restrictive covenant agreement shall not supersede any obligation or prohibition to which participant is subject pursuant to any existing agreement, plan, or policy.

Designation as a participant in the Plan for any year shall not be construed as conferring any right to continued employment with the Company or to continued participation in the Plan in any subsequent year. Designation as a participant in the Plan shall not be construed as guaranteeing any payout of an award under the Plan.

Each participant in the Plan will receive an award letter (“Award Letter”) informing the participant of their participation in the Plan, and setting forth specific details of their award hereunder, including without limitation, the participant’s individual target bonus amount.

Definitions

“**EACC**” or “**Earnings after Cost of Capital**” means an amount equal to the difference between (i) EBITA, as certified by the Compensation Committee after completion of the Company’s audit and (ii) the product of (a) 15% multiplied by (b) Tangible Invested Capital, as certified by the Compensation Committee after completion of the Company’s audit.

“**EACC Baseline Amount**” means either (i) the three-year cumulative sum of EACC for the three calendar years prior to the Performance Period for the participant’s operational business unit or (ii) an amount, as determined by the Compensation Committee in its sole discretion.

“**EACC Growth**” means an amount equal the *difference* between the (i) three-year cumulative sum of EACC for the Performance Period for the participant’s operational business unit and (ii) EACC Baseline Amount (as set forth in the Award Letter).

“**EBITA**” means the earnings before interest, taxes and amortization of the participant’s operational business unit.

“**Net Plant Property and Equipment**” means the gross plant property and equipment net of depreciation, plus capitalized prepaid software expense, as determined by the Compensation Committee in its sole discretion.

“**Net Working Capital**” means accounts receivable, net of reserves/provisions, inventory, net of reserves/provisions, less accounts payable and unbilled revenue, as determined by the Compensation Committee in its sole discretion.

“**Performance Period**” means the three-year period commencing August 1, 2022 and ending July 31, 2025.

“**Tangible Invested Capital**” means the average of the 13 month-end reported balances (July-July) of the Net Working Capital and Net Plant Property and Equipment for the participant’s operational business unit.

Award Opportunities

The Compensation Committee will approve a target incentive award opportunity for each participant. The target award shall be expressed as a specified dollar amount and shall be communicated to each participant in their Award Letter.

Absolute Growth in EACC Metric Criteria

The Plan uses EACC Growth to determine payout of awards as set out in the participant's Award Letter, with payout based on the participant's target bonus amount. Further detail regarding the EACC Growth metric shall be communicated to each participant in their Award Letter upon admittance to the Plan. Linear extrapolation will be used.

As soon as administratively feasible after the conclusion of the Performance Period and subsequent audit, the Compensation Committee will determine the award payments (if any) based on actual results versus the established performance measurement criteria in accordance with the Plan terms. All decisions made by the Compensation Committee shall be final, binding and conclusive on all participants and all other persons.

In the event of material acquisitions or dispositions during the Performance Period, the performance measurement criteria and/or the determination of awards under the Plan, may be adjusted in an equitable and proportionate manner as determined by the Compensation Committee in its sole discretion; provided, further, in the event of any other extraordinary transactions and items, including, without limitation, restructurings, recapitalizations, liquidations, and non-recurring events during the Performance Period, such criteria and/or the award determinations may be adjusted by the Compensation Committee as it deems appropriate and equitable, in its sole discretion, to prevent dilution or enlargement of the awards intended to be made available under the Plan.

Sale of the Business

In the event of a sale of the Company or divestiture of an operating company or business unit, the Compensation Committee shall exercise its discretion to determine the treatment of awards under the Plan in connection with the closing of with such sale/divestiture.

Terminations

All payments under the Plan are expressly contingent upon the participant being employed as of the bonus payment date (which shall be following completion of the audited financials, and in all events during the calendar year following the conclusion of the Performance Period).

If (i) a participant's employment is involuntarily terminated by the Company prior to the bonus payment date due to a reduction-in-force, cost reduction or restructure, or (ii) a participant dies, becomes disabled or retires prior to the bonus payment date, then the Compensation Committee may in its sole discretion determine whether or not a bonus under the Plan will be paid and the amount of such bonus. In the event that the Compensation Committee exercises its discretion to pay a bonus in such circumstances, such payment shall be subject to the participant (or a participant's heirs) executing and not revoking a release agreement in favor of the Company (in the form and manner to be provided by the Company) and payment shall normally be made promptly following the filing of Steel Connect's 10-K for the year in which the termination occurs.

Employee Misconduct

If the Company determines that any participant has violated Company rules, policy or practices prior to actual payment of any awards under the Plan, the Company may, in its sole discretion, refuse to make an award that otherwise might have been available to the participant.

Any participant who falsifies, manipulates or is negligent in the processing of information in connection with the computation of performance measures or payments under the Plan may, in the sole discretion of the Company, forfeit all outstanding awards and may be subject to disciplinary action up to and including termination.

The awards and any award payments made under the Plan will be subject to Steel Connect's clawback policy and clawback by the Company in the event that (i) the Company, an operating company or any relevant business unit is required to prepare an accounting restatement, or if the Company, an operating company or any relevant business unit determines that it has misstated its financial results, whether or not as a result of misconduct on the part of a participant, (ii) the participant has engaged in or engages in activity that is in conflict with or adverse to the interests of the Company while employed by or otherwise providing services to the Company, including fraud or conduct contributing to any financial restatements or irregularities, or (iii) any violation of any non-competition, non-solicitation, non-disparagement or non-disclosure covenant or agreement with the Company (after giving effect to any applicable cure period set forth therein), as determined by the Compensation Committee in its sole discretion. In the event of any conflict between any terms of this section and the terms of Steel Connect's clawback policy, the terms of Steel Connect's clawback policy shall govern.

Form and Time of Payment

Except as otherwise specifically provided for herein, (i) awards under the Plan are discretionary and shall not be considered wages or compensation prior to payment, if any, of such awards and (ii) the participant must be actively employed on, and have not submitted notice of resignation prior to, the date of payment of the awards or no payment will be made to such participant. The Compensation Committee may in its sole discretion waive, with respect to a participant contemplating retirement, the requirement that a participant not have submitted a notice of resignation prior to the date of payment of the awards. Participants contemplating retirement after the date of payment of the awards should discuss this matter with the Company. An award shall only be payable under the Plan if the Compensation Committee determines, in its sole discretion, to provide one in accordance with the terms of the Plan.

Awards will be evaluated, and an award payment (if any) will be determined based on performance in accordance with the Plan document after the end of the Performance Period. Awards, when and if paid out, may be paid in the form of a lump sum cash payment as a gross amount less required and applicable tax withholding, as soon as possible after the approval of the Company's audited financials, contingent upon the participant being employed as of the bonus payment date (except as otherwise provided herein); provided, however, that the Compensation Committee reserves the right to settle up to 50% of the award (if any) in common shares of Steel Connect issued pursuant to the Steel Connect, Inc. 2020 Stock Incentive Compensation Plan (or any successor or replacement plan) as may be permitted under the terms of such plan. The number of common shares will be determined based on a closing price of Steel Connect's shares on a specified date as approved by the Compensation Committee in its sole discretion. Such date will be determined such that is administratively feasible to issue the common shares by the payment date. Payment shall normally be made promptly following the filing of Steel Connect's 10-K for the last year of the Performance Period.

Award Approvals

All awards must have the approval of the Compensation Committee.

Miscellaneous

Nothing in the Plan shall be construed (i) to give any participant any right to be granted any particular payout amount other than at the Compensation Committee's sole discretion, (ii) to limit the right of the Company to terminate the employment of any participant at any time, or (iii) to be evidence of any agreement or understanding, express or implied, of a participant's right to continued employment. Consequently, any entitlement arises only once the Compensation Committee has determined, in its sole discretion, that a participant is entitled to receive a payout award according to the rules of the Plan (subject to any continued employment requirement). Until such approval by Compensation Committee, no participant is entitled to rely on any statement or representation made by any employee or other person regarding a payout under the Plan. The calculation, determination, and payment of any awards made under the Plan are subject to the absolute discretion of the Compensation Committee. The Compensation Committee also reserve the right to alter, amend, nullify or terminate the terms of the Plan or reduce or modify any award payments under the Plan for any reason (to the fullest extent legally permissible under applicable laws), including, without limitation, if, in particular due to unforeseen changes in legal or factual circumstances, a continuation of the Plan at all or on unchanged terms and conditions would constitute a hardship for the Company.

The Company's books and records and internal methods of accounting shall be conclusive for all purposes under the Plan, and the Compensation Committee may rely on them as such.

Except as expressly provided herein, no right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge. Nothing in the Plan shall be construed as giving any participant or his or her legal representative or estate, or designated beneficiary, any claim against any specific assets of the Company or its subsidiaries or affiliates or as imposing any trustee relationship upon the Company in respect of the participant. The Company shall not be required to segregate any assets in order to provide for the satisfaction of the obligations hereunder. If and to the extent that a participant, his or her legal representative or estate or beneficiary, or any other individual acquires a right to receive any payment pursuant to the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

Except as expressly provided in the Plan, or in a written agreement between Company and a participant that specifically refers to awards under the Plan, the Plan document represents the sole understanding between Company and participants concerning its subject matter and it supersedes all prior agreements, arrangements, understandings, warranties, representations, and statements, whether written or oral, between the parties concerning its subject matter.

To the extent any provision of the Plan (or any payout) or action by the Company would subject any participant to liability for interest or additional taxes under Section 409A of the Internal Revenue Code ("Code"), it will be deemed null and void, to the extent permitted by law and deemed advisable by the Compensation Committee. It is intended that the Plan (and any payout) will comply with Code Section 409A, and the Plan (and any payout) shall be interpreted and construed on a basis consistent with such intent. The Plan (and any payout) may be amended in any respect deemed necessary (including retroactively) by the Company in order to preserve compliance with, or exemption from, Code Section 409A. The preceding shall not be construed as a guarantee of any particular tax effect for Plan payouts. Notwithstanding any provisions of the Plan to the contrary, and to the extent permitted by applicable law (including Code Section 409A), Company may offset any amounts to be paid to a participant, his or her legal representative or estate or beneficiary, under the Plan against any amounts that such participant may owe to the Company.

Nothing in the Plan shall be construed (i) to limit, impair or otherwise affect the Company' right or power to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets or (ii) to limit the right or power of the Company to take any action which such entity deems to be necessary or appropriate.

If, at the time of enforcement of the provisions under the Plan, the duration or scope stated herein are unreasonable or otherwise unenforceable under circumstances then existing, then the maximum permissible duration or scope or under such circumstances shall be substituted to the extent permitted by law.

Section headings are used in the Plan for convenience of reference only and shall not affect the meaning of any provision of the Plan. In the event that any one or more of the provisions of the Plan shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby. If, in the opinion of any court of competent jurisdiction such covenants are not reasonable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of these covenants as to appear reasonable and to enforce the remainder of these covenants as so amended.

Amendment, Suspension or Termination of Plan

The Company, in its sole discretion, reserves the right to modify, suspend, or terminate, in whole or in part, any or all provisions of the Plan.

Governing Law and Arbitration

The Plan shall be governed by and construed in accordance with the laws of the State of Delaware without reference to principles of conflicts of laws. All disputes and claims of any nature that a participant (or such participant's transferee or estate) may have against the Company arising out of or in any way related to the Plan or any Award Letter shall be submitted to and resolved exclusively by binding arbitration conducted in the State of Delaware (or such other location as the parties may agree) in accordance with the applicable rules of the American Arbitration Association then in effect, and the arbitration shall be heard and determined by a panel of three arbitrators in accordance with such rules. The arbitration decision shall be final and binding upon all parties to the arbitration. The participant agrees that judgment upon any award rendered by the arbitration panel may be entered in the United States District Court for the District of Delaware or any Delaware state court sitting in the State of Delaware. To the maximum extent permitted by law, the participant shall irrevocably waive any right of appeal from any judgment rendered upon any such arbitration award in any such court.

[DATE]

[Name]
[Position]

Dear [Name],

I am pleased to advise you that you have been named as a participant in the ModusLink Long Term Incentive Plan ("LTIP"). Attached please find a summary of the LTIP along with an explanation of the target for the LTIP, including performance goals, and an acknowledgement form for you to electronically sign. Capitalized terms used but not defined in this award letter shall have the meanings set forth in the LTIP.

Consistent with past practices, any bonus payable with respect to the LTIP is subject to the final determination of the Compensation Committee (the "Compensation Committee") of the Board of Directors of Steel Connect Inc. ("Steel Connect"), the parent of ModusLink Corporation (the "Company"), in its sole judgment. The calculation, determination, and payment of any awards made under the LTIP is subject to the absolute discretion of the Compensation Committee who may alter, amend, or nullify the terms of the LTIP or may authorize or withhold payment of any award.

Except as otherwise provided in the LTIP, you will be required to be employed (and to not have provided a notice of resignation or received a notice of termination) on the bonus payment date in order to receive the bonus award under the LTIP.

In order to be eligible to participate in the LTIP, you acknowledge that you have executed the Company's Restrictive Covenant Agreement and are subject to the restrictions therein. As you are aware of (or could become aware of) important confidential information of the Company, execution of the Restrictive Covenant Agreement is essential for the proper protection of the confidential information and goodwill of the Company and its affiliates.

Please read the attached information carefully. This letter shall be executed and delivered via your electronic signature and such signature will constitute an original, with the same binding effect as if executed and delivered in person. Please note that your participation in the LTIP is strictly Personal and Confidential.

On behalf of the Board of Directors and shareholders, thank you for all your work in continuing to improve the value of the Company.

Sincerely,
Warren Lichtenstein
Chairman, Steel Connect

ModusLink Corporation LTIP Participant Acknowledgement

The Participant agrees that his/her opportunity for a bonus under the LTIP as an employee of ModusLink Corporation or its wholly-owned subsidiaries shall be governed by and subject to all of the terms and conditions set forth in the respective documents for the applicable plan, copies of which I acknowledge I have received, as well as my plan targets and individual objectives which have been agreed to as set forth below.

Participant:	[First Name Last Name]
Position:	[Position/Title]
LTIP	
Target Value:	

As of the date set forth below, I have accepted the terms of the LTIP by signing this Participation Acknowledgment via an electronic signature, and such signature shall not be denied legal effect, validity or enforceability solely because it was submitted or executed electronically.

Signature _____

Date: _____

The calculation, determination, and payment of any awards made under the ModusLink Corporation LTIP is subject to the absolute discretion of the Steel Connect Inc. Compensation Committee who may alter, amend, or nullify the terms of the LTIP or may authorize or withhold payment of any award.

Exhibit A
Individual Payout Worksheet