

STEEL X SPORTS

2017

Steel Sports

Mission Statement

Steel Sports is a for profit social impact organization that aims to promote lifelong enjoyment of sports and fitness, emphasizing a positive consumer experience while instilling core values of discipline, teamwork, safety, respect and integrity.

Market Vision

Steel Sports is dedicated to acquiring, building, and strengthening a network of branded participatory and experienced-based businesses engaged in sports and fitness, training, education, entertainment, and consumer lifestyle.

Strategy

Steel Sports looks to identify and invest in long term strategic partnerships across the sports, fitness, and leisure sector. The company allocates capital resources, provides infrastructural and financial support, working alongside management teams to enhance best practices and growth opportunities.

Steel Sports seeks to invest in companies that exhibit these qualities:



The Power of Sport

- Sport participation develops core values that extend beyond the playing field. Sports are vital to the holistic development of young people, fostering their physical, social and emotional health.
- Sport provides a forum for regular parent child interaction and provides parents with an infrastructure to actively participate in child development.

Physical Activity



Team

Individual

Competition

Core Value Development

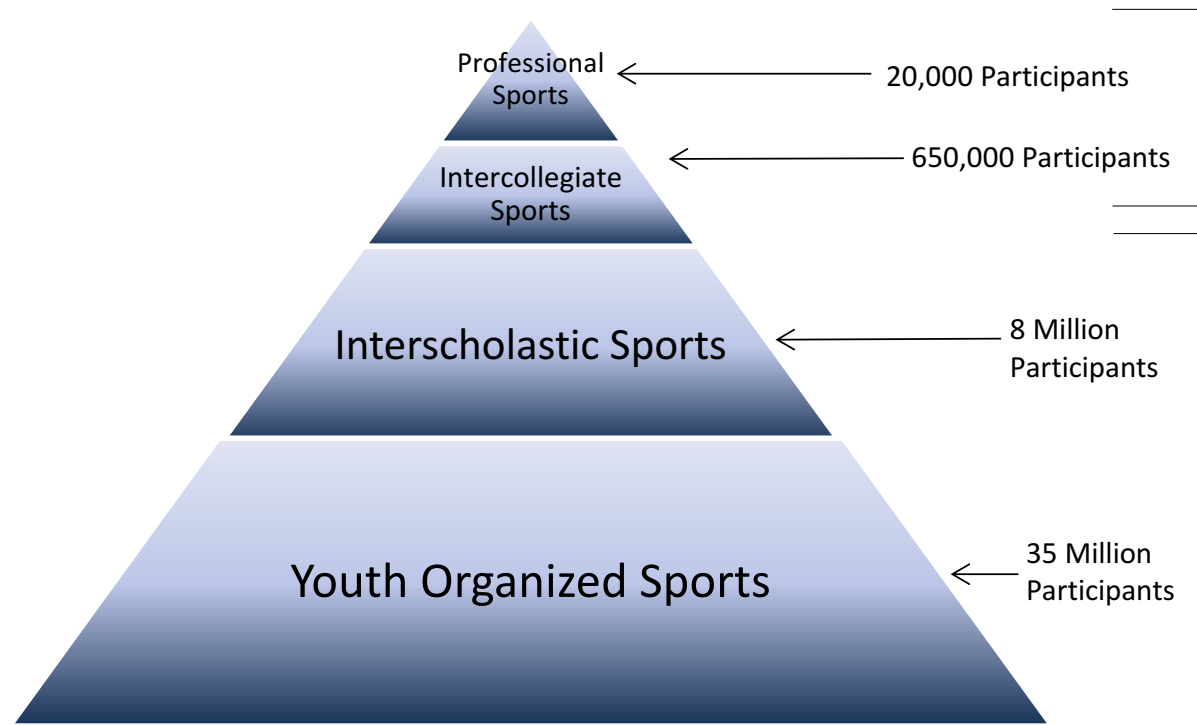
- Teamwork
- Tolerance
- Communication

- Motivation
- Confidence
- Health

- Perseverance
- Performance
- Focus

Sport's Participation Landscape

- In order to influence the trends affecting the broader, fragmented marketplace, Steel Sports intends to aggressively grow the number of active participants across its branded network of portfolio companies
- Steel intends to implement best practices and standardization and gain greater efficiencies across the network in order to improve the consumer experience.
- Greater participation rates, broader reach, and wider scale will enable Steel to better monetize opportunities in sponsorship, consumer products, branding, social and mobile media, and IT



Youth Sports Environment

- **Health**

- There are 4.5 million kids ages six to twelve that didn't exercise at all during 2011
- 62% of kids ages 9-13 do not participate in any organized physical activity during non-school hours (NASBO)
- Childhood obesity is a large and growing problem worldwide, especially in the United States
 - 33% of American kids are overweight or obese by the 3rd grade

- **Macroeconomics**

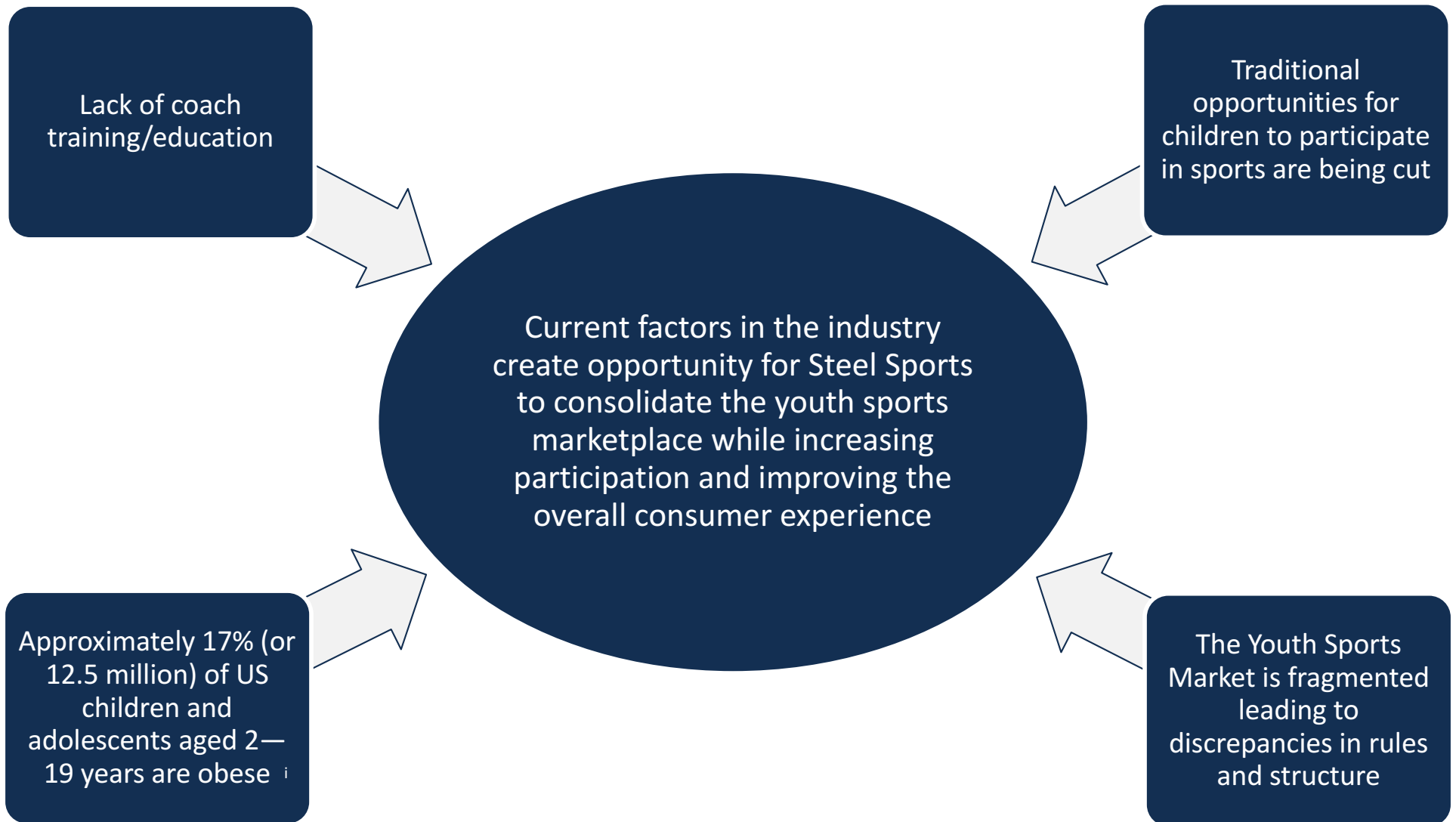
- In 2010-2011 local and state governments has cut more than \$3.5 billion from sports and Physical Education programs in public schools (TSF)
- According to a 2009 survey from the National Federation of State High School Associations, 33 states reported having at least one school that charged participation fees for sports or other extracurricular activities
- According to a study by University of Georgia kinesiology professor Bryan McCullick, only **six** states nationwide require the recommended 150 minutes a week of elementary school-based physical education. For older students, **two** states mandate the appropriate amount of physical education instruction for middle school, and **none** require adequate physical education at the high school level, a weekly 225 minutes for both.

- **Fragmentation**

- There are over 3,000 non-profit youth sports organizations in the US
- There is a lack of quality control and standardization which leads to discrepancies in each child/parent experience
- It is proven that 10-16 year olds who have a relationship with a coach or mentor are 46% less likely to start using drugs and 27% less likely to start drinking alcohol (Up2US)
- **Over 70% of kids stop playing organized sports by age 13 (NAYS)**

Sources: Center for Disease Control, National Association of State Budget Officers, Trusted Sports Foundation, Sporting Goods Manufacturers Association, Up2US, LA Times, California Dept of Parks & Recreation, National Alliance for Youth Sports, International Journal of Sports Medicine, 23, S1-50; http://www.redandblack.com/news/uga-physical-education-in-schools-not-enough-to-combat-obesity/article_9f58e648-c76a-11e1-af0f-001a4bcf6878.html

Current Youth Sports Market



Center for Disease Control and Prevention, www.cdc.gov/obesity/data/childhood.html, August 28,2012

Troubling Signals from Youth Sports

- 35 million kids playing organized sports each year ⁱ
- 2-4 million coaches-less than 20% have received any type of training ⁱⁱ
- 85% of these coaches are dads coaching their own children ⁱⁱⁱ
- 80% of kids are in non-school programs, 20% in school programs
- Less than 20% of high school students are involved in sports ^{iv}
- 8 million Interscholastic athletes
- 500,000 high school coaches- less than 8% receive specific education to coach ^{vi}
 - Only 40,000 participants receive proper instruction
- Participation in non-school programs, i.e. clubs has increased
- Participation in school programs has decreased
-



Positive Coaching Alliance is a national nonprofit organization that provides online tools, courses and workshops to assist in giving youth athletes a positive sports experience.

- Results from a survey of more than 400 parents conducted at the National PTA Convention:
- 84% of parents believe that youth athletic programs place too much emphasis on winning
- 64% of parents say their children have been dissatisfied with their sports experience
- 44% said their child has dropped out of an activity because it made them unhappy
- 92% felt sports programs were important to the overall development of their children
- 56% said the biggest negative is that sports are too competitive
- 50% said they would like to see coaches be less focused on winning

(i) Gould, D., and Weiss, M. (eds) *Advances in Pediatric Sport Sciences, Vol.2: Behavioral Issues* (Champaign, Ill.: Human Kinetics, 1987) pp. 55 ff. cfr also Weinberg, R.S., and Gould, D., "Children's Psychological Development Through Sport," in J. Silva and R. Weinberg (eds) *Foundations of Sport and Exercise Psychology*. (Champaign, Ill.: Human Kinetics, 1987) pp 449-466. Also, Gerdy, John. Editor. (2000) *Sports in School: The Future of an Institution*. NY: Teacher's College Press, Columbia University. P. 55.

(ii) Gerdy, John. Editor. (2000) *Sports in School: The Future of an Institution*. NY: Teacher's College Press, Columbia University. P. 55.

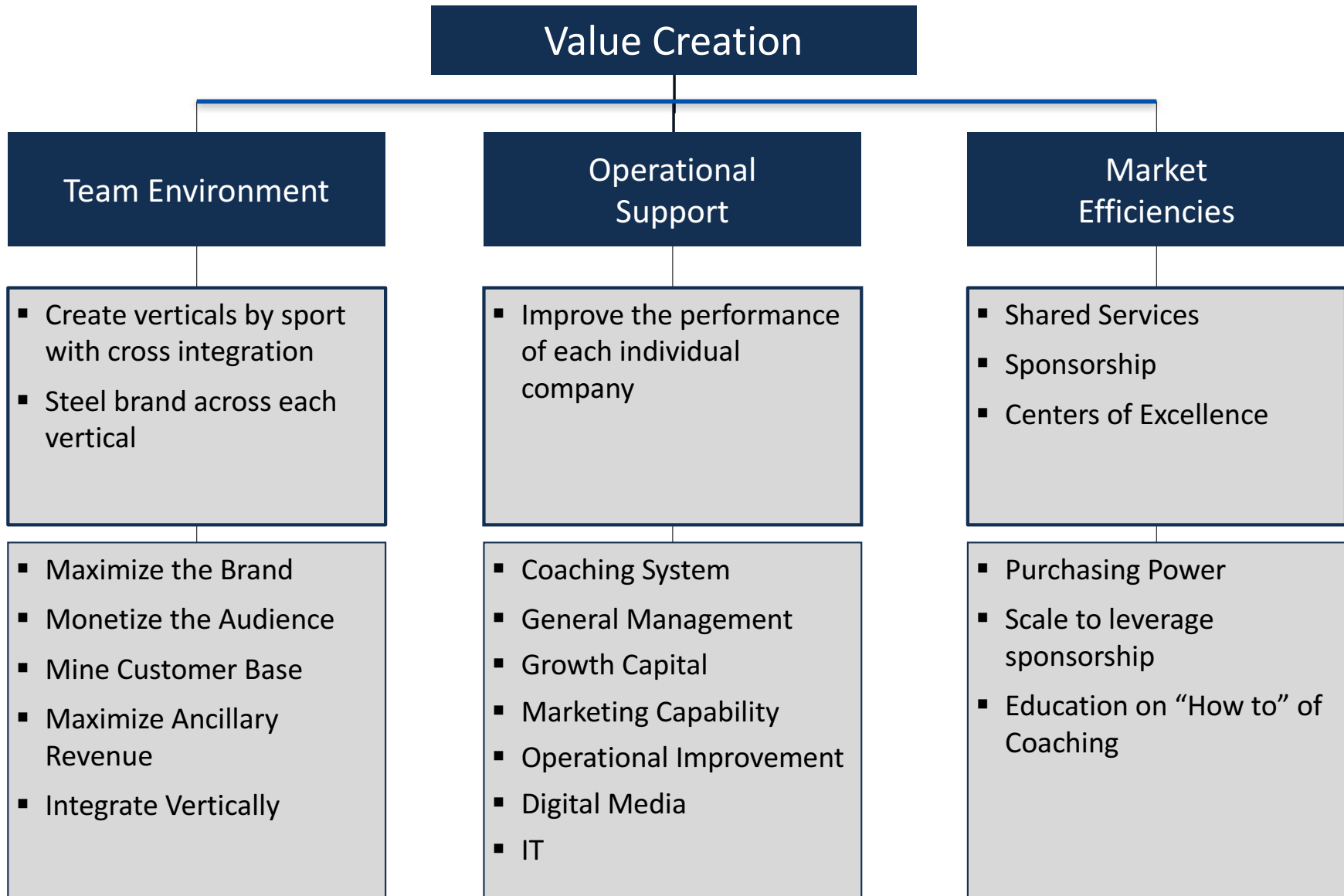
(iii) Engh, Fred. (1999) *Why Johnny Hates Sports*. NY: Avery. P. 73

(iv) Gerdy, John. (2002) *Sports: The All-American Addiction*. Jackson, MS. University of Mississippi Press. P. 125

(v) NFHS, The National Federation of High Schools, *The Future of Coaching Education in America*, Rainer Martens, Tim Flannery, and Paul Roberts.

(vi) IBID

Steel Sports Value Creation



Company Specific Value Addition

- Steel Sports provides capital to management along with administrative, operational, and revenue based counsel while sharing best practices and resources within the Steel ecosystem
- Steel Sports works continuously with management to arrange, structure, and execute a scalable and effective business strategy to increase productivity and revenue growth



Key Disciplines

- Steel Sports will maximize performance in each key discipline and offer Corporate Services to every family company.
- Steel Sports family companies will obtain synergies through shared corporate services, cross-selling opportunities, sponsorship, and expansion.

Branding / Marketing	Programming	IT	Operations	Corporate Services
<ul style="list-style-type: none">▪ Communication▪ Social Media▪ Promotions▪ Surveys▪ Brand Building	<ul style="list-style-type: none">▪ Camps / Clinics▪ Tournaments▪ Travel Teams▪ Academy▪ Events / Promotions	<ul style="list-style-type: none">▪ Sales▪ Marketing▪ Back Office	<ul style="list-style-type: none">▪ Performance Metrics▪ Supply Chain▪ Real Estate / Facilities▪ Business / Finance Planning	<ul style="list-style-type: none">▪ Finance▪ Legal▪ Technology▪ Human Resources▪ Organization Development▪ Acquisitions

Summary: Steel Sports Portfolio Build-Up

- Steel Excel plans to acquire sporting companies, maximize operations, and share best practices to create a better experience.



Steel Sports-Management Team

▪ Warren Lichtenstein

- Mr. Lichtenstein founded Steel Partners in 1990 and is currently the Chairman and Chief Executive Officer of Steel Partners LLC and Steel Partners Holdings, L.P, a global diversified holding company. He co-founded Steel Partners II in 1993 and is also a co-founder of Steel Partners Japan Strategic Fund, L. P. and Steel Partners China Access I L.P.
- He currently serves as Chairman of Steel Partners Holdings L.P. and Handy & Harmon Ltd. and as a director of Steel Excel, GenCorp, Inc and SL Industries, Inc.
- Mr. Lichtenstein previously served as a director of more than 20 public companies worldwide including: Aydin Corp. (Chairman), BKF Capital Group Inc., CPX Corp. (f/k/aCellPro, Incorporated), ECC International Corporation, Gateway Industries Inc., KT&G Corporation, Layne Christensen Company, PLM International, Inc., Puroflow, Inc., Saratoga Beverage Group, Inc., SL Industries, Inc. (Chairman and Chief Executive Officer), SP Acquisition Holdings, Inc. (Chairman and Chief Executive Officer), Synercom/Alpha Technologies, Inc., TAB Products Co., Tandycrafts Inc., Tech-Sym Corporation, United Industrial Corporation (Chairman), US Diagnostics Labs, Inc. and WebFinancial Corp. (Chairman, Chief Executive Officer and President).
- Prior to founding Steel Partners Mr. Lichtenstein was an acquisition analyst at Ballantrae Partners, L.P. and he began his career as an analyst at Para Partners, L.P., a private investment partnership that invested globally.

▪ David Shapiro

- David Shapiro is the Chief Executive Officer of Steel Sports. He joined the company in 2015 and is focused on growing the business to become the national leader in youth sports.
- Previously, David was the Chief Revenue Officer for Positive Coaching Alliance, a non-profit organization that is focused on working with youth and high school athletes to develop “Better Athletes, Better People.” David now serves on the National Board for Positive Coaching Alliance. David has also held positions with the AAA baseball team in Sacramento and with the California Community College Commission on Athletics.
- David captained his varsity baseball, basketball, and football teams, and went on to play college baseball at the University of California at Davis. David’s coaching experience includes time spent in Germany being a player/coach for a Professional Baseball Club and time as a High School Varsity Baseball Coach at Rio Americano HS.
- David is a graduate of the Executive Program for Non-Profit Leaders at the Stanford University Graduate School of Business and he received a bachelor of science degree in Managerial Economics from the University of California, Davis.

Steel Sports-Management Team

- **Nanette Yang**

- Nanette Yang joined Steel Sports in 2011 and has focused on identifying and analyzing acquisition targets and opportunities within the sports industry.
- Prior to Steel Sports, she worked at JPMorgan and at Caxton Associates doing investment management specializing in fixed income and foreign exchange relative value and macro trading strategies.
- Ms. Yang is a graduate of Massachusetts Institute of Technology with a B.S. in Economics and received her MBA from UCLA Anderson

- **Jollene Norton**

- Jollene Norton joined Steel Sports in 2015 to oversee business operations and drives initiatives that ensure long-term operational excellence
- Prior to Steel Sports, Ms. Norton spent eight years with Steel Partners – a private investment firm – and, Steel Partners Holdings – a global diversified holding company.
- Ms. Norton holds a Bachelor of Arts in International Affairs from the University of Colorado.

- **Nathan Clinkenbeard**

- Nathan Clinkenbeard joined Steel Sports in 2015 as the Communications Manager. He is focused on growing the Steel Sports brand and the brands of its portfolio companies, most notably the National Youth Baseball Championships and UK Elite Soccer, through a variety of mediums.
- Prior to joining Steel Sports, Nathan spent 10 years with Dugout Media as their Media Director and the Managing Editor of the company's bi-monthly national publication, Baseball Youth.
- Nathan earned his bachelor's degree in Print Journalism from Murray State University

Steel Sports-Management Team

- **Mark Cole**

- Prior to joining Steel Sports, Mark was the Executive Director of Aspen Valley Ski/Snowboard Club for 15 years. The non-profit focused on developing “Great Athletes, Great Kids” including many Olympians, Paralympians and X-Games athletes. The Club was the United States Ski and Snowboard Association’s national Club of the Year in 2011.
- Mark also spent 17 years with the National Outdoor Leadership School (NOLS), considered the gold standard in teaching wilderness skills and leadership. Over the years Mark taught backpacking, rock climbing and winter courses; he oversaw the hiring and training of field staff; and also served on the director team as Finance Director and Alumni & Development Director.
- Mark holds a BS in Mathematics from State University of New York at Stony Brook and an MA in Mathematics from the University of Washington.

- **John Semel**

- John rejoined Steel Sports in 2017 and is focused on identifying and analyzing acquisition targets as well as leading business development efforts.
- Prior to Steel Sports, he worked in various business development roles; at a consumer products start up, Liquid I.V., as well as a blockchain start up in Silicon Valley, Skuchain. He ran business affairs for Student Sports bought by RSE Ventures, where he focused on all of facets of the business including M&A finance, legal, marketing, and operations.
- John first started with Steel Sports in 2012 and served as an acquisition analyst, focused on identifying and analyzing acquisition targets and supporting portfolio companies across the portfolio. He spent two years playing professional baseball with the New York Mets organization and received All American accolades while playing collegiate baseball for Chapman University. At Chapman he was apart of two College World Series teams.

Appendix – Portfolio



Baseball Heaven

Investment Summary:

Purchased in July 2011

Company Description

Location: Yaphank, NY (Long Island)

Website: <http://www.baseballheavenli.com>

Baseball Heaven is a 30 acre state of the art baseball and softball facility with four full-sized and three youth league sized fields built for children and adults to experience playing on professional quality fields against top competition from the northeast and mid-Atlantic. Baseball Heaven's sport complex is equipped with all the amenities of a professional ballpark including below grade dugouts, connecting bullpens, warning tracks, P.A. system, state of the art artificial turf and electronic scoreboards. Baseball Heaven also accommodates its spectators with ballpark seating, concessions and a picnic area. Baseball Heaven hosts tournaments, leagues, camps, clinics and other events from mid March until early November.



Product Offerings:

- Tournaments (all ages)
- Leagues (all ages)
- Field Rental
- Batting Cages
- Gift Shop
- Hotel Sponsorship
- Restaurant

Key Additions:

- 12,000 SF Indoor Training Facility Opened Q4 2013
- New Tournaments and in-house travel teams
- Café & Bullpen Remodel
- New Marketing Initiatives & Sponsors in Place

Key Statistics:

- In 2016, approximately 750,000 visitors walked through the gates at Baseball Heaven.
- In 2017, the facility will host 35 tournaments, attracting 2300+ teams.
- In 2016, the facility hosted spring, summer, and fall leagues with over 200 teams participating.
- The Company began hosting the NYBC Championships in 2014.
- Steel has invested an additional \$2.3M in capital since acquisition
- EBITDA has doubled since acquisition



National Youth Baseball Championships

Investment Summary:

Licensed in June 2015

Company Description

Location: Hermosa Beach, CA

Website: <http://www.nybcbaseball.com>

The National Youth Baseball Championships (NYBC) is the country's premier travel ball championship for ages 9U-14U. Teams must qualify by winning a title at select events around the nation, and those teams then come together at the NYBC to crown one true national champion. CBS Sports Network televises games live to a national audience while MLB.com provides a live stream online for 12 games during the NYBC Championship Week.

Product Offerings:

- Championship Week (9U-14U)
- Qualifiers Nationwide (9U-14U)
- National Sponsorships
- Elite Competition
- National Television with CBS Sports Network
- Online Streaming with MLB.com
- MLB Celebrities
- State-of-the-Art Facilities
- Major League Experience
- Opening Ceremonies/Festivals/Fanfest
- National Team Rankings (11U-14U)
- 12U All-Star Game



Key Statistics

- In 2016, over 1,000 teams competed in NYBC qualifiers with 70 teams from 12 states traveling to New York for the Championship Week in July. .
- CBS Sports Network is available to over 96 million homes nationwide
- The 12 broadcasted games in 2015 were streamed over 135,000 times on MLB.com
- Hall of Fame manager Tommy Lasorda, former player and manager Bobby Valentine and two-time National League All-Star and current Washington Nationals manager Dusty Baker attended the 2015 NYBC.
- In 2015, Brita® signed on as the NYBC's title sponsor through 2017.



UK Elite

Investment Summary:

Purchased in 2013

Company Description

Location: Cedar Knolls, NJ

Website: <http://www.ukelite.com>

UK Elite Soccer, Inc. (UK Elite) is a private company focused on providing a world class youth soccer experience. UK Elite offers team and individual soccer training, camps, club teams, international tours, and club services.

UK Elite has built a youth soccer business that has the ability to scale vertically and horizontally because of its wide range of product offerings. UK Elite's frequency and quality of contact with parents, players and coaches offers consistent sales and promotional opportunities for family focused brands.

UK Elite separates itself from competitors with a unique training methodology and youth player development program.

Product Offerings and Services:

- Coaching
- Camps
- Residential Training
- Football Clubs
- Petite Training
- Select Teams
- Tournaments
- High School Programs
- International Tours



Key Statistics:

- UK Elite has experienced steady organic growth over the course of its twelve year existence.
- UK Elite has 60,000 participants under its umbrella, including 15,000 parent coaches, and direct access to and frequent contact with 60,000+ separate families via face to face contact, email, telephone, direct mail, social media.
- For 2017, U.K. Elite Soccer will be hosting more than 700 camps, organizing 20+ tournaments and managing 200+ municipal and club relationships.
- In addition, Global Team Travel is coordinating international tours for 12 youth teams totaling more than 300 travelers.