



Mace Security International, Inc.
4400 Carnegie Ave.
Cleveland, Ohio 44103

June 25, 2020

Dear Fellow Stockholder:

In connection with our Virtual Annual Stockholders Meeting on 10 A.M., July 2, 2020, we are providing additional supplemental information in electronic form. The following pages contain supplemental information regarding our Board of Directors and Executive Officers, including additional information regarding the functioning of the Board of Directors, relationships with certain members of the Board of Directors and Executive Officers, available stockholding information, information regarding our Equity Compensation plan for Directors and Officers, and Security Ownership of certain beneficial owners. We encourage you to review these materials for information concerning the business to be conducted at the Annual Meeting.

Thank you for your continued support of Mace Security International, Inc.

Sincerely,

Gary Medved
President and CEO
Mace Security International, Inc.



Director Independence

Mace Security International, Inc. (“Mace” or “the Company” or “the Corporation”) By-laws require at least 66.67% of the members of the Board of Directors (“the Board”) to be independent directors, as defined below. A person shall not be considered an “independent director” if (i) the person does not meet the definition of “independent director” adopted by The Nasdaq Global Market or such other exchange as the Corporation is then listed upon or (ii) the person has a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The following persons shall not be considered independent by the Board of Directors.

(a) A person who is, or at any time during the past three years was, employed by the Corporation or has a family member that was employed by the Corporation at any time during the past three years, shall not be considered independent. For purposes of this Section 3.14, “family member” shall mean a person’s spouse, parent, child, sibling, whether by blood, marriage or adoption, or anyone residing in such person’s home.

(b) A person who is a relative of a current officer of the Corporation or an affiliate of the Corporation and the officer is an officer that is subject to Section 16 of the Securities Act of 1934, as amended, shall not be considered independent. For purposes of this Section 3.14, “relative” shall mean any of the person’s Family Members or a person’s aunt, uncle, niece, nephew or first-degree cousin, whether by blood, marriage, or adoption.

(c) A person who is a relative of any current employee of the Corporation (regardless of the employee’s position with the Corporation) and there are other factors present that cause the Board of Directors to be concerned about the person’s independence, shall not be considered independent.

(d) A person (or a relative of a person) who currently or within the last three years has provided professional services directly to the Corporation, to an affiliate of the Corporation or an individual officer of the Corporation or one of its affiliates in excess of \$10,000 in any year shall not be considered independent. For purpose of this Section 3.14, “professional services” shall mean legal, accounting, financial advice, investment banking services or general business consulting services.

This requirement may not be amended or repealed without the approval by an affirmative vote of not less than 66.67% of the stockholders of the Corporation. The Nominating Committee of the Corporation shall not recommend, and the Board of Directors shall not nominate, candidates for election to the Board of Directors, except as may be consistent with the provisions of this requirement, and no corporate funds may be expended for the solicitation of proxies to revoke this requirement.

As of this date of this document, only Sanjay Singh, Executive Chairman, would be considered non-independent because of his employment by the Company in April 2020.

Related Party Transactions

The Board, with the assistance of the Audit Committee and the Governance Committee, monitors compliance with our corporate governance policies, practices, and guidelines applicable to our directors, director nominees, officers, and employees. Our Governance Guidelines, Code of Ethics and human resources policies address governance matters and prohibit, without the consent of the Board or its designee, directors, officers, and other employees from engaging in transactions that conflict with our interests.

Based on our most recent review conducted in the first quarter of 2020, Mace has not been a participant in any related party transaction since the beginning of 2019, except as follows:

In December 2018, the Company entered into an agreement with its then Executive Vice President. Under this agreement, the Company sold close-out product, with a cost of \$111,000 to its Executive Vice President for \$91,000. At December 31, 2019, the remaining unpaid balance is \$13,000 which the Company expects to collect in 2020.

In March 2018, the Company entered into a bonus agreement (the “Bonus Agreement”) with its then Executive Chairman Charles Gehrisch and then Vice-Chairman Sanjay Singh engaging them in their capacity as members of the Board of Directors to provide strategic business direction and advice to the rest of the Board of Directors and the Company’s Chief Executive Officer with the intention of enhancing the Company’s market value and overall profitability for the benefit of all stockholders of the Company. In exchange for their services, the Bonus Agreement provides for the payment of a bonus based upon the achievement of specific financial results. The Bonus Agreement is effective through December 31, 2021. The Bonus Agreement continues with respect to Mr. Singh under terms of his 2020 Employment Agreement, and Mr. Singh is also eligible under his Employment Agreement for a bonus under the same terms as the Bonus Agreement for an additional two years ending December 31, 2023. Mr. Singh is only eligible for one bonus under the combined effect of the Bonus and Employment Agreement. Mr. Gehrisch’ portion of the Bonus Agreement is unchanged at this time, and terminates after December 31, 2021.

The bonus payments will be paid, if earned, on an annual basis within 30 days after completion of the Company’s audited year-end financial statements. The bonus payment for any calendar year during the term will be equal to 15% of the difference between EBITDA for each calendar year during the term (commencing with calendar year 2018) and EBITDA for the Watermark Year (defined below). If the EBITDA for any calendar year does not exceed the EBITDA for the Watermark Year, then no bonus payment will be due for such calendar year. Fifty percent (50%) of any earned bonus payment will be paid to Gehrisch and fifty percent (50%) of any Bonus Payment will be paid to Singh. The “Watermark Year” means the calendar year in which the Company achieves the highest EBITDA, including the 2017 calendar year and any subsequent calendar year during the term for which a bonus payment has been previously calculated. For the purposes of calculating bonus payments for the period from January 1, 2018 through December 31, 2018, EBITDA for the 2017 calendar year shall be \$1,000,000.00, which represents the 2018 budgeted EBITDA for 2018 (including 12 months of financial performance of Washington Labs). By way of clarification, bonus payments for calendar year 2018 will be payable for any increase in EBITDA over \$1,000,000.00. Each successive bonus payment, if any, shall be paid for the period of time from January 1 through December 31 of the calendar year in respect of which such bonus payment is being paid for any increase in EBITDA occurring in such year over the Watermark Year. In 2018 and 2019, no bonuses were earned or paid under the Bonus Agreement.

The Bonus Agreement continues to be available for shareholder viewing in its entirety at Mace’s headquarters located at 4400 Carnegie Avenue, Cleveland, OH 44103.

In February 2019, the Company entered into a separation agreement with its former Chief Executive Officer providing for the payment of severance through January 2020 totaling \$280,000.

In May of 2020, the Company engaged a firm which employs a relative of the President and CEO for media services in relation to the 2020 Annual Meeting. The President and CEO was not involved in the process to engage this firm, and management believes the services, which were less than \$10,000, were at arm’s length rates.

Stockholders Voting Agreement

In March 2018, MACNFAC, LLC, a subsidiary of Roll-Kraft (“MACNFAC LLC”), an affiliate of Executive Chairman Sanjay Singh and board member Charles Gehrisch, acquired 12,857,143 shares of the Company’s stock from accounts managed by Ancora Advisors, LLC. As a result of the transaction, MACNFAC LLC owned approximately 20% of the Company’s outstanding shares, with Ancora Advisors, LLC and affiliated accounts continuing to own (at that time) 10,603,937 or 17% of the Company’s outstanding shares (excluding shares referenced below under control of then Board members Richard Barone and Denis Amato.)

Coincident with the transaction, director Denis Amato, and former director and former Chairman of the Board Richard Barone each entered into a mutual Voting Agreements with MACNFAC LLC with the goal of continued stability and oversight for the company. This Agreement generally requires that, until the earlier of the three-year anniversary of the Agreement or until MACNFAC LLC owns less than 10% of the Company outstanding shares, Barone, and Amato, will vote their respective shares in favor of election of three directors proposed by MACNFAC LLC, initially Charles Gehrisch, Sanjay Singh and Cheryl McMillan. MACNFAC LLC similarly agreed that, until the earlier of the three year anniversary of the Agreement or until Ancora Advisors, LLC, Barone and Amato and their affiliates collectively own less than 10% of the Company outstanding shares, it would vote its shares in favor of the election of Barone and Amato to the Company’s Board.

MACNFAC LLC entered into a Voting Agreement with Ancora Advisors, LLC pursuant to which Ancora agreed that until the earlier of (i) the 5-year anniversary of the sale of its stock to MACNFAC LLC, or (ii) such date on which MACNFAC LLC and its affiliates own less than 10% of the Company’s stock, it will vote its shares in favor of Messrs. Gehrisch and Singh and a third person to be designated by MACNFAC LLC (initially for the 2018 Annual Meeting, Cheryl McMillan.) MACNFAC LLC similarly agreed that until the earlier to occur of (i) the 5-year anniversary of its stock purchase, or (ii) such date on which Ancora Advisors, LLC, Barone and Amato and their affiliates collectively own less than 10% of the Company’s stock, it would vote its shares in favor of the election of Barone and Amato to the Company’s Board of Directors.

Other than with respect to voting for the election of the above-named individuals (or their designees) to Mace’s Board, these Voting Agreements do not bind and have no effect on how Directors Gehrisch, Singh, Amato or their designees vote on matters before them as Mace Board Members.

These agreements continue to be available for shareholder viewing in their entirety at Mace’s headquarters located at 4400 Carnegie Avenue, Cleveland, OH 44103.

Role of the Board’s Committees

The Board has three standing committees – the Audit committee, the Ethics, Corporate Governance and Nominating committee, and the Compensation committee, – that assist and report their activities to the Board. Each committee is organized and operates under a written charter adopted by the Board. These committee charters are available in the Corporate Governance section of the Company website. The Board also currently has a Cybersecurity Committee.

The Audit, Compensation, and Ethics Corporate Governance and Nominating Committees annually review and assess the adequacy of the charters and recommend changes to the Board as necessary to reflect changes in regulatory requirements, authoritative guidance, and evolving practices. Pursuant to its respective charter, each committee has the authority to engage, at our expense, advisors as it deems necessary to carry out its duties. The function and authority of each committee are further described below and, in each committee, respective charter.

The following table reflects the current membership of each committee:

Director	Audit	Compensation	Ethics, Corporate Governance, and Nominating	Cybersecurity
Mr. Amato	C	M		
Mr. Dickerson	M		C	
Mr. Gehrisch				
Ms. McMillan	M			C
Mr. Perella		M		M
Mr. Singh				M
Mr. Shousher		C	M	

M Denotes a member of the committee.

C Denotes the chair of the committee.

Audit Committee

The Audit Committee is composed of three or more members of the Board. The members shall be appointed by action of the Board and shall serve at the discretion of the Board. Each Audit Committee member shall be “financially literate” as determined by the Board and must meet the minimum audit committee eligibility requirements of the OTCQX Rules (the “Rules”), including that a majority of the members are “Independent Directors” as defined in the Rules, and any applicable requirements of such other national securities exchange on which the Company’s securities may be listed, and any other independence standards under applicable law, if any. The Audit Committee may in its discretion also use the “independence” requirements of the NASDAQ National Market as guidance. At least one member of the Audit Committee shall have accounting or related financial management expertise, as determined by the Board in its business judgment.

Compensation Committee

Compensation Committee

The Compensation Committee is appointed by the Board to (i) assist the Board in discharging the Board's responsibilities relating to compensation of the Company's directors, Chief Executive Officer (the "CEO") and other senior executive officers, and if required, (ii) produce an annual report on executive compensation for inclusion in the Company's proxy statement.

The Committee has overall responsibility for evaluating the compensation of the directors, the CEO and the compensation plans, policies and programs of the Company and making recommendations to the Board regarding the Board's determination of the appropriate levels of such compensation-related matters.

The Committee's obligations and responsibilities also include oversight of the Company's compensation structure for its subsidiaries and affiliates to ensure it is consistent with the Company's compensation plans, policies and programs.

Ethics, Corporate Governance and Nominating Committee

The Ethics, Corporate Governance and Nominating Committee is appointed by the Board to:

- A. establish guidelines and criteria for the identification and selection of members of the Board of Directors.
- B. identify, screen and review individuals qualified to serve as directors, and make recommendations to the Board regarding determinations of director independence.
- C. recommend to the Board of Directors the nominees for election at the next annual meeting of stockholders.
- D. recommend to the Board of Directors candidates to fill any vacancies on the Board.
- E. monitor the effectiveness of the Company's Ethics and Corporate Governance Guidelines, Bylaws, Insider Trading Policy, Code of Ethics and Business Conduct, and Employee Equal Opportunity Policy (hereinafter collectively referred to as the "Governance Policies"), and oversee compliance with the Governance Policies; and
- F. recommend improvements to the Governance Policies when necessary or desirable.

Complaints concerning violations of the Companies Code of Ethics may be made verbally or in writing to the General Counsel or verbally to the Ethics Hotline at 1-855-408-6223. Interpretation requests and waiver requests must be made in writing to Mace Security International, Inc., 4400 Carnegie Ave., Cleveland, OH 44103.

Cybersecurity Committee

The Information Technology and Cybersecurity Committee is an advisory and oversight committee of the Board. The Committee's primary duties and responsibilities shall include but not be limited to the following:

- A. Enhancing the Board's understanding and oversight of the systems (i.e., policies, controls and procedures) that management has put in place to (i) identify, manage and mitigate risks related to cybersecurity, privacy, and disaster recovery; (ii) respond to incidents with respect thereto; and (iii) protect critical infrastructure assets.
- B. Providing a forum to review, evaluate, monitor, and provide feedback on information technology related matters, including but not limited to strategies, objectives, capabilities, initiatives, and policies.
- C. Performing such other tasks related to the oversight of the Company's information technology and cybersecurity functions as the Board may delegate to the Committee from time to time.

Communications with the Board

Stockholders and other interested parties may send written communications to the Board and, if applicable, to the Chairman of the Board and other individual directors by mail or courier to our corporate office. Our Secretary will forward all such correspondence that we receive to the Board or, if applicable, to the Chairman of the Board or other individual director.

We have also established procedures to enable anyone who has a concern regarding accounting matters or compliance matters to report that concern through our normal company channels or anonymously.

Security Ownership of Certain Beneficial Owners

The following table provides information regarding beneficial ownership of our shares of common stock by each person or entity known by us to be the beneficial owner of more than five percent of our outstanding shares of common stock. The assessment of holders of more than five percent of our shares of common stock is based on a review of and in reliance upon their respective filings with the SEC, information obtained about stock ownership from our stock registrar, or information voluntarily provided to the Company by the Beneficial Owner. Because the Company is not subject to SEC registration rules, there is no assurance that we have obtained complete and accurate information regarding potential 5% or greater stock ownership in the Company, nor that the ownership information voluntarily is complete or accurate.

Name and Address of Beneficial Owner	Number of Shares of Common Stock	Percent of Class
MACNFAC LLC (1) 4400 Carnegie Ave. Cleveland, Ohio 44103	14,148,915	22.3%
Ancora Advisors LLC (2) One Chagrin Highlands 2000 Auburn Dr Cleveland, OH 44122	9,851,449	15.5%
Richard Barone (3) 4400 Carnegie Ave. Cleveland, OH 44103	4,005,938	6.3%

- (1) The information is based on amounts reported to the Company by Mr. Singh and Mr. Gehrisch, as well as reports from our transfer agent AST. Mr. Singh and Mr. Gehrisch are both directors of the Company, Mr. Singh is employed by the Company, and both are participants in the Stockholders Voting Agreement described above.
- (2) Amounts shown include shares under management, not beneficially owned by Ancora Advisors LLC.
- (3) Mr. Barone, a former board member, was formerly employed by Ancora Advisors LLC prior to May 27, 2020. Shares include shares personally owned by Mr. Barone as well as shares managed or advised, with Power or Attorney, but not beneficially owned by Mr. Barone. None of these shareholdings is included in the total of shares beneficially owned or managed by Ancora Advisors LLC shown above. Mr. Barone is party to the Stockholders Voting Agreement described above.

Security Ownership of Management and the Board

The following table provides information regarding the beneficial ownership of our shares of common stock by each of our current or former named executive officers, and all of our current directors and executive officers as a group, in each case as of May 27, 2020. Unless otherwise indicated by footnote, individuals have sole voting power and sole investment (dispositive) power over the reported shares of common stock. The address of everyone named below is c/o Mace Security International, Inc., 4400 Carnegie Ave, Cleveland Ohio 44103.

Name of Beneficial Owner	Number of Shares of Common Stock (1)	Percent of Class (2)
Gary Medved	862,050	1.4%
Mark E. Barrus	250,000	*
Sanjay Singh (3)	14,316,344	22.5%
Charles Gehrisch (3)	14,256,344	22.4%
Denis Amato (4)	1,867,529	2.9%
Bradley Dickerson	67,429	*
Cheryl McMillan	197,429	*
Dan Perella	182,429	*
Hussien Shousher (5)	93,241	*
John McCann (6)	15,000	*
Carl Smith (7)	12,184	*
All directors and executive officers as a group (11 persons)		28.3%

* Represents less than 1.0% of our outstanding common stock.

(1) Includes Option to purchase common stock exercisable within the next 60 days, without regard to exercise price.

(2) The percentage identified in the “Percent of Class” column is based on the number of our shares of common stock outstanding as of the Record Date, 63,578,837.

(3) Includes attribution of 100% of the MACNFAC LLC shares as shown for the individual totals. MACNFAC LLC shares are counted only once for the total of all officers and directors’ shares.

(4) Includes 1,129,600 shares held by Denis J. Amato Trust dated 11/1/16, Denis Amato, trustee

(5) Includes 25,812 in Randa M Shousher Trust

(6) Former President, CEO, and member of Board of Directors through January 2019.

(7) Former CFO through January 2019.

Outstanding Equity Awards at May 27, 2020

The following table sets forth, as of all equity awards outstanding under our equity compensation plans for each named executive officer.

Mace Security International, Inc.
Officer's Outstanding Equity Awards
As May 27, 2020

<u>Name</u>	<u>Date of Option Agreement</u>	<u>Exercise Price/share</u>	<u># Options Granted</u>	<u>Description of vesting</u>	<u>Exercisable within 60 Days</u>	<u>Expiration Date</u>
Gary Medved	Jan. 21, 2019	\$0.34	1,000,000	20% immediate, 20% each December 31 after grant date	400,000	Jan. 21, 2024
Mark Barrus	Jan. 16, 2019	\$0.28	250,000	100% due to change in control	250,000	Jan. 16, 2024

Director Compensation Table

The following table summarizes the total compensation for the Directors term ending July 2020. The Directors elected to forego the cash compensation of \$3,000 per quarter and receive Common Shares in an amount equal to the foregone fees, Stock price each quarter is based on closing price as of the last day of the quarter.

Mace Security International, Inc.
Directors Compensation Table
July 2019 through May 27, 2020

<u>Director</u>	<u>Total Common shares in lieu of cash directors Fees (1)</u>	<u>Total Non-Qualified Stock Options Issued</u>
Denis Amato	43,429	100,000
Bradley Dickerson	43,429	100,000
Chuck Gehrisch	43,429	100,000
Cheryl McMillan	43,429	100,000
Daniel Perella	43,429	100,000
Hussein Shousher	43,429	100,000
Sanjay Singh	43,429	100,000
Total	304,003	700,000

(1) Represents three quarters of director's fees, fourth quarterly issuance not completed as of May 27, 2020

