

Mace Security International, Inc.

Annual Information and Disclosure Statement

December 31, 2019

Forward-Looking Statements

Certain statements and information included in this Annual Information and Disclosure Statement constitute “forward-looking statements” within the meaning of the Federal Private Securities Litigation Reform Act of 1995. When used in this Annual Information and Disclosure Statement, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “projected,” “intend to” or similar expressions are intended to identify “forward-looking statements” within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that may cause our actual results, trends, performance or achievements, or industry trends and results, to differ materially from the future results, trends, performance or achievements expressed or implied by such forward-looking statements. Those risks and uncertainties may include, but are not limited to, (a) general economic and business conditions; (b) competition; (c) potential changes in customer spending; (d) acceptance of our product offerings and designs; (e) the variability of consumer spending resulting from changes in domestic economic activity; (f) a highly promotional retail environment; (g) any significant variations between actual amounts and the amounts estimated for those matters identified as our critical accounting estimates, as well as other significant accounting estimates made in the preparation of our financial statements; and (h) the impact of current and potential hostilities in various parts of the world, as well as other geopolitical concerns. You are urged to consider all such factors. Because of the uncertainty inherent in such forward-looking statements, you should not consider their inclusion to be a representation that such forward-looking matters will be achieved. Mace Security International, Inc. assumes no obligation for updating any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Part A General Company Information

Item 1 The exact name of the issuer and its predecessors (if any)

Mace Security International, Inc. (the “Company”)

Item 2 The address of the issuer’s principal executive offices

Mace Security International, Inc.
4400 Carnegie Avenue
Cleveland, OH 44103
Phone: (440) 424-5321
Fax: (216) 361-9555
Website: www.mace.com

Investor Relations: Mark E. Barrus
Phone: (216) 539-0485
Email: mbarrus@mace.com
Address: Same as above

Item 3 The jurisdiction(s) and date of the issuer’s incorporation or organization

Mace Security International, Inc. is a Delaware corporation incorporated on September 1, 1993.

Part B Share Structure

Item 4 The exact title and class of securities outstanding

The Company has 63,319,834 shares of Common Stock outstanding at December 31, 2019. The Company's CUSIP number is 554335208. The Company's trading symbol is MACE.

Item 5 Par or stated value and description of the security

The par value of Common Stock is \$0.01 per share. No shares of preferred stock are outstanding. Each holder of Common Stock of the Company has one vote in respect to each share of Common Stock held by that holder on all matters voted upon by our stockholders and is entitled to receive dividends only if and as declared by the Company's Board of Directors.

Certain provisions of our certificate of incorporation and our bylaws could delay, defer or prevent a change in control of the issuer including the following:

- (i) Our board of directors has the exclusive right to fill vacancies and set the number of directors; and
- (ii) Cumulative voting by our shareholders is not allowed.

Item 6 The number of shares or total amount of the securities outstanding for each class of securities authorized

Common Stock

(i) Period end date:	December 31, 2019	December 31, 2018
(ii) Number of shares authorized	100,000,000	100,000,000
(iii) Number of shares outstanding	63,319,834	63,054,834
(iv) Freely tradable (public float)	42,747,855	42,512,755
(v) Total number of shareholders of record	90	82

The number of beneficial shareholders of Mace Security International, Inc. owning at least 100 shares exceeds 50.

Preferred Stock

(vi) Period end date:	December 31, 2019	December 31, 2018
(vii) Number of shares authorized	10,000,000	10,000,000
(viii) Number of shares outstanding	-	-
(ix) Freely tradable (public float)	-	-
(x) Total number of shareholders of record	-	-

Item 7 The name and address of the transfer agent

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Phone: (718) 921-8200 x4801 or (800) 9374-5449 x4801

The Company's transfer agent is registered under the Securities Exchange Act of 1934 and is an authorized transfer agent subject to regulation by the U.S. Securities and Exchange Commission.

Part C Business Information

Item 8 The nature of the issuer's business

A. Business Development

Mace Security International, Inc. was incorporated in the State of Delaware in 1993. The Company is a well-known producer and distributor of personal safety and security products, accessories and OC/tear gas deployment systems.

The Company believes it is one of the leading manufacturers and distributors of personal safety and security products. The Company was founded in Vermont in December 1987 under the name Mark Sport, Inc. by obtaining an exclusive license to produce and market defense sprays under the Mace® Brand trademark to the consumer market within the continental United States, and a non-exclusive license to market defense sprays outside of the continental United States. In 1992, this license was renegotiated to include a purchase option. The Company exercised its option to purchase the Mace® Brand trademark in December 1993, including all rights, title and interest to the Mace® Brand and related trademarks.

The Company changed its name to Mace Security International, Inc. in September 1993. In November 1993, prior to its initial public offering, it merged into a new company incorporated in the state of Delaware.

During the following two decades, the Company acquired various entities in the consumer safety product segment, including electronic surveillance equipment, law enforcement chemical product, and wholesale security monitoring businesses. In 1999, the Company merged with American Wash Services, Inc. and the Company became the first publicly traded national car wash chain.

In 1998, the Company sold its law enforcement chemical product business and the exclusive right to use the Mace® Brand when selling aerosol defense sprays to the law enforcement market.

In 2006, the Company decided to divest its Car Wash Segment. By September 2011, all but three of the Company's car wash facilities were sold. The Car Wash Segment ceased operations in August 2012. By late 2013, the Company had disposed of all former car wash facilities.

In December 2013, the Company completed the sale of its wholesale security monitoring business. In December 2015, the Company exited the electronic surveillance equipment business and in November 2016, the Company completed the sale of its electronic surveillance equipment business.

In March 2017, the Company completed the purchase of the business and substantially all related operating assets of Washington Laboratories, LLC, a custom manufacturer of high-quality defense spray products, for a total purchase price of approximately \$3,443.

In October 2017, the Company completed the purchase of the business and substantially all related operating assets of Vigilant Personal Protection Systems, a top-rated personal security and home medical product ecommerce marketing business, for a total purchase price of approximately \$1,063.

In January 2019, the Company acquired the assets of Tornado Security Products, a personal self-defense business based in Ferndale, Washington, for \$115 of cash and \$65 of forgiven accounts receivable, \$1 of assumed liabilities. The purchase price for the business and related assets is subject to an earn-out

calculation providing for additional consideration of up to \$175 cash, which may be paid out through January 2022.

During the immediately preceding three years and through the date of this information statement, other than as discussed above:

- a.) The Company has not been involved as a debtor in any bankruptcy, receivership, or any similar proceeding,
- b.) There have not been any material reclassifications, mergers, consolidations or purchase or sale of any significant amount of assets, other than as disclosed above,
- c.) The Company has not defaulted on the terms of any note, loan, lease or other indebtedness or financing arrangement requiring the issuer to make payments,
- d.) There has been no change in control of the Company, except as described in Note 12 to the Company's December 31, 2019 consolidated financial statements and are incorporated herein by reference from the Company's 2019 Annual Report filed separately through the OTC Disclosure and News Service, and available at www.otcmarkets.com,
- e.) There has not been any increase of 10% or more in any class of securities of the Company,
- f.) There has not been any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off or reorganization,
- g.) There has not been any delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board, and
- h.) The Company was not a defendant in any material or significant litigation.

The Company's securities qualified for trading on the OTCQX Markets and commenced such trading on February 16, 2017.

The Company's fiscal year end is December 31.

B. Business of the Issuer

Mace Security International, Inc., located in Cleveland, Ohio, is a manufacturer and distributor of personal defense and security products to retailers and consumers under the world-renowned Mace® Brand. Mace® Brand is the original trusted brand for personal defense sprays. The Company continuously adds high quality security products to the brand line.

The Company distributes and supports its branded products through strategically targeted customer channels, which include mass market retailers, wholesale distributors, independent dealers, e-commerce platforms and e-commerce marketers. The Company also sells its branded products on its websites, www.mace.com and www.vigilantpps.com

Defense sprays are sold in the law enforcement market under the TakeDown® Brand. Personal alarms and related products are also sold under the Vigilant® and Tornado® Brands.

The Company's SIC Code is 3999, Manufacturing Industrial, not elsewhere classified.

The Company is not a “shell company”. For purposes of this disclosure, a “shell company” means an issuer, other than a business combination related shell company, as defined by Securities Act Rule 405, or an asset-backed issuer, as defined by Item 1101(b) of Regulation AB that has:

- (1) No or nominal operations; and
- (2) Either:
 - a. No or nominal assets,
 - b. Assets consisting solely of cash and cash equivalents, or
 - c. Assets consisting of any amount of cash and cash equivalents and nominal other assets.

The Company’s subsidiaries are listed below:

Company Name	% of Ownership	State of Incorporation
Mace Trademark Corp.	100%	Delaware
Mace Trademark II, Inc.	100%	Delaware
Mace Tactical Solutions LLC	100%	Ohio

The Company did not spend any material dollar amounts on research and development activities during the last two fiscal years. There is no material effect on the Company to comply with existing and, to the Company’s knowledge, probable applicable governmental regulations of its business, including any governmental approvals, or the costs and effects of compliance with federal, state and local environmental laws.

At December 31, 2019, the Company employed 37 employees, of whom 35 were full-time employees, plus 2 full-time temporary employees provided by employment services.

Item 9 The nature of products or services offered

A. Principal products or services, and their markets

The Mace® Brand has a rich heritage and legacy. As the Company enters a new decade, the Company recommits itself to the next wave of innovation. Mace® Brand’s goal is to prepare people to protect themselves when it counts with the Company’s line of non-lethal personal safety products.

Mace® Brand pepper spray products are designed to allow one to defend oneself at a safe distance outside the arm’s reach of an attacker, giving one the chance to escape with time to reach safety. Pepper spray is also referred to as OC spray, since it is made from Oleoresin Capsicum, a natural ingredient derived from hot peppers. Pepper spray is powerful enough to temporarily impair an attacker when encountering their eyes, nose and mouth. Mace® Brand pepper sprays are formulated to be a safe, effective, and less-than-lethal means of personal defense that is legal to use in all 50 states. Pepper spray is packaged in a variety of containers designed for various applications.

Mace® Brand pepper sprays come in pocket, personal, sport and police models and in a variety of colors and styles. The very popular Mace® Brand also sells a maximum strength pepper spray and UV dye. Most models have a key ring, so the pepper spray can be conveniently kept ready at hand and most come with a hinged safety cap that flips open to reveal the actuator button.

Mace® Brand Triple Action combines OC pepper spray, UV dye and tear gas to create a self-defense product that induces profuse tearing, shortness of breath, and disorients the attacker. The advantage of Mace® Brand Triple Action is that the spray does not necessarily have to hit the attacker directly in

the face. The tear gas will quickly start to affect the attacker even if the spray hits some other part of the attacker.

Mace® Brand Muzzle® and Guard Alaska® defense sprays are specifically formulated to meet United States EPA regulations for effective and humane defense against dog aggression and threatening bear encounters. Whether one is jogging, bike riding, walking the dog, hiking or camping, Muzzle® and Guard Alaska® defense sprays are a deterrent for fending off animal attacks. The Company markets bear spray under the Mace® and Guard Alaska ® Brands.

Mace® Brand Pepper Gel® combine the maximum strength formula of OC Pepper and invisible UV marking dye with the added sticking power of Mace® Brand Gel Stream Technology. This pepper gel formula delivers extreme stopping power that may temporarily blinds an attacker from up to 25 feet away. Mace® Brand Pepper Gel® unique formula also reduces the risk of cross-contamination and blow back in windy conditions.

The Mace® Brand Pepper Gun® provides distance defense with convenient point-and-shoot accuracy. The advance delivery system sprays a power stream of OC pepper up to 20 feet and from any angle. The Company also manufactures and distributes easy-to-load refill cartridges.

The Company manufactures and distributes the Mace® Brand Water Trainer. The Water Trainer comes in the original Mace® Brand Flip & Grip model, which is designed to be fumble-free, safe and easy to use. This product offers customers an introduction to pepper spray and builds confidence as the Water Trainer simulates spraying actual pepper spray, without the effects of pepper spray.

In addition to pepper sprays, the Company distributes a line of portable personal alarms and stun guns for personal protection. Personal alarms marketed under the Mace® Brand operate reliably with just a push of a button or a pull of a strap. These units are compact in size and easy to use and come in five (5) neon colors. Mace® Brand stun guns are compact and powerful. They come in a variety of designs and voltages. Stun guns include bright LED lights, on/off safety switches and charging options. These products are made by Asian suppliers to the Company's specifications.

The Company provides retailers with official point-of-purchase displays and in-store signage to help retailers boost sales of Mace® Brand products. This includes floor displays, header cards and clip strips, and countertop displays.

Take Down® Brand is a line of OC pepper and tear gas sprays manufactured by the Company for law enforcement, military and security personnel. Take Down® sprays are available in canisters using omni-directional technology. Take Down® Omni units will deploy and deliver a consistent stream from any angle. Take Down ® Extreme OC is a unique gel formula containing a maximum strength 1.4% capsaicinoids concentration suspended in a sticky gel that sprays farther and sticks on contact to minimize cross-contamination. When used indoors, there is less chance of contaminating the surrounding areas or affecting bystanders. When used outdoors, it reduces the chance of blowback in windy conditions. The non-flammable formula will not ignite with stun guns or similar electronic devices. Take Down® OC-CS blends are pepper sprays with the added power of CS tear gas in streams or foggers. Stoppa Red products contain a bright red color non-irritant dye that stains skin and clothing that assists with identification. Take Down® inert trainers are available for training and demonstration purposes.

The Company's TG Guard Security Protection System for correctional institutions is operated through a secure remote console to selectively deploy a tear gas agent in an area where a disruption is occurring.

The TG Guard System deploys a powerful tear gas deterrent agent from single or multi-fixture dispensers. The fixtures are tamper-resistant and inaccessible to the general population.

The Company also is a quality private label manufacturer of pepper spray defense products to its customers' exact requirements.

B. Distribution methods of the products or services

Mace Security International, Inc. sells its products to customers in North and South America, Europe, Asia and Africa using both in-house salespersons and independent sales representatives. The Company's primary distribution channels are:

- a. Sporting goods retailers, buying groups and distributors,
- b. Mass merchant retailers,
- c. Hardware retailers,
- d. Auto parts retailers,
- e. E-commerce websites
- f. General merchandise retailers,
- g. On-line store operators,
- h. Tactical product distributors,
- i. Law enforcement, correctional institutions and military markets,
- j. International distributors and dealers, and
- k. The Company's websites www.mace.com and www.vigilantpps.com.

C. Status of any publicly announced new product or service

In June 2019, the Company decided to no longer offer less-lethal tactical munitions and weapons system products, and to continue to serve the tactical spray product market under the Take Down® Brand.

D. Competitive business conditions, the issuers competitive position in the industry, and methods of competition

Mace® Brand is the leading national brand in non-lethal personal safety products and the number one most recognized consumer brand in the category. The Company led the product development that started the industry and has been innovating ever since.

The personal safety and security industry is fragmented. A number of companies manufacture pepper spray under their own brands or using their customers' brand names, including Security Equipment Corporation, Aerko International and UDAP Industries, Inc., A number of companies distribute pepper spray product produced by others under their brand names including Fox Labs, and Sturm, Ruger & Co., Inc..

E. Sources and availability of raw materials and the names of principal suppliers

The Company's defense sprays are made at its Cleveland, Ohio facility, using components provided by both domestic and international suppliers, and by select high-quality manufacturers in North America and Asia. In addition to finished pepper spray product, the company sources components such as oleoresin capsicum concentrate, drawn aluminum tubes, valves, plastic components and packing material. The Company does not have any material long-term supply contracts with its suppliers. The items that the Company sources from its suppliers are generally available from multiple sources.

F. Dependence on one or a few major customers

At December 31, 2019, five customers accounted for 15%, 14%, 11%, 10% and 10% of the net accounts receivable balance. At December 31, 2018, four customers accounted for 14%, 13%, 12% and 12% of the net accounts receivable balance. During the year ended December 31, 2019, two customers accounted for 12% and 12% of the Company's net sales. During the year ended December 31, 2018, three customers accounted for 16%, 16%, and 10% of the Company's net sales.

G. Patents, trademarks, licenses, franchises, concessions, royalty arrangements or labor contracts, including their duration

The Company owns more than three (3) dozen trademarks, including the Mace® and Tornado® Brand names, which have an original length of ten (10) years and are generally renewable for additional ten (10) year periods.

The Company does not own or lease any franchise, nor is it subject to any concessions or significant royalty payments.

The Company has entered into agreements with several companies providing for the right to use one or more of the Company's trademarks. To date, such agreements have not generated significant royalty income for the Company.

The Company's workforce is not subject to collective bargaining.

H. The need for any governmental approval of principal products or services and the status of such of any requested government approvals

The Company's subsidiary, Mace Tactical Solutions LLC has a Federal Explosives License – Manufacturer of Explosives. This license expires April 1, 2021 and is renewable. The Company's subsidiary, Mace Tactical Solutions LLC also has a Federal Firearms License – Manufacturer of Destructive Devices. This license expires May 1, 2021 and is renewable. The Company does not intend to renew either of these two licenses. Bear spray manufacturing requires a United States Environmental Protection Agency license ("EPA License"). The Company obtained a bear spray EPA License as part of its March 2017 acquisition. The Company procures some of its bear spray from a supplier that has an EPA License. The Company also produces bear spray through a license novated to the Company by a Customer. Alternative sources for bear spray product exist.

Item 10 The nature and extent of the issuer's facilities

The Company's operations are conducted in a leased 49,204 square feet building located at 4400 Carnegie Avenue, Cleveland, Ohio 44103. The lease commenced April 1, 2013 with an initial term of 10 years and 3 months, with options to renew for three (3) additional five (5) year terms through 2038. The Company's lease of a 4,400 square foot building in Perry, FL was terminated in 2019.

Part D Management Structure and Financial Information

Item 11 The name of the chief executive officer, members of the board of directors, as well as control persons

A. Directors and Executive Officers

1. Directors

The directors of the Company, as well as certain information about them, as of December 31, 2019 are presented in the following table.

Name	Position with Company	Director Since
Denis J. Amato	Director	2011
Bradley J. Dickerson	Director	2019
George C. Gehrisch, Jr.	Director and Executive Chairman	2018
Cheryl McMillan	Director	2018
Daniel V. Perella	Director	2019
Hussien Shousher	Director	2019
Sanjay Singh	Director and Executive Vice-Chairman	2018

Daniel V. Perella also served as Director from 2012 to 2017.

All correspondence to the Company's directors may be mailed to the Company's Corporate Headquarters at 4400 Carnegie Avenue, Cleveland, Ohio 44103.

Biographical information for each director appears below.

Denis J. Amato, age 74, is a private investor. Mr. Amato retired from Ancora Advisors, where he was Director of Microcap Equities. His investment experience spanned five decades, including serving as Chief Investment Officer for a major Cleveland bank trust department as well as with Ancora Advisors. He has both a BBA in Economics and an MBA in Finance from Case Western Reserve University and is a Chartered Financial Analyst.

Bradley J. Dickerson, age 54, most recently was at Blue Apron from February 2016 until April 2019. Blue Apron is a direct-to-consumer ingredient-and-recipe meal kit service, operating throughout the United States. At Blue Apron, he served as CEO from December 2017 until April 2019 and CFO from February 2016 until December 2017. Prior to Blue Apron, Mr. Dickerson was at Under Armour, Inc in Baltimore, MD from 2004 until 2016. While at Under Armour he held various executive positions, including CFO/COO in 2015-2016 and CFO from 2008 through 2014. Mr. Dickerson brings 32 years of financial, operational, and executive experience, the last 15 years with brands going through substantial growth and involving product, channel, and geographic expansion.

George C. Gehrisch, Jr., age 57, was appointed to the Company's Board of Directors on March 9, 2018 and is the Chairman and Chief Executive Officer of RKI, Inc., d/b/a Roll-Kraft, headquartered in Mentor, OH. Roll-Kraft is an innovative supplier of tube and pipe tooling and roll forming tooling used by manufacturers around the world to produce thousands of products. Prior to being appointed to his current position, Mr. Gehrisch led Roll-Kraft as its President for more than 20 years. Mr. Gehrisch has led Roll-Kraft to actively focus on the goal of providing customers with 100% on-time deliveries and first-time performance. Through his leadership the company has become known around the world as an industry leader and for its superior service and reliable quality tooling.

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Cheryl McMillan, age 60, has been a Vistage Chair for 14 years. As a Vistage Chair, she leads two groups of non-competing business executives: one group of CEOs, Presidents and Business Owners, and one group of Senior Executives who report directly to them. Prior to joining Vistage, she had over 25 years of broad business experience, including being a President, CFO and board member of a strategic alliance for a group of 18 non-related owners; helping found a \$10 million pharmacy; and leading the integration of the business functions for a new acquisition in a \$20 million public health care company. She is an active member of Friends of the Summit Board of Directors and is a former Treasurer of a non-profit board and founding chair of its foundation.

Daniel V. Perella, age 49, is a Co-Founder, President and Chief Operating Officer of IdeaStream Consumer Products, in Cleveland, Ohio. The Company was founded in 2002 and is focused on designing and developing creative and innovative product solutions that drive incremental sales and profits for its retail customers. Mr. Perella brings nearly 27 years of experience in the retail marketplace to Mace. Prior to the founding of IdeaStream Consumer Products, Mr. Perella worked for 10 years at Manco, Inc (now known as Shurtech). During his time there he had numerous roles, including Vice President of Wal-Mart Sales. Additionally, prior to his entrepreneurial journey, he was Manco's Executive Vice President of Sales.

Hussien Shousher, age 60, was the recent CEO of GEM Inc. and GEM Energy and was with the Rudolph Libbe Group of companies for 25 years. During Mr. Shousher's tenure, GEM expanded to multiple locations throughout three states with over 1,000 employees. GEM Inc., headquartered in Walbridge, OH, is a leading single-source specialty contractor with multiple self-performance trades as well as consulting and energy management services. GEM Inc. is annually ranked among the top 100 on the *Engineering News-Record* top 600 Specialty Contractors. GEM Energy optimizes the efficiency of facilities for reduced operating costs through energy management and procurement, building controls, HVAC and facility management services. Mr. Shousher is currently focused on executive mentoring, coaching, and advising business leaders and established professionals.

Sanjay Singh, age 53, was appointed to the Company's Board of Directors on March 9, 2018 and is the President of RKI, Inc., d/b/a Roll-Kraft, headquartered in Mentor, OH. Roll-Kraft is an innovative supplier of tube and pipe tooling and roll forming tooling used by manufacturers around the world to produce thousands of products. At Roll-Kraft, Mr. Singh directs and leads the company's efforts to excel in operational efficiencies and market penetration. He has most recently sharpened the company's continuous improvement focus to meet the company's goals of 100% on-time delivery and first-time performance. Mr. Singh also leads the company's private investment initiatives in lower middle market companies located in northeast Ohio. Mr. Singh has held various financial executive leadership roles in Fortune 1000, privately held and private equity backed portfolio companies across various industries, including consumer products, manufacturing and service. Mr. Singh currently serves as an advisor to the Boards of two non-profit organizations and a technology startup.

2. Executive Officers

The executive officers of the Company, as well as certain information about them, as of December 31, 2019 are presented in the following table.

Name	Position with Company	Officer Since
Gary Medved	President and Chief Executive Officer	2019
Mark E. Barrus	Senior Vice President, Chief Financial Officer and Secretary	2019

Effective January 19, 2019, John J. McCann resigned from the Company's Board of Directors and as President and Chief Executive Officer. Gary Medved was appointed President and Chief Executive Officer. Effective January 16, 2019, Mark Barrus was appointed Senior Vice President, Chief Financial Officer and Secretary.

All correspondence to the Company's executive officers may be mailed to the Company's Corporate Headquarters at 4400 Carnegie Avenue, Cleveland, Ohio 44103.

Biographical information for each executive officer not already described herein appears below.

Gary Medved, age 58, was President and Owner of Roto-Die, Inc., a manufacturer of hydraulic sheet metal benders. Within four years he grew the company's revenues by more than 300 percent by expanding into new markets, introducing a remanufactured equipment program and launching a new marketing program. Gary also served as the President of Stride Tool, a manufacturer of innovative specialty hand tools for professional technicians. During his tenure, he increased revenue by 75 percent through organic growth, while driving manufacturing efficiencies and the rollout of new, patented products and retail channels.

Mark Barrus, age 58, served as Vice President and Treasurer of Covia, a public traded mining and minerals company formed by the merger between Fairmont Sanitrol and Unimin in 2018. At Covia, he led the corporate treasury function, overseeing capital structuring and cash forecasting, while serving as a member of the corporate merger integration team. His strong background also includes senior accounting, finance, tax and treasury roles at FMSA Holdings, Inc. (Fairmont Sanitrol) and NACCO Industries, Inc., and he was a partner in the accounting firms of KPMG LLP and Arthur Andersen LLP.

3. Equity Ownership of Directors and Executive Officers

Please see part D, Item 14 below.

4. Compensation of Directors and Executive Officers

The following table presents information concerning the compensation paid during the year ended December 31, 2019 by the Company to its directors and executive officers as a group.

Name	Year	Salaries (\$)	Bonus (\$)	Stock Option Awards	All Other Compensation (\$) ⁽²⁾
Non-employee Directors (9 in total) ⁽¹⁾	2019	-	-	650,000	\$75
Executive Officers (2 in total) ⁽³⁾	2019	\$317	-	1,250,000	-

- (1) Non-employee Directors received a quarterly retainer of \$3,000. In addition, non-employee Directors received an annual stock option award of up to 100,000 stock options. Director compensation is prorated for the period served. Effective as of July 18, 2019, each of the Directors elected to receive their quarterly director retainer in the form of shares of common stock, rather than cash. These shares are issued quarterly, and the number of shares issued is determined based on the closing price as of the end of each calendar quarter. This arrangement is in place until the election of Directors in 2020.
- (2) The Company reimburses directors' travel, lodging and other reasonable out-of-pocket expenses in connection with attendance at Board, Committee and Shareholder meetings. These amounts are not included in the table above.
- (3) The Company has determined that compensation information regarding the executive officers as a group is, given the modest aggregate amounts in every category, sufficient to an understanding of the Company and that providing confidential information as to each individual executive officer would not contribute materially to an understanding of the Company. The Chief Executive Officer has an Employment Agreement with the Company.

B. Legal/disciplinary history

None of the current directors and executive officers of the Company have, in the last five years, been the subject of (1) a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses); (2) the entry of an order, judgment or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities and banking activities; (3) a finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, the Commodity Futures Trading Commission or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated, or (4) the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

C. Disclosure of family relationships

None.

D. Disclosure of related party transactions

The information required by this item is included in Note 17 to the Company's December 31, 2019 consolidated financial statements and are incorporated herein by reference from the Company's 2019 Annual Report filed separately through the OTC Disclosure and News Service, and available at www.otcmarkets.com.

E. Disclosure of conflicts of interest

None.

Item 12 Financial information for the issuer's most recent fiscal period

The Company's audited consolidated financial statements for the year ended December 31, 2019 are incorporated herein by reference from the Company's 2019 Annual Report filed separately through the OTC Disclosure and News Service, and available at www.otcmarkets.com. The audited consolidated financial statements include the following reports:

1. Independent Auditors' Report
2. Consolidated Balance Sheets
3. Consolidated Statements of Operations
4. Consolidated Statements of Stockholders' Equity
5. Consolidated Statements of Cash Flows
6. Notes to Consolidated Financial Statements

Item 13 Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence

The Company's audited consolidated financial statements for the years ended December 31, 2018 and 2017 are incorporated herein by reference from the Company's 2018 Annual Report filed separately through the OTC Disclosure and News Service, and available at www.otcmarkets.com. The audited consolidated financial statements include the following reports:

1. Independent Auditors' Report
2. Consolidated Balance Sheets
3. Consolidated Statements of Operations
4. Consolidated Statements of Comprehensive Loss
5. Consolidated Statements of Stockholders' Equity
6. Consolidated Statements of Cash Flows
7. Notes to Consolidated Financial Statements

Item 14 Beneficial owners

The following table sets forth, as of December 31, 2019, the equity ownership of (a) all persons or groups known by the Company to be the beneficial owners of 5% or more of its outstanding Common Stock and (b) all of the Company’s directors and executive officers as a group. Because beneficial owners are not required to disclose their ownership interests publicly or to the Company, we may only rely on public sources and reports made directly to us when determining beneficial ownership, and, as a result, there may be other beneficial owner(s) of more than 5% of the Company’s Common Stock that are not included in the following table.

Principal Beneficial Owners of Shares (2)			
Name of Beneficial Owner	Relationship to Issuer	Amount and Nature of Beneficial Ownership (1)	Percent of Class (1)
All Directors and Executive Officers as a Group (9 in total)	Directors and Executive Officers	16,680,915	26.8%
Merlin Partners LP	Shareholder	4,982,360	7.9%

- (1) The Company has determined that beneficial ownership information regarding all directors and executive officers is sufficient to an understanding of the Company and the degree to which management has a stake as shareholders of the Company. 1,361,500 shares for the directors and executive officers as a group represent shares which could be acquired within 60 days after March 15, 2020 by exercise of stock options.
- (2) Represents the Company’s reasonable, good faith effort to calculate beneficial ownership based on the Company’s and transfer agent’s records.

Item 15 The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business, development and disclosures

A. Investment Banker

Carleton McKenna & Company LLC
 c/o Christopher McKenna
 1801 East 9th Street Suite 1425
 Cleveland, OH 44114
 (216) 832-5449
 cjm@carletonmckenna.com

B. Promoters

None

C. Counsel

Clark Hill PLC
 c/o Peter K. Blume
 500 Woodward Avenue, Suite 3500
 Detroit, Michigan 48226-3435

(313) 965-8387
pblume@clarkhill.com

D. Auditor

Preparation of the Company's financial statements is the responsibility of the Company's management. The Company's independent audit firm, Marcum LLP, is responsible for expressing an opinion on the Company's financial statements based on its audit as of and for the year ended December 31, 2019.

On December 1, 2019, the Company's previous independent audit firm Skoda Minotti & Co. merged with Marcum LLP. Skoda Minotti & Co. was the Company's independent audit firm as of and for the year ended December 31, 2018 and was responsible for expressing an opinion on the Company's financial statements based on its December 31, 2018 audit.

Auditor contact information:

Marcum LLP
c/o Ryan Siebel, Partner
6685 Beta Drive
Mayfield Village, Ohio 44143
(440) 449-6800
rsiebel@marcumllp.com

E. Public Relations Consultant(s)

None

F. Investor Relations Consultant

None

G. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement

None

Item 16 Management's discussion and analysis or plan of operation

A. Plan of operation

This item is not applicable, as the Company has had revenues in each of the last two fiscal years.

B. Management's discussion and analysis of financial condition and results of operations (amounts in thousands, except share and per share amounts)

Mace Security International, Inc. currently operates in one business segment, the Security Segment, which manufactures and distributes personal safety and security products to retailers, distributors, and individual consumers. The Company also supplies pepper sprays, gels and foams, OC defense sprays for law enforcement, security professionals, correctional institutions and military markets.

Fiscal Year 2019 compared with Fiscal Year 2018

Net sales

Net sales comparative information for fiscal 2019 and 2018, respectively, is as follows:

<u>Net Sales by Type of Customer</u>	<u>Year Ended December 31,</u>		<u>Increase</u>
	<u>2019</u>	<u>2018</u>	<u>(Decrease)</u>
Consumer	\$ 8,648	\$ 9,662	(1,014)
Tactical	658	679	(21)
International	1,017	981	36
Other	181	167	14
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 10,504</u>	<u>\$ 11,489</u>	<u>\$ (985)</u>

Total net sales decreased in the year ended December 31, 2019 by 8.6%, compared with net sales in the year ended December 31, 2018. Net sales to customers in the consumer market decreased in the year ended December 31, 2019, compared with the same period in 2018. This decline in net sales was due to approximately (a) \$400 of 2018 net sales in a channel the Company declined to participate in 2019 due to profitability, (b) \$833 decrease in net sales in e-commerce that were affected by the Company's decision to curtail advertising expenditures while the Company developed a more focused e-commerce presence, and (c) \$1,000 of brick and mortar net sales decrease due to temporary store format changes, less participation in special discounted retail programs in 2019, and a decrease in overall brick and mortar sell through in 2019. These declines were partially offset by increased sales of private label product in the year ended December 31, 2019 compared with the same period in 2018.

Tactical net sales, which include tactical spray products, in the year ended December 31, 2019 were comparable to net sales in the same period in 2018. In June 2019, the Company decided to no longer offer less-lethal tactical munitions and weapons system products, and to continue to serve the tactical spray product market. Sales of less-lethal tactical munitions and weapon system products in 2019 and 2018 were not significant.

Sales to International customers increased in the year ended December 31, 2019, compared with the same period in 2018, due to increased sales to customers in the European Union.

Sales to other types of customers increased in the year ended December 31, 2019, compared with the same period in 2018, primarily due to increased business to business sales.

Cost of goods sold

Cost of goods sold decreased in fiscal 2018 by 7.8% to \$6,579, or 62.6% of net sales, compared with \$7,133, or 62.1% of net sales, in fiscal 2018, primarily due to the 8.6% decrease in net sales. Cost of goods sold as a percentage of net sales was negatively impacted by a \$170 decrease in the amount of absorbed labor and overhead.

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Gross profit

Gross profit decreased \$431, or 9.9%, to \$3,925 or 37.4% of net sales, during fiscal 2019, compared with \$4,356, or 37.9% of net sales, in fiscal 2018, primarily due to decreased revenues. Gross profit as a percentage of net sales stayed relatively the same between years due to customer mix.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by \$303 to \$5,057, or 48.1% of net sales, during fiscal 2019, compared with \$4,754, or 41.4% of net sales in fiscal 2018. The following table presents the significant expense items causing the increase in selling, general and administrative expenses in the year ended December 31, 2019, compared with the same period in 2018.

<u>Selling, General and Administrative Expense</u> <u>Categories</u>	<u>Increase</u> <u>(Decrease)</u>
Salaries and related employee benefits decrease, which is primarily attributable to personnel changes	\$ (109)
Variable commission expense decrease	(85)
Legal and other discretionary professional services expense increase	295
Vesting of stock options and stock awards related to Selling, General and Administrative Expense upon occurrence of Change of Control as defined in the 2012 Stock Option Plan, net of decrease in stock option expense	94
Decrease in business travel expenses	(64)
Provision for loss on trade accounts receivables	403
Decrease in e-commerce fulfillment fees	(122)
Other factors, net	<u>(109)</u>
Total	<u>\$ 303</u>

Provision for loss on trade accounts receivable relates primarily to one customer, Stealth Technologies, Inc., FKA Mobile Dynamic Marketing, Inc. In 2019 the Company initiated a lawsuit against Stealth Technologies, Inc. and its parent company for payment of amounts owed to the Company. In 2020, Stealth Technologies, Inc. filed a voluntary petition for bankruptcy under Chapter 7 of the Bankruptcy Code.

Depreciation

Depreciation expense in fiscal 2019 decreased \$32 to \$163, compared with \$195 in fiscal 2018, due primarily to certain fixed assets becoming fully depreciated and not being offset by new fixed assets.

Interest income

Interest income decreased \$81 in fiscal 2019 to \$4, compared with \$85 in fiscal 2018, due primarily to a decrease in investment income due primarily to (a) the factors which led the Company to impair in

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the fourth quarter of 2018 its two notes receivable and no longer accrue interest income and (b) the liquidation of the Company's short-term investments in the second quarter of 2019. Interest expense was \$57 in the year ended December 31, 2020, compared with \$43 in the year ended December 31, 2018, primarily related to an increase in the amount drawn on the Company's credit facility.

Amortization of intangible assets

Amortization of intangible assets relates to the amortization of intangible assets associated with the Company's acquisitions.

Provision for note receivable allowance

In connection with the Company's sale of its wholesale security monitoring services business in 2013, the Company accepted a note receivable from the buyer, Security Partners, LLC. In 2018, Security Partners, LLC defaulted on its note receivable to the Company. The Company, upon consideration of the financial information that was available to it regarding Security Partners, LLC, determined that the principal amount and related accrued interest may not be fully recoverable. As a result, in 2018, an allowance of \$706 was established through an impairment charge on the note receivable (\$690) and accrued interest (\$16). Security Partners was placed into receivership in late 2019, and no new information is available regarding recovery, if any, of these amounts.

In connection with the Company's sales of electronic surveillance equipment business to SecureCheck LLC in 2016, the Company accepted a note receivable from SecureCheck LLC. The Company subsequently agreed to the transfer of this note receivable and of the rights and obligations arising from the original sale agreement to Aegis Security, LLC, leaving SecureCheck LLC obligated on the note receivable on a co-borrower basis. In 2019, Aegis Security, LLC and SecureCheck, LLC defaulted on the note to the Company. The Company, upon consideration of the events culminating in the debtors' response to their default, determined that the principal amount may not be fully recoverable. As a result, in 2018, an allowance of \$358 was established through an impairment charge on the note receivable. In 2019, an additional impairment charge of \$18 was recognized based upon receipt of additional information regarding these entities. In late 2019, the Company obtained a judgement in its claim against SecureCheck LLC, but has learned the company is liquidating and nominal, if any, recovery of the amounts is expected from SecureCheck LLC or Aegis Security, LLC.

Net loss

Net loss in fiscal 2019 was \$1,700, compared with a net loss of \$1,946 in fiscal 2018 due primarily to the factors noted above.

Liquidity and Capital Resources

Cash, cash equivalents and restricted cash increased by \$109 to \$307 at December 31, 2019, compared with \$198 at December 31, 2018. The Company's operating activities of continuing operations used \$106 of cash in fiscal 2019, compared with \$409 in fiscal 2018. In the year ended December 31, 2019, depreciation, equity compensation, provision for note receivable allowance and other non-cash charges totaled \$1,632. Changes in operating assets and liabilities used \$38 of cash due primarily to factors resulting from normal business conditions of the Company, including (1) lower inventory due in part to lower net sales, (2) lower prepaid expenses and other assets, due to lower deposits with vendors for inventory and (3) lower accounts payable and accrued liabilities due to timing of payments.

The Company's capital expenditures in fiscal 2019 were \$76, compared with \$168 in fiscal 2018. Capital expenditures in fiscal 2019 related principally to production equipment and tooling. The Company anticipates total fiscal 2020 capital expenditures will be approximately \$50 and will relate principally to production equipment and fixtures. The Company anticipates funding future capital expenditures from operating cash flow. There were no commitments for capital expenditures at December 31, 2019.

The Company has not declared or paid any cash dividends within the last two (2) fiscal years and does not anticipate paying any such dividends in the foreseeable future. The Company currently intends to retain all its earnings for the operation and expansion of its business.

The Company has a \$1,500 credit agreement with a bank (the "Credit Agreement"), that is secured by substantially all the Company's assets and payable on demand. The Credit Agreement provides for monthly interest payments at a rate equal to LIBOR plus 1.75%. The interest rate was 3.447% at December 31, 2019. \$600 was drawn upon the Credit Agreement at December 31, 2019. The Company is in discussions with the bank to voluntarily reduce the size of this credit agreement, but no action has been taken as of this date.

In connection with its March 2017 acquisition, the Company entered into a 5% \$1,000 secured note payable to the seller of acquired business due March 22, 2022. The note is collateralized by all the Company's assets and is subordinated to the bank line of credit. \$499 was outstanding on this note payable at December 31, 2019.

The Company believes that funds provided by operations, existing working capital, and its bank credit agreement should be sufficient to meet working capital needs for the next 12 months.

C. Off-balance sheet arrangements

In the ordinary course of business, the Company is party to certain arrangements that are not reflected in the Consolidated Balance Sheets. This includes operating and finance leases as described in Note 15 to the Company's December 31, 2019 consolidated financial statements, which primarily relate to the Company's facility in Cleveland, Ohio. The Company does not have any obligations that meet the definition of an off-balance sheet arrangement that have had, or are reasonably likely to have, a material effect on the Company's financial condition or results of operations.

Part E Issuance History

Item 17 List of securities offerings and shares issued for services in the past two years.

The following table sets forth information regarding the common stock of Mace Security International, Inc. issued during fiscal years ended December 31, 2019 and 2018.

Date	Nature of Offering	Party Shares Issued To	Number of Shares Issued	Trading Status of Shares	Restricted Shares
3/30/2018	Option Exercise	Employee	12,134	Restricted	Yes
5/23/2018	Option Exercise	Employee	29,070	Restricted	Yes
12/10/2018	Payment of contingent purchase price	Seller of Business	116,772	Restricted	Yes
3/7/2019	Payment of contingent purchase price	Seller of Business	175,000	Restricted	Yes
3/20/2019	Stock award	Employees	20,000	Restricted	Yes
12/11/2019	Stock award	Non-Employee Directors	70,000	Restricted	Yes

(1) The shares have not been registered under the Securities Act of 1933, as amended, and as a result there are restrictions on transferability and sale of the shares under the Security Act of 1933.

The following table sets forth information regarding common stock options issued during fiscal years ended December 31, 2019 and 2018.

Date	Nature of Offering	Party Shares Issued To	Number of Shares Issued	Exercise Price	Purpose
6/12/2018	Stock Option	Non-Employee Directors	525,000	\$0.40	Annual Retainer
1/16/2019	Stock Option	Employee	250,000	\$0.28	Employee Option Award
1/21/2019	Stock Option	Employee	1,000,000	\$0.34	Employee Option Award
3/20/2019	Stock Option	Employee	20,000	\$0.41	Employee Option Award
7/18/2019	Stock Option	Non-Employee Directors	650,000	\$0.30	Annual Retainer

Part F Exhibits

Item 18 Material Contracts

- 18.1 Mace Security International, Inc. 1999 Stock Option Plan (incorporated herein by reference to Exhibit 10.98 to the June 30, 1999 Form 10-QSB dated August 13, 1999)
- 18.2 Mace Security International, Inc. 2012 Stock Incentive Plan (incorporated herein by reference to Form DEF 14A filed on May 18, 2012)
- 18.3 Asset Purchase Agreement between Mace Security International, Inc. and SecureCheck LLC dated September 28, 2016 (incorporated herein by reference to OTCQX Annual Information and Disclosure Statement December 31, 2016)
- 18.4 Employment Agreement dated as of November 21, 2012 by and between Mace Security International, Inc. and John J. McCann (incorporated herein by reference to OTCQX Annual Information and Disclosure Statement December 31, 2016)
- 18.5 Employment Agreement dated as of January 1, 2014 by and between Mace Security International, Inc. and Carl R. Smith (incorporated herein by reference to OTCQX Annual Information and Disclosure Statement December 31, 2016)
- 18.6 Asset Purchase Agreement between Washington Laboratories, LLC, Larry W. Harris and Mace Security International, Inc. dated March 22, 2017 (incorporated herein by reference to OTCQX Annual Information and Disclosure Statement December 31, 2017)
- 18.7 Asset Purchase Agreement between Mace Security International, Inc., Robinhood Digital LLC and David A. Happe dated October 19, 2017 (incorporated herein by reference to OTCQX Annual Information and Disclosure Statement December 31, 2017)
- 18.8 Bonus Agreement between Mace Security International, Inc., George C. Gehrisch and Sanjay Singh dated March 9, 2018 (incorporated herein by reference to OTCQX Annual Information and Disclosure Statement December 31, 2017)
- 18.9 Shareholder Agreement dated March 9, 2018 (incorporated herein by reference to OTCQX Annual Information and Disclosure Statement December 31, 2017)
- 18.10 Employment Agreement dated January 20, 2019 by and between Mace Security International, Inc. and Gary Medved

Item 19 Articles of Incorporation and Bylaws

Amended and Restated Certificate of Incorporation of Mace Security International, Inc. was previously filed with the Securities and Exchange Commission as Exhibit 3.7 to the Company's Registration Statement on Form S-3 on June 16, 2004 and is incorporated herein by reference.

Amended and Restated Bylaws of Mace Security International, Inc. were previously filed with the Securities and Exchange Commission as Exhibit 3.1 to the Company's Annual Report on Form 8-K filed on April 21, 2010 and is incorporated herein by reference.

Item 20 Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 21 Issuer's Certifications

I, Gary Medved, President and Chief Executive Officer, certify that:

1. I have reviewed this Annual Information and Disclosure Statement of Mace Securities International, Inc.,
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement, and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for the periods presented in this disclosure statement.

Date: February 26, 2020

/s/ Gary Medved

President and Chief Executive Officer

I, Mark Barrus, Senior Vice President, Chief Financial Officer and Secretary, certify that:

1. I have reviewed this Annual Information and Disclosure Statement of Mace Securities International, Inc.,
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement, and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for the periods presented in this disclosure statement.

Date: February 26, 2020

/s/ Mark Barrus

Senior Vice President, Chief Financial Officer and Secretary