



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

July 02, 2021

Dear Fellow Shareholder:

In connection with our Virtual Annual Meeting of Shareholders on July 13, 2021, at 10 a.m. Eastern Daylight Time, we are providing the following 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 shareholding 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,

/s/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 the date of this document, only Sanjay Singh, Executive Chairman, would be considered non-independent because of his employment by the Company.

Related Party Transactions

The Board, with the assistance of the Audit Committee and the Governance Committee, monitors compliance with the Company’s corporate governance policies, practices, and guidelines applicable to its directors, director nominees, officers, and employees. The Company’s 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 its interests.

Based on the company's most recent review conducted in the first quarter of 2021, Mace has not been a participant in any related party transaction since the beginning of 2020, except as follows:

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 continues with respect to Mr. Singh under terms of his 2020 Employment Agreement. Mr. Singh is 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 Agreements. Mr. Gehrisch is no longer providing services to the Company or participating in the Bonus Agreement leaving Mr. Singh as the sole participant in the Bonus Agreement.

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. One hundred percent (100%) of any earned bonus payment will be paid to Mr. Singh starting with the 2020 bonus as Mr. Gehrisch is no longer providing services to the Company. 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 was \$1,000,000, which represented the budgeted EBITDA for 2018 (including 12 months of financial performance of Washington Labs). By way of clarification, bonus payments for calendar year 2018 were payable for any increase in EBITDA over \$1,000,000. 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. In 2020, a \$221,390 bonus was earned and paid out in the second quarter of 2021.

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 2020 and 2021, the Company engaged a firm which employs a relative of the President and CEO for media services in relation to the 2020 and 2021 Annual Meeting of Shareholders. 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.

Shareholders Voting Agreement

In March 2018, MACNFAC, LLC, a subsidiary of Roll-Kraft ("MACNFAC LLC"), an affiliate of Executive Chairman Sanjay Singh and a board member at the time of the transaction, 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 required 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, Mr. Barone, and Mr. Amato, will vote their respective shares in favor of election of three directors proposed by MACNFAC LLC. MACNFAC LLC similarly agreed that, until the earlier of the three-year anniversary of the Agreement or until Ancora Advisors, LLC, Mr. Barone and Mr. Amato and affiliates of each collectively own less than 10% of the Company outstanding shares, it would vote its shares in favor of the election of Mr. Barone and Mr. 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 Mr. Singh and two other Board members designated by MACNFAC LLC. 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, Mr. Barone and Mr. 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 Mr. Barone and Mr. 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 Mr. Singh and Mr. 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 Finance and 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 at www.corp.mace.com. The Board also currently has a Cybersecurity Committee.

The Finance and 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 the Company's 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	<u>Finance and Audit</u>	<u>Compensation</u>	<u>Ethics, Corporate Governance and Nominating</u>	<u>Cybersecurity</u>
Mr. Amato	C	M		
Mr. Dickerson	M		M	
Ms. Juvan	M		M	
Ms. Kretchmar				C
Mr. Perella		C		M
Mr. Shousher		M	C	
Mr. Singh				M

M Denotes a member of the committee.

C Denotes the chairperson of the committee.

Finance and Audit Committee

The Finance and 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 Finance and 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 Finance and Audit Committee may in its discretion also use the “independence” requirements of the NASDAQ National Market as guidance. At least one member of the Finance and Audit Committee shall have accounting or related financial management expertise, as determined by the Board in its business judgment.

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 (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 the Company's corporate office. The Company's Secretary will forward all such correspondence that it receives to the Board or, if applicable, to the Chairman of the Board or other individual director.

The Company has established procedures to enable anyone who has a concern regarding accounting matters or compliance matters to report that concern through its normal company channels or anonymously.

Security Ownership of Certain Beneficial Owners on May 27, 2021

The following table provides information regarding beneficial ownership of the Company's shares of common stock by each person or entity known by us to be the beneficial owner of more than five percent of the Company's outstanding shares of common stock. The assessment of holders of more than five percent of the company's 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 the Company's 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.

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares of Common Stock</u>	<u>Percent of Class</u>
MACNFAC LLC (1) 4400 Carnegie Ave. Cleveland, Ohio 44103	14,148,915	22.0%
Ancora Advisors LLC (2) One Chagrin Highlands 2000 Auburn Dr Cleveland, OH 44122	5,004,491	7.8%
Richard Barone (3) 4400 Carnegie Ave. Cleveland, OH 44103	3,581,382	5.6%

- (1) The information is based on amounts reported to the Company by reports from the Company's transfer agent AST. Mr. Singh is a director of the Company, Mr. Singh is employed by the Company, and 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, 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 the Company's shares of common stock by each of its current or former named executive officers, and all of its current directors and executive officers as a group, in each case as of May 27, 2021. 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.

<u>Name of Beneficial Owner</u>	<u>Number of Shares of Common Stock (1)</u>	<u>Percent of Class (2)</u>
Sanjay Singh (3)	14,588,575	22.6%
Gary Medved	1,109,000	1.7%
Denis Amato (4)	1,900,760	2.9%
Bradley Dickerson	330,660	*
Jayne E. Juvan	43,723	*
Jennifer Kretchmar	20,556	*
Dan Perella	248,160	*
Hussien Shousher (5)	571,472	*
Mark Barrus (6)	250,000	*
All directors and executive officers as a group (9 persons)		29.6%

* Represents less than 1.0% of the Company's outstanding common stock.

- (1) Includes option to purchase common stock exercisable within 60 days of May 27, 2021 without regard to exercise price.
- (2) The percentage identified in the "Percent of Class" column is based on the number of the Company's shares of common stock outstanding as of the Record Date, May 27, 2021, of 64,436,061.
- (3) Includes attribution of 100% of the MACNFAC LLC shares.
- (4) Includes 33,000 shares held by Denis J. Amato Trust dated 11/1/16, Denis Amato, trustee.
- (5) Includes 25,812 in Randa M Shousher Trust.
- (6) Mr. Barrus was CFO through July 2020.

Outstanding Equity Awards on May 27, 2021

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

**Mace Security International, Inc.
Officer's Outstanding Equity Awards**

<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 of the Record Date</u>	<u>Expiration Date</u>
Gary Medved	Jan. 21, 2019	\$0.34	1,000,000	20% immediate, 20% each December 31 after grant date	600,000	Jan. 21, 2024
Sanjay Singh	June. 12, 2018	\$0.3975	75,000	100% due to change in control	75,000	June 12, 2023
Sanjay Singh	July 18, 2019	\$0.30	100,000	2% per month	48,000	July 18, 2024
Sanjay Singh	April 2, 2020	\$0.20	1,000,000	25% each Dec. 31 starting Dec. 31, 2021	-	April 2, 2025
Sanjay Singh	July 2, 2020	\$0.2790	75,000	2% per month	18,000	July 2, 2024
Michael Weisbarth	Feb. 2, 2021	\$0.4340	300,000	1/3 per year on anniversary date	-	Feb. 2, 2026

Director Compensation Table

The following table summarizes the total compensation for the Directors term ending July 2021. 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 2, 2020 through May 27, 2021**

<u>Director</u>	<u>Total Common shares in lieu of cash directors Fees</u>	<u>Total Non-Qualified Stock Options Issued</u>
Denis Amato	30,231	100,000
Bradley Dickerson	30,231	100,000
Jayne E. Juvan	19,723	100,000
Jennifer Kretchmar	13,056	-
Daniel Perella	30,231	100,000
Hussien Shousher	30,231	100,000
Sanjay Singh	30,231	75,000