EVERCEL, INC.
745 Fifth Avenue
Suite 500
New York, NY 10151

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on March 21, 2023

This Notice of Annual Meeting of Stockholders (the "**Notice**") has been mailed to you by the Board of Directors (the "**Board**") of Evercel, Inc. ("**we**," "**us**," "**our**," "**Evercel**" and the "**Company**") to inform you of the place, date, time and purpose of the Company's 2022 and 2023 annual meetings (collectively, the "**Annual Meeting**"). The Annual Meeting will be held at the offices of Olshan Frome Wolosky LLP, at 1325 6th Ave, New York, NY 10019 at 5:00 p.m. Eastern Time on Tuesday, March 21, 2023, for the following purposes:

1. The election of two Class II directors and two Class III directors, serving for two and three year terms, respectively, or until their successors are elected and qualified;

2. The approval of the voluntary dissolution and liquidation of the Company pursuant to a Plan of Dissolution and Liquidation (the "**Plan of Dissolution**"), in substantially the form attached as *Annex A* to the accompanying proxy statement;

3. The approval of a proposal to amend the Company's Second Amended and Restated By-laws (the "**Bylaws**") to permit stockholders to fix the number of directors on the Board to not less than three (3) nor more than seven (7); and

4. To undertake such other matters as may properly come before the Annual Meeting or any lawful adjournment or postponement thereof.

The Board recommends a vote "FOR" the election of the nominees for Class II directors and Class III directors, a vote "FOR" the approval of the voluntary dissolution and liquidation of the Company pursuant to the Plan of Dissolution and a vote "FOR" the amendment of the Bylaws.

Holders of our common stock, Series A Cumulative Convertible Preferred Stock (the "**Series A Stock**") and Series B Cumulative Convertible Preferred Stock (the "**Series B Stock**") (collectively, the "**Voting Stock**") at the close of business on Tuesday, February 21, 2023 (the "**Record Date**") will be entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. Whether or not you expect to attend the Annual Meeting, please read this Notice and the voting instructions in the section entitled "Questions and Answers about the Annual Meeting" below and then promptly vote your proxy or instruct your broker to vote in order to ensure your representation at the Annual Meeting.

It is very important that your shares be represented and voted at the Annual Meeting, regardless of the size of your holdings. The dissolution of the Company pursuant to the Plan of Dissolution cannot be approved, and the transactions contemplated thereby cannot be consummated, unless holders of a majority of the outstanding shares of Voting Stock vote for the approval of the dissolution of the Company pursuant to the Plan of Dissolution. Accordingly, whether or not you expect to attend the Annual Meeting, please vote as soon as possible. In order to facilitate your voting, you may vote (i) in person at the Annual Meeting, (ii) through the Internet by going to the internet address listed on your proxy card or (iii) by mail such that if you are a record holder, you may vote by proxy by filling out the proxy card and sending it back in the envelope provided. If you are a beneficial holder you may vote by proxy by filling out the vote instruction

form and sending it back in the envelope provided by your brokerage firm, bank, broker-dealer or other similar organization that holds your shares. Your vote over the Internet or by written proxy will ensure your representation at the Annual Meeting if you cannot attend in person. Please review the instructions on the proxy card regarding each of these voting options. You may revoke your proxy at any time before it has been voted at the Annual Meeting.

A complete list of stockholders of record entitled to vote at the Annual Meeting will be available for ten days before the Annual Meeting at the offices of the Company's outside legal counsel, Olshan Frome Wolosky LLP, at 1325 6th Avenue, New York, New York 10019 for inspection by stockholders during ordinary business hours for any purpose germane to the Annual Meeting.

You are urged to review carefully the information contained in this Notice prior to deciding how to vote your shares.

This Notice is first being disseminated to stockholders on or about Friday, February 24, 2023.

By Order of the Board of Directors,

/s/ Richard Krantz
Name: Richard Krantz
Title: Acting Secretary

IF YOU RETURN YOUR PROXY CARD OR BROKER VOTING INSTRUCTION CARD WITHOUT AN INDICATION OF HOW YOU WISH TO VOTE, YOUR SHARES WILL BE VOTED IN FAVOR OF THE NOMINEES FOR CLASS II DIRECTOR AND FOR CLASS III DIRECTOR, IN FAVOR OF THE APPROVAL OF THE VOLUNTARY DISSOLUTION AND LIQUIDATION OF THE COMPANY PURSUANT TO THE PLAN OF DISSOLUTION, IN FAVOR OF THE AMENDMENT TO THE BYLAWS AND AT THE DISCRETION OF THE PROXY FOR EACH OF THE OTHER PROPOSALS THAT PROPERLY COME BEFORE THE ANNUAL MEETING. THIS NOTICE IS AVAILABLE ON THE INTERNET AT: HTTP://WWW.EVERCEL.COM/INVESTOR-PAGE.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

1. General

Why am I receiving this Notice?

The Company has delivered printed versions of these materials by mail to holders of record and has otherwise made these materials available on the internet in connection with the Company's Annual Meeting, which will take place at the offices of Olshan Frome Wolosky LLP, at 1325 6th Ave, New York, NY 10019 on Tuesday, March 21, 2023 at 5:00 p.m. Eastern Time.

This Notice gives you information on each of the proposals put forth by the Board so that you can make an informed decision. These materials were first sent or given to all stockholders of record entitled to vote at the Annual Meeting on or about Friday, February 24, 2023.

What is included in these materials?

These materials include:

- This Notice;
- A proxy card along with voting instructions;
- Unaudited financial statements of the Company;
- Plan of Dissolution and Liquidation; and
- Press Release

Who can vote at the Annual Meeting of stockholders?

Stockholders of record of our common stock, holders of Series A Stock and holders of Series B Stock who owned their shares on Tuesday, February 21, 2023 may attend and vote at the Annual Meeting. Beneficial owners of our common stock who owned their shares on the Record Date may only vote and/or attend the Annual Meeting in accordance with the instructions below. There were 27,096,782 shares of common stock and an aggregate of 30,624 shares of Series A Stock and Series B Stock outstanding on the Record Date.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most of our stockholders hold their shares in an account at a brokerage firm, bank or other nominee holder, rather than holding share certificates in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of Record

If, on the Record Date, your shares were registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, you are a "stockholder of record" who may vote at the Annual Meeting, and we are sending these Annual Meeting materials directly to you. As the stockholder of record, you have the right to direct the voting of your shares by returning the enclosed proxy card to us or

to vote in person at the Annual Meeting. Whether or not you plan to attend the Annual Meeting, please complete, date and sign the enclosed proxy card to ensure that your vote is counted.

Beneficial Owner

If, on the Record Date, your shares were held in an account at a brokerage firm or at a bank or other nominee holder, you are considered the beneficial owner of shares held "in street name," and these proxy materials are being forwarded to you by or at the direction of your broker or nominee who is considered the stockholder of record for purposes of voting at the Annual Meeting. As the beneficial owner, you have the right to vote your shares and to attend the Annual Meeting as described below. Whether or not you plan to attend the Annual Meeting, please vote prior to the Annual Meeting as described below to ensure that your vote is counted.

How do I vote my shares?

There are three ways to vote:

(1) In person. You may vote at the Annual Meeting by attending the Annual Meeting held at the offices of Olshan Frome Wolosky LLP, at 1325 6th Ave, New York, NY 10019 at 5:00 p.m. Eastern Time on Tuesday, March 21, 2023.

(2) Via the internet. Use the internet to vote by going to the internet address listed on your proxy card; have your proxy card in hand as you will be prompted to enter your control number to create and submit an electronic vote. If you vote in this manner, your "proxy," whose name is listed on the proxy card, will vote your shares as you instruct on the proxy card. If you sign and return the proxy card or submit an electronic vote but do not give instructions on how to vote your shares, your shares will be voted as recommended by the Board.

(3) By mail. You may vote by mail. If you are a record holder, you may vote by proxy by filling out the proxy card and sending it back in the envelope provided. If you are a beneficial holder you may vote by proxy by filling out the vote instruction form and sending it back in the envelope provided by your brokerage firm, bank, broker-dealer or other similar organization that holds your shares.

How many votes am I entitled to per share?

Each share of common stock entitles the holder thereof to one vote, each share of Series A Stock entitles the holder thereof to 1.82 votes and each share of Series B Stock entitles the holder thereof to 1.82 votes and all Voting Stock vote together as a single class. If all of our stockholders vote their Voting Stock as of the Record Date at the Annual Meeting there will be an aggregate of 27,152,518 votes cast at the Annual Meeting.

What is the proxy card?

The proxy card enables you to appoint Richard Krantz, our acting Secretary and a director, as your representative at the Annual Meeting. By completing and returning the proxy card (or voting online, if permissible and as described herein), you are authorizing this person to vote your shares at the Annual Meeting in accordance with your instructions on the proxy card. This way, your shares will be voted whether or not you attend the Annual Meeting. Even if you plan to attend the Annual Meeting, it is strongly recommended that you complete and return your proxy card before the Annual Meeting date just in case your plans change. If a proposal comes up for vote at the Annual Meeting that is not on the proxy card, the proxy will vote your shares, under your proxy, according to his best judgment.

What am I voting on?

You are being asked to vote on:

1. The election of two Class II directors and two Class III directors, serving for two and three year terms, respectively, or until their successors are elected and qualified;

2. The approval of the voluntary dissolution and liquidation of the Company pursuant to the Plan of Dissolution, in substantially the form attached as *Annex A* to this proxy statement;

3. The approval of a proposal to amend the Company's Bylaws to permit stockholders to fix the number of directors on the Board to not less than three (3) nor more than seven (7); and

4. To undertake such other matters as may properly come before the Annual Meeting or any lawful adjournment or postponement thereof.

How does the Board recommend that I vote?

The Board recommends a vote "**FOR**" the election of the nominees for Class II director and Class III director, a vote "**FOR"** the approval of the dissolution and liquidation of the Company pursuant to the Plan of Dissolution, and a vote "**FOR**" the amendment to the Bylaws.

What does it mean if I receive more than one proxy card?

You may have multiple accounts at the transfer agent and/or with brokerage firms. Please sign and return all proxy cards to ensure that all of your shares are voted.

What if I change my mind after I return my proxy?

You may revoke your proxy and change your vote at any time before the polls close at the Annual Meeting. You may do this by:

- sending a written notice to Richard Krantz, our acting Secretary, stating that you would like to revoke your proxy of a particular date;

- signing another proxy card with a later date and returning it before the polls close at the Annual Meeting; or

- Voting at the Annual Meeting.

Please note, however, that if your shares are held of record by a brokerage firm, bank or other nominee, you may need to instruct your broker, bank or other nominee that you wish to change your vote by following the procedures on the voting form provided to you by the broker, bank or other nominee.

Will my shares be voted if I do not sign and return my proxy card?

If your shares are held in your name and you do not sign and return your proxy card or vote online, your shares will not be voted unless you vote at the Annual Meeting. Due to voting rules that may prevent your bank or broker from voting your uninstructed shares on a discretionary basis in the election of directors and other non-routine matters, it is important that you cast your vote.

What happens if I don't indicate how to vote my proxy?

If you just sign your proxy card without providing further instructions, your shares will be counted as a "for" vote for the nominees for Class II director and Class III director, "for" the approval of the Plan of Dissolution and "for" the amendment to the Bylaws. If a proposal comes up for vote at the Annual Meeting that is not on the proxy card, the proxy will vote your shares, under your proxy, according to his best judgment.

How are votes counted?

Your voting options will be dependent on the particular proposal for which you wish to cast a vote. With respect to proposal 1 (the election of directors), you may vote "for" all of the director nominees or "withhold" authority to vote for one or more of the director nominees. With respect to proposal 2 (approval of the Plan of Dissolution), you may vote "for" or "against" the approval of the Plan of Dissolution, or you may "abstain" from casting a vote on the approval of the Plan of Dissolution. With respect to proposal 3 (amendment to the Bylaws), you may vote "for" or "against" the amendment to the Bylaws or you may "abstain" from casting a vote on such proposal. Abstentions, votes marked "withheld" and broker non-votes will be counted for the purpose of determining whether a quorum is present at the Annual Meeting.

Broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. These matters are referred to as "non-routine" matters. The election of the directors, approval of the plan of dissolution and amendment to the Bylaws are "non-routine." Thus, in tabulating the voting result for this proposal, shares that constitute broker non-votes are not considered votes cast on that proposal. Broker non-votes, if any, will have the same effect as a vote "for" the approval of the Plan of Dissolution.

How many shares must be present or represented to conduct business at the Annual Meeting?

The quorum requirement for holding the Annual Meeting and transacting business is that holders of a majority of the Voting Stock outstanding as of the Record Date must be present in person or represented by proxy. Abstentions, votes marked "withheld" and broker non-votes are counted for the purpose of determining the presence of a quorum. In order to meet the quorum requirement for holding the Annual Meeting and transacting business, holders of a total of 13,576,260 shares must be present in person or represented by proxy at the Annual Meeting.

Is my vote kept confidential?

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed except as may be necessary to meet legal requirements.

Where do I find the voting results of the Meeting?

We will announce voting results at the Annual Meeting. The final voting results will be tallied by the inspector of election at the Annual Meeting and then published in a press release by the Company or posted on the Company's corporate website.

Where can I find more information regarding the Company?

For more information regarding the Company, please visit the Company's website at http://www.evercel.com/investor-page.

Who can help answer my questions?

You can contact our acting Secretary, Richard Krantz, via email at rkrantz@cm.law or by sending a letter to Mr. Krantz at the mailing address of the Company at 745 Fifth Avenue, Suite 500, New York, NY 10151 with any questions about proposals described in this Notice or how to execute your vote.

2. Election of Directors

How many votes are required to elect the nominees for Class II director and Class III director of the Company?

In the election of the Class II directors and Class III directors, the two persons receiving the highest number of affirmative votes for each class of director voted by the Voting Stock at the Annual Meeting will be elected.

Can I nominate a person for election as a director of the Company or submit any other proposals for the Annual Meeting?

Our Bylaws, provide that stockholders entitled to vote at the Annual Meeting may nominate one or more persons for election as a director or may submit a proposal to conduct other business at the Annual Meeting, not less than fifty (50) nor more than seventy-five (75) days prior to the anniversary date of the immediately preceding annual meeting, provided, however, that in the event that less than sixty-five (65) days' notice of the date of the meeting is given or made to the stockholders, notice by the stockholder, to be timely must be received not later than the fifteenth (15th) day following the day on which such notice of the date of the annual meeting was mailed. The window of time for stockholders to submit director nominations and other business proposals not less than fifty (50) nor more than seventy-five (75) days prior to the anniversary date of the immediately preceding annual meeting has closed and sixty-five (65) days' notice of the date of the Annual Meeting was mailed to the stockholders on Friday, January 13, 2023. Accordingly, Stockholders can no longer nominate a person for election as a director of the Company or submit any other proposals for the Annual Meeting as of the date of such notice.

3. Plan of Dissolution

What does the Plan of Dissolution entail?

The Plan of Dissolution provides for the voluntary liquidation, winding up and dissolution of the Company.

What is the total amount of liquidating distributions, if any, which stockholders can expect to receive and when will stockholders receive such liquidating distributions?

We intend to make an initial liquidating distribution to stockholders of record after the date when the Plan of Dissolution is approved (the "**Plan Effective Date**") but before the effective date of the filing of the Certificate of Dissolution with the Delaware Secretary of State. If the Plan of Dissolution is approved, we will make an initial liquidating distribution of approximately $34,000,000 million (approximately $1.25 per share) to the holders of common stock, $2,503 (approximately $2.28 per share) to the holder of Series A Stock and $67,167 (approximately $2.28 per share) to the holders of Series B Stock, in each case, after the Plan Effective Date but before the filing of the Certificate of Dissolution with the Delaware Secretary of State. (For purposes of clarity, the Company will still be required to provide holders of common stock a dividend of approximately $1.25 per share, although the tax treatment of such distribution will differ from distribution received pursuant to the Plan of Dissolution. **Please see "Proposal 2: Approval of the Plan**

of Dissolution – Reasons for Dissolution and Liquidation" for a discussion of the comparative tax analysis of distributions made within and outside the Plan of Dissolution.)

The amount of this initial distribution reflects the terms of the Settlement Agreement, by and among the Company, Corona Park and its affiliates, dated as of December 29, 2022 (the "**Settlement Agreement**"). Such liquid assets will be paid from our current liquid assets which are offset in part by provisions, or reserves, for future operating costs and expenses associated with dissolution and liquidation. **Please see "Proposal 2: Approval of the Plan of Dissolution – Contingent Liabilities; Reserves" for a discussion of contingent and reserves under Delaware Law.**

Any additional liquidating distributions other than the initial liquidating distributions, will be made to the extent the required contingency reserves are released (assuming no new reserves are required to be established) and upon the Company's sale of its remaining non-cash assets, which assets include the Company's indirect equity interests in its portfolio company, ZAGG. The Company's indirect equity interest in ZAGG is currently its sole non-cash asset and the Company does not control the management or timing of any sale thereof. Accordingly, there can be no assurance as to the amount and timing of future distributions to stockholders as related to ZAGG.

Other than the initial liquidating distribution, you will not know the exact amount or timing of any other liquidating distributions you may receive as a result of the Plan of Dissolution when you vote on the proposal to approve the Plan of Dissolution. You may receive substantially less than the amount we currently estimate or that you otherwise expect to receive. The amount distributed to stockholders, both initially and in total, may vary substantially from the amounts we currently estimate based on many factors, including the resolution of outstanding known claims and obligations of the Company, the incurrence of unexpected or greater-than-expected losses with respect to contingent liabilities, the assertion of claims that are currently unknown to us, the ability to receive reasonable value when selling our non-cash assets, which assets include the Company's interests in its portfolio company, ZAGG, and costs incurred to wind up our business. Further, if additional amounts ultimately are determined to be necessary to satisfy or make provision for any of these obligations, stockholders may receive substantially less than the current estimates. **Please see "Risk Factors—Risks Related to the Plan of Dissolution – We cannot assure you of the exact amount or timing of any additional liquidating distributions to our stockholders under the Plan of Dissolution, and any such distributions may be substantially less than the estimates set forth in this proxy statement.**"

What will happen if stockholders approve the Plan of Dissolution?

If the dissolution and liquidation of the Company pursuant to the Plan of Dissolution is approved, we plan to file a Certificate of Dissolution with the Delaware Secretary of State, cease all of the Company's business activities except those related to winding up and liquidating the Company's business and to preserve the value of our assets, complete the liquidation of our remaining assets, satisfy or make reasonable provisions for our remaining claims and obligations in accordance with Delaware law, and make distributions to our stockholders of available liquidation proceeds, if any.

Our Board may appoint new officers, hire employees and retain independent contractors and agents in connection with the wind up process as it deems appropriate. We may also assign all of our assets, liabilities and obligations to a liquidating trust. Our Board may appoint one or more of its members, one or more officers or a third party to act as trustee or trustees of such liquidating trust.

If our Board determines that the liquidation and dissolution of the Company are not in our best interests and the best interests of our stockholders, our Board may direct that the Plan of Dissolution be

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abandoned, either before or after stockholder approval, or may amend or modify the Plan of Dissolution to the extent permitted by Delaware law without the necessity of further stockholder approval.

What will happen if the Plan of Dissolution is not approved?

If the Plan of Dissolution is not approved by our stockholders, the dissolution and liquidation of the Company will not occur, and our Board and management will continue to explore what, if any, alternatives are available for the future of the Company, in light of our limited business activities and pursuant to the terms of the Settlement Agreement. The Company will still be required to provide holders of common stock a dividend of approximately $1.25 per share although the tax treatment of such distributions will differ from distributions received pursuant to the Plan of Dissolution. **Please see** "**Proposal No. 2: Approval of the Plan of Dissolution — Reasons for the Dissolution and Liquidation**" **for a discussion of the comparative tax analysis of distributions made within and outside the Plan of Dissolution.** If the Plan of Dissolution is not approved, it is possible that the Company would seek voluntary dissolution at a later time and potentially with diminished assets. We expect that our cash resources will continue to decrease as we incur expenses without a source of revenue, which could materially and adversely affect the value of our Voting Stock.

Why is the Board recommending approval of the dissolution and liquidation of the Company pursuant to the Plan of Dissolution?

The Board has devoted substantial time and effort to identifying and pursuing further ways to further enhance stockholder value or reduce risk. After considering at length the opportunities available to us, our Board has determined that the dissolution and liquidation of the Company pursuant to the Plan of Dissolution is advisable and in the best interests of the Company and our stockholders. **Please see "Proposal No. 2: Approval of the Plan of Dissolution — Background of the Proposed Plan of Dissolution" and "Proposal No. 2: Approval of the Plan of Dissolution — Reasons for the Dissolution and Liquidation."**

Do I have appraisal rights?

No. Under Delaware law, stockholders will not have appraisal rights in connection with any of the proposals.

Does the Plan of Dissolution present any liability to our stockholders?

If the Plan of Dissolution is approved by stockholders, we plan to establish reserves designed to satisfy operating expenses during the liquidation and winding up process and any unknown or contingent claims and obligations of the Company that may arise. Under Delaware law, if we fail to create adequate reserves for payment of our expenses and liabilities, or if such reserves and the assets held by any liquidating trust or trusts are exceeded by the amount ultimately found payable in respect of expenses and liabilities, each stockholder could be held liable for the repayment to creditors, out of the amounts theretofore received by such stockholder from us or from any liquidating trust or trusts, of such stockholder's pro rata share of such excess.

Are there any risks to the Plan of Dissolution?

Yes. You should carefully read the section entitled **"Proposal 2: Approval of the Plan of Dissolution—Risk Factors—Risks Related to the Plan of Dissolution."**

Do directors have interests in the Plan of Dissolution that differ from mine?

In considering the Board's recommendation to approve the Plan of Dissolution, you should be aware that some of our directors may have interests that are different from or in addition to your interests as a stockholder. **Please see** "**Factors—Risks Related to the Plan of Dissolution— Our Board may have interests in the Plan of Dissolution that are different from or in addition to your interests as a stockholder.**"

Can I sell my shares of Voting Stock once the Certificate of Dissolution is filed?

We do not intend to request that our common stock be delisted from the OTC Expert Market as of the close of business on the effective date of the filing of the Certificate of Dissolution with the Delaware Secretary of State. We intend to keep our stock transfer books open and continue recording transfers of shares of our common stock as of the close of business on such date. Certificates representing shares of our common stock will continue to be assignable or transferable on our books. However, after filing the Certificate of Dissolution, we will have limited control over our continued listing status, and the OTC Expert Market may take action to delist our common stock. In the event we are required to delist our common stock, the trading of our common stock will cease, we will close our stock transfer books and discontinue recording transfers of shares of our common stock. Certificates representing shares of our common stock will not be assignable or transferable on our books, except for assignments by will, intestate succession or operation of law. This will significantly and adversely affect the transferability of our common stock. **Please see** "**Proposal 2: Approval of the Plan of Dissolution—Description of the Plan of Dissolution and the Dissolution Process—Potential Delisting and Lack of Market for Trading of the Common Stock and Interests in the Liquidating Trust or Trusts.**"

When do you expect the dissolution and winding up process to be completed?

Assuming the dissolution and liquidation of the Company pursuant to the Plan of Dissolution is approved by our stockholders, the precise timing of the filing of the Certificate of Dissolution will be determined by our Board. Additionally, pursuant to Delaware law, our corporate existence will continue for a period of at least three years following the effective date of the Certificate of Dissolution (subject to extension if authorized by the Court of Chancery), but we would not be permitted to carry on any business except as appropriate to wind up and liquidate our business and affairs. Delaware law requires that reasonable provision be made for contingent, conditional and unmatured contractual claims and claims asserted in pending litigation to which the Company is a party, as well as certain claims that have not yet been made known or arisen but that are likely to arise during the 10 years after dissolution. It is possible that, in order to make provision for these types of claims and obligations, the Company will need to obtain a court order to extend the Company's corporate existence beyond three years following dissolution or establish a liquidating trust to provide for such claims. The Company also does not control the management or timing of any sale of ZAGG which is the Company's current sole non-cash asset. Accordingly, there can be no assurance as to the amount and timing of future distributions to stockholders as related to ZAGG. As a result, the winding up process could extend beyond three years after dissolution, and it is difficult to estimate when it will be completed. If all of our assets are not sold or distributed prior to the third anniversary of the effectiveness of the dissolution, we would expect either to seek an extension of the three year winding up period from a Delaware court and the IRS, as determined by the Board, or to transfer in final distribution such remaining assets to a liquidating trust.

What are the material U.S. federal income tax consequences of the dissolution and liquidation to our stockholders?

Amounts received by stockholders pursuant to the Plan of Dissolution will first be applied against and reduce a stockholder's tax basis in his, her or its shares of stock. Gain will be recognized as a result of

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a liquidating distribution to the extent that the aggregate value of the distribution and any prior liquidating distributions received by a stockholder with respect to a share exceeds such stockholder's tax basis for that share. A loss will generally be recognized if the aggregate value of all liquidating distributions with respect to a share is less than the stockholder's tax basis for that share, and such loss will only be recognized at the time that the final distribution from us has been received. Gain or loss recognized by a stockholder will be capital gain or loss provided the shares are held as capital assets, and will generally be long-term capital gain or loss if the stock has been held for more than one year. For further discussion of certain material U.S. federal income tax consequences of the proposed dissolution, **please see "Certain Material U.S. Federal Income Tax Consequences of the Proposed Dissolution," beginning on page 31 of this proxy statement.**

The tax consequences of the Plan of Dissolution may vary depending upon the particular circumstances of each stockholder. We urge each stockholder to consult its own tax advisor regarding the federal income tax consequences of the Plan of Dissolution as well as the state, local and foreign tax consequences.

How many votes are required to approve the Plan of Dissolution?

Pursuant to Delaware law, the approval of the dissolution and liquidation of the Company pursuant to the Plan of Dissolution requires the affirmative vote of the holders of a majority of the outstanding shares of our Voting Stock.

4. Amendment of the Company's Bylaws

How many votes are required to approve the amendment of the Company's Bylaws?

The affirmative vote of a majority of the shares outstanding and entitled to vote thereon is required to approve the amendment of the Company's Bylaws. Amendment to the Company's Bylaw is a "non-routine matter" and thus, in tabulating the voting result, shares that constitute broker non-votes are not considered votes cast on the proposal.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This proxy statement, including the Annex, contains forward-looking statements. Forward-looking statements represent the Company's expectations or beliefs concerning future events, including statements regarding the future performance of our business, our business plans, the dissolution and liquidation of the Company, the availability, amount or timing of liquidating distributions to stockholders and the adequacy of reserves established to satisfy the Company's obligations. Without limiting the foregoing, words or phrases such as "will likely result," "are expected to," "will continue," "anticipate," "estimate," "project," "believe," "intend" or similar expressions are intended to identify forward-looking statements. These statements are not statements of historical facts and do not reflect historical information. Forward-looking statements are subject to numerous risks and uncertainties and actual results may differ materially from those statements. The forward-looking statements included in this proxy statement are made only as of the date of this proxy statement. We do not undertake any obligation to update or supplement such forward-looking statements to reflect events or circumstances after the date hereof, except as required by law.

DISSOLUTION AND LIQUIDATION RISK FACTORS

Risks Factors – Risks Related to the Plan of Dissolution

You should carefully consider the risks described below, together with all the other information included in this proxy statement and the documents delivered with this proxy statement before making a decision about voting on the proposals submitted for your consideration.

We cannot assure you of the exact amount or timing of any additional liquidating distributions to our stockholders under the Plan of Dissolution. Any such distributions may be substantially less than the estimates set forth in this proxy statement.

The dissolution and liquidation process is subject to numerous uncertainties. There may be less capital remaining than initially anticipated for additional liquidating distributions to our stockholders following the initial liquidating distribution. Other than the initial liquidating distribution, the precise amount and timing of any additional liquidating distribution to our stockholders will depend on and could be delayed or diminished due to many factors, including:

- The amount and timing of the sale of the Company's sole non-cash asset, ZAGG which the Company does not control the management thereof;

- whether a creditor or other third party seeks an injunction against the making of distributions to our stockholders on the basis that the amounts to be distributed are needed to provide for the satisfaction of our liabilities or other obligations to the extent not previously reserved for;

- whether we become a party to lawsuits or other claims asserted by or against us, including any claims or litigation arising in connection with our decision to liquidate and dissolve;

- whether we are subject to future tax or other examinations or incur material tax or other liabilities, such as adjustments, penalties, interest and other amounts;

- whether we are unable to resolve claims with creditors or other third parties, or if such resolutions take longer than expected; or

- whether the expenses we incur in the liquidation process, including expenses of personnel required and other operating expenses (including legal, accounting and other professional fees), necessary to dissolve and liquidate the Company are more than we anticipate.

In addition, under Delaware law, claims and demands may be asserted against us at any time following the effective date of the Certificate of Dissolution. We expect to set aside initial cash reserves of approximately $10 million to pay operating expenses to be incurred through completion of the dissolution and wind-up process and to make provision for unknown claims and contingencies, as required by Delaware law, and to provide for future distributions to stockholders. We may set aside additional amounts as reserves to satisfy or make provision for claims against and obligations of the Company that may arise following the effective date of the Certificate of Dissolution. As a result of these factors, we may retain for distribution at a later date some or all of the estimated amounts that we expect to distribute to stockholders.

We will continue to incur expenses that will reduce the amount available for distribution.

Claims, liabilities and expenses from operations, such as operating costs, salaries, directors' and officers' insurance, payroll and local taxes, legal, accounting and consulting fees and miscellaneous office expenses, will continue to be incurred as we continue to wind up. These expenses could be much higher than currently anticipated and will reduce the amount of assets available for ultimate distribution to stockholders.

Stockholders could be held liable to creditors, up to the amount actually distributed to such stockholder in dissolution.

We will continue to exist for at least three years after our dissolution for the purpose of enabling us to continue to close our business, dispose of our property, discharge our liabilities and distribute to our stockholders any remaining assets. Under applicable law, if the amount we reserve proves insufficient to satisfy all of our expenses and liabilities, each stockholder who receives a liquidating distribution could be held liable for payment to our creditors of such stockholder's pro rata share of amounts owed to creditors in excess of the reserves, up to the amount actually distributed to such stockholder in dissolution. This means that a stockholder could be required to return all liquidating distributions made to such stockholder and receive nothing from us under the dissolution and liquidation. Moreover, in the event a stockholder has paid taxes on amounts previously received, a repayment of all or a portion of such amount could result in a stockholder incurring a net tax cost if the stockholder's repayment of an amount previously distributed does not cause a commensurate reduction in taxes payable. There can be no guarantee that the reserves established by us will be adequate to cover all such expenses and liabilities.

Stockholders may not be able to recognize a loss for U.S. federal income tax purposes until they receive a final distribution from us, which could occur years from now.

As a result of the dissolution, for U.S. federal income tax purposes, stockholders will generally recognize gain or loss equal to the difference between (a) the sum of the amount of cash distributed to them and the aggregate fair market value of any property (other than cash) distributed to them, and (b) their tax basis for their shares of our stock. A stockholder's tax basis in shares of our stock will depend upon various factors, including the stockholder's cost and the amount and nature of any distributions received with respect thereto. Any loss generally will be capital loss and will be recognized only when the final distribution from us has been received, which may be years after our dissolution. The deductibility of capital losses is subject to limitations.

The tax treatment of any liquidating distributions may vary from stockholder to stockholder, and the discussions in this proxy statement regarding such tax treatment are general in nature. You should consult your own tax advisor instead of relying on the discussions of tax treatment in this proxy statement for tax advice.

We have not requested a ruling from the IRS with respect to the anticipated tax consequences of the Plan of Dissolution, and will not seek an opinion of counsel with respect to the anticipated tax consequences of any liquidating distributions. If any of the anticipated tax consequences of the Plan of Dissolution described in the proxy statement proves to be incorrect, the result could be increased taxation at our and/or stockholder level, thus reducing the benefit to stockholders and us from the liquidation and distributions. Tax considerations applicable to particular stockholders may vary with and be contingent upon such stockholder's individual circumstances. For a more detailed discussion, **please see "Certain Material U.S. Federal Income Tax Consequences of the Proposed Dissolution" beginning on page 31 of this proxy statement.** You should consult your tax advisor as to the particular tax consequences of the dissolution to you, including the applicability of any U.S. federal, state, local and non-U.S. tax laws.

If we decide to use a liquidating trust, the distribution of interests in the trust could result in tax liability.

We may, in the Board's discretion, assign all of our assets, liabilities and obligations to a liquidating trust in a transfer that is intended to be treated, for U.S. federal income tax purposes, as a final distribution to our stockholders in liquidation. Accordingly, stockholders will be treated for U.S. federal income tax purposes as having received a liquidating distribution at the time we transfer assets to the liquidating trust equal to their pro rata shares of cash, and, as applicable, the fair market value of property other than cash, transferred to the liquidating trust, reduced by the amount of known liabilities assumed by the liquidating trust. Because stockholders will be deemed to have received a liquidating distribution equal to their pro rata share of the value of the net assets distributed to an entity which is treated as a liquidating trust for tax purposes, and the interests in the liquidating trust distributed to stockholders will not be transferrable, the transfer of our remaining assets to the liquidating trust could result in tax liability to the stockholders without their being readily able to realize the value of such interests to pay such taxes or otherwise. Further, it is intended that the liquidating trust will not be subject to U.S. federal income tax, and that the stockholders will be treated as owners of the liquidating trust. As owners of the trust, stockholders must take into account for U.S. federal income tax purposes their allocable portion of any income, gain, expense or loss recognized by the liquidating trust, whether or not they receive any actual distributions from the liquidating trust. For additional discussion of U.S. federal income tax consequences of a liquidating trust, **please see "Certain Material U.S. Federal Income Tax Consequences of the Proposed Dissolution" beginning on page 31 of this proxy statement.**

No further stockholder approval will be required.

The approval of the dissolution and liquidation of the Company pursuant to the Plan of Dissolution by our stockholders also will authorize, without further stockholder action, our Board to take such actions as it deems necessary, appropriate or desirable, in its discretion, to implement the Plan of Dissolution and the transactions contemplated thereby.

Our Board may abandon, modify or delay implementation of the Plan of Dissolution, even if approved by our stockholders, and this may cause prior distributions made in liquidation to be treated as dividends.

Even if our stockholders approve the dissolution and liquidation of the Company pursuant to the Plan of Dissolution, our Board has reserved the right, at its discretion, to the extent permitted by Delaware law, to abandon or delay implementation of the Plan of Dissolution (including determining not to file or to delay filing the Certificate of Dissolution) if such action is determined to be in our best interests and in the best interests of our stockholders, in order, for example, to permit us to pursue new business opportunities or strategic transactions that are subsequently presented to the Board. Any such decision to abandon or delay implementation of the Plan of Dissolution (including determining not to file or to delay filing the Certificate of Dissolution) may result in the Company incurring additional operating costs and liabilities, which could reduce the amount available for distribution to our stockholders.

If the dissolution is abandoned or revoked, stockholders could, depending on their particular circumstances, incur an increased stockholder-level U.S. federal income tax liability if cash or property distributed to stockholders is characterized as a dividend for U.S. federal income tax purposes. For a more detailed discussion, **please see "Certain Material U.S. Federal Income Tax Consequences of the Proposed Dissolution" beginning on page 31 of this proxy statement.**

Our Board also may modify or amend the Plan of Dissolution, notwithstanding stockholder approval of the Plan, if the Board determines that such action would be in the best interests of the Company

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and its stockholders. The Board will have authority under the Plan of Dissolution to make any such modification or amendment to the Plan of Dissolution without stockholder approval, although it may determine, in its sole discretion, to submit any modification or amendment to the stockholders for approval.

Our Board may have interests in the Plan of Dissolution that are different from or in addition to your interests as a stockholder.

Because of the compensation and benefits payable to members of our Board, acceleration of vesting of certain equity awards and/or continuing indemnification obligations to directors, our directors have interests in the Plan of Dissolution that are different from or in addition to your interests as a stockholder.

Our financial statements are not audited or prepared in accordance with generally accepted accounting principles ("GAAP").

In deciding whether to approve the Plan of Dissolution, the stockholders should review the Company's financial statements as of December 31, 2022 which are attached hereto as *Annex B* and incorporated herein by reference. The Board weighed and balanced the level of detail in the annexed financial statements against the prompt initial distribution and potential subsequent distributions to the Company's stockholders. Such financial statements have not been reviewed or audited by an external auditor. In addition, such financial statements have not been prepared in accordance with GAAP and were prepared for internal use only. Stockholders should proceed with caution when relying on such financial statements in deciding whether to approve the Plan of Dissolution.

Our Board has not received any independent report, opinion or appraisal from any independent party as to the valuation of the Company's assets and liabilities or explore other strategic alternatives.

Our Board's valuation of the Company's assets and liabilities will necessarily require many estimates and assumptions and our Board has not received a report, opinion or appraisal from an outside party (i) as to the value of the Company's assets and liabilities or (ii) to explore other available strategic alternatives that the Board has not considered.

Our common stock might be delisted from the OTC Expert Market.

If the Plan of Dissolution is approved by our stockholders, we will not initiate the process to delist our common stock from the OTC Expert Market. We will not request trading in our common stock be suspended on the OTC Expert Market at the close of business on the effective date of the Certificate of Dissolution. However, after filing the Certificate of Dissolution, we will have limited control over our continued listing status, and the OTC Expert Market may take action to delist our common stock. If the OTC Expert Market does take action to delist our common stock, the trading of our common stock will cease. We will close our stock transfer books and discontinue recording transfers of shares of our common stock. Certificates representing shares of our common stock will not be assignable or transferable on our books, except for assignments by will, intestate succession or operation of law. This will significantly and adversely affect the transferability of our common stock. **Please see** "**Proposal 2: Approval of the Plan of Dissolution—Description of the Plan of Dissolution and the Dissolution Process—Potential Delisting and Lack of Market for Trading of the Common Stock and Interests in the Liquidating Trust or Trusts.**"

PROPOSAL 1

ELECTION OF DIRECTORS

Introduction

The Board has nominated Richard Krantz and Greg Falk to stand for election as Class II directors at the Annual Meeting and has nominated Alan Mitrani and Al Behar to stand for election as Class III directors at the Annual Meeting. Stockholders will be asked to elect each of the nominees with the Class II and Class III directors serving for two and three year terms, respectively, or until his respective successor is elected and qualified. The enclosed proxy, if returned, and unless indicated to the contrary, will be voted for the election of each of the director nominees.

We have been advised by each of the director nominees that they are willing to be named as a nominee and are willing to serve as a director if elected. If some unexpected occurrence should make necessary, in the discretion of the Board, the substitution of some other person as nominee, it is the intention of the persons named in the proxy to vote for the election of such other person as may be designated by the Board.

Terms

The Class II directors shall serve a term of two years.

The Class III directors shall serve a term of three years.

Board Qualifications – Class II Directors

Richard Krantz

Richard Krantz, age 75, has been a director of the Company since November 2015. Mr. Krantz is also a partner at the law firm of Culhane Meadows PLLC. Culhane Meadows PLLC provides limited legal services to the Company. Mr. Krantz has been a practicing lawyer in the corporate, mergers and acquisition and securities areas for over 40 years. He received his B.A. from The Johns Hopkins University and his J.D. from Harvard University. Mr. Krantz is also Chair of the Board of Advisors of Hebrew Union College-Jewish Institute of Religion and a member of its Board of Governors. The Company believes that Mr. Krantz's extensive expertise in corporate law as well as his significant prior experience serving on the Company's board makes him a valuable addition to the Board of the Company.

Greg Falk

Greg *Falk,* age 68, has more than 25 years of experience providing his clients with due diligence and tax structuring advice in connection with domestic and cross-border mergers and acquisitions. Mr. Falk was with KPMG International Limited ("KPMG") for 12 years and retired from KPMG in 2014. While at KPMG, Mr. Falk advised the Company on its acquisition of Printronix. Prior to KPMG, Mr. Falk spent 14 years with PwC in the M&A Tax Practice. Mr. Falk has experience across many industries, with both major corporations and private equity funds as clients. He received an A.B. in Economics from University of California, Berkeley, a J.D. from Western New England University School of Law, and an LL.M. from Georgetown University Law Center. The Company believes that Mr. Falk's extensive expertise in tax and corporate transactions makes him a valuable addition to the Board of the Company.

Board Qualifications – Class III Directors

Alan Mitrani

Alan Mitrani, age 48, is a successful hedge fund investor. He has over 25 years of investment experience, including both as a securities analyst and hedge fund manager. Mr. Mitrani is currently a Managing Director at Sylvan Lake Asset Management. Prior to joining Sylvan Lake, Mr. Mitrani was previously employed as a Partner at Copper Beech Capital Management, Inc. and an Equity Research Analyst at Donaldson, Lufkin & Jenrette Securities Corp. Mr. Mitrani received a B.A. in Economics from Brandeis University. The Company believes that Mr. Mitrani's extensive investment experience makes him a valuable addition to the Board of the Company.

Al Behar

Al Behar, age 67, is a senior wealth management professional with 30 years of experience. Mr. Behar's experience focuses primarily on high net-worth and ultra-high net-worth families. He has experience in client service and sales management activities, business expansion strategies and management reporting. Mr. Behar has expertise in areas of asset allocation, modern portfolio theory, personal trust strategies, trust administration and estate planning. He is currently a senior vice president and fiduciary advisor at Wilmington Trust, N,A. Prior to that, Mr. Behar was a director and senior trust consultant at UBS Trust Company. Mr. Behar received a B.A. in Economics from Columbia University and a J.D. from the George Washington University National Law Center. The Company believes that Mr. Behar's extensive experience with wealth and asset management makes him a valuable addition to the Board of the Company.

Required Vote

In the election of the Class II and Class III directors, the two persons receiving the highest number of affirmative votes for each class of director voted by the Voting Stock at the Annual Meeting will be elected. Abstentions will have no effect on this proposal.

Board Members

If each of the nominees for the Class II and Class III directors are elected, the full Board following the Annual Meeting will consist of the following individuals: (1) Patrick A. McGeehin, (2) Alan Mitrani, (3) Greg Falk, (4) Al Behar and (5) Richard Krantz.

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEES FOR CLASS II DIRECTOR AND CLASS III DIRECTOR.

PROPOSAL 2

APPROVAL OF THE PLAN OF DISSOLUTION

Introduction

At the Annual Meeting, our stockholders as of the Record Date, will be asked to approve the voluntary dissolution and liquidation of the Company pursuant to the Plan of Dissolution. The Plan of Dissolution was approved by our Board, subject to stockholder approval, on March 21, 2023. A copy of the Plan of Dissolution is attached as *Annex A* to this proxy statement and incorporated herein by reference. Certain material features of the Plan of Dissolution are summarized below. Stockholders are urged to carefully read the Plan of Dissolution in its entirety.

Description of the Plan of Dissolution and the Dissolution Process

This section of the proxy statement describes material aspects of the proposed Plan of Dissolution. While we believe that the description covers the material terms of the Plan of Dissolution, this summary may not contain all of the information that is important to you. **You should carefully read this entire proxy statement, including the Plan of Dissolution attached as *Annex A* and the Company's unaudited financial statements attached as *Annex B* to this proxy statement, and the other documents delivered with this proxy statement for a more complete understanding of the Plan of Dissolution.**

Background of the Proposed Plan of Dissolution

On December 29, 2022, the Company entered into the Settlement Agreement. See the corresponding press release attached hereto as Annex C. Taking into account the reasons described below and pursuant to the terms of the Settlement Agreement, the Company intends to distribute approximately $34,000,000 million (approximately $1.25 per share) to the holders of common stock, $2,503 (approximately $2.28 per share) to the holder of Series A Stock and $67,167 (approximately $2.28 per share) to the holders of Series B Stock, in each case, without giving effect to the acceleration of certain outstanding unvested option awards in connection with the dissolution after the Plan Effective Date but before the filing of the Certificate of Dissolution with the Delaware Secretary of State, or about March 31, 2023.

Liquidating Distributions; Amount; Timing

It is our current intention to make an initial liquidating distribution to our stockholders of record after the Plan Effective Date but before the effective date of the Certificate of Dissolution. As provided below in "**Contingent Liabilities; Reserves**" the Delaware General Corporation Law (the "**DGCL**") requires that, prior to making an initial liquidating distribution, we pay or make provision to pay all of our liabilities and obligations, including contingent and conditional liabilities, claims that are subject to pending litigation involving the Company and certain claims that have not arisen or are unknown but are likely to arise within 10 years of dissolution and maintain those reserves until resolution of such matters. In determining whether adequate provision is being made for any outstanding liabilities or wind up costs, the Board may consider a variety of factors. For example, in the case of outstanding disputed or contingent liabilities, considerations may include the estimated maximum amount of the claim and the likelihood that the claim will be resolved in the claimant's favor or that the contingency will occur. Further, our ability to make a liquidating distribution could be adversely affected if any unanticipated liabilities or claims arise prior to the anticipated distribution.

Uncertainties as to the amount of liabilities make it impossible to predict precisely the aggregate amount that will ultimately be available for distribution. We will continue to incur claims, liabilities and our other expenses (including operating costs, salaries, income taxes, payroll and local taxes, legal and accounting fees and miscellaneous office expenses) following the approval of the dissolution and liquidation of the Company pursuant to the Plan of Dissolution. These claims, liabilities and other expenses will reduce the amount of cash and assets available for ultimate distribution to our stockholders. The Board intends to evaluate the Company's reserves and available cash on a quarterly or, as appropriate, other periodic basis.

Additional liquidating distributions, if any, will be made to the extent the required contingency reserves are released (assuming no new reserves are required to be established) and upon the sale of the Company's remaining non-cash assets, which assets include the Company's interests in its portfolio company, ZAGG. However, the Company does not control the management or timing of any sale thereof.

The estimated distributions are based on, among other things, the fact that, as of February 21, 2023, we had approximately $46 million (unaudited) in cash. Copies of the Company's unaudited financial statements as of December 31, 2022 are attached as *Annex B* to this proxy statement and incorporated herein by reference. Stockholders are urged to carefully read the unaudited financial statements in their entirety.

Contingent Liabilities; Reserves

Under the DGCL, we are required, in connection with the dissolution and liquidation of the Company, to pay or make reasonable provision for payment of all of our claims and obligations, including all contingent, conditional or unmatured claims known to us. Following stockholder approval of the dissolution and liquidation of the Company pursuant to the Plan of Dissolution, we intend to pay all known, non-contingent liabilities. We currently estimate that we will reserve approximately $10 million to pay operating expenses to be incurred through completion of the dissolution and winding-up process, including legal and professional fees and insurance cost, and to make provision for unknown claims and contingencies, as required by Delaware law, and to provide for future distributions to stockholders.

The amount of our dissolution reserves is based upon estimates and opinions of management and the Board and derived from consultations with outside legal counsel and a review of our estimated operating expenses and future estimated liabilities, including estimated legal, accounting and consulting fees, estimated operating lease expenses, estimated payroll, other taxes payable and estimated miscellaneous expenses. There can be no assurance that these estimated amounts will be sufficient. If any of our estimates, including estimates relating to the costs of the liquidation process and of satisfying obligations, liabilities and claims during the liquidation process, are inaccurate, we may be required to increase the amount of these reserves. After the liabilities, expenses and obligations for which these reserves are established have been satisfied in full (or determined not to be owed), and assuming there has arisen no need to establish additional reserves, we will distribute to our stockholders any remaining portion of these reserves.

Under Delaware law, in the event we fail to create adequate reserves for payment of our expenses and liabilities, or should such reserves and the assets held by any liquidating trust or trusts be exceeded by the amount ultimately found payable in respect of expenses and liabilities, each stockholder could be held liable for the repayment to creditors, out of the amounts previously received by such stockholder from us or from any liquidating trust or trusts, of such stockholder's pro rata share of such excess.

If we were held by a court to have failed to make adequate provision for our expenses and liabilities or if the amount required to be paid in respect of such liabilities exceeded the amount available from the reserves and any assets of the liquidating trust or trusts, a creditor of ours could seek an injunction against the making of liquidating distributions under the Plan of Dissolution on the grounds that the amounts to be

distributed were needed to provide for the payment of our expenses and liabilities. Any such action could delay or substantially diminish the cash distributions to be made to stockholders under the Plan of Dissolution.

We do not plan to resolicit stockholder approval for the dissolution and liquidation of the Company pursuant to the Plan of Dissolution even if the amount ultimately distributed to our stockholders changes significantly from the estimates set forth in this proxy statement.

The amount of cash ultimately distributed to our stockholders in the liquidating distributions depends on the accuracy of the assumptions and estimates set forth above and other factors including the amount received in the sale of ZAGG. We have attempted to make reasonable estimates and assumptions, however, if any of such estimates or assumptions are inaccurate, the amount we distribute to our stockholders may be substantially less than the amount we currently estimate. **Please see** "**Risk Factors – Risks Relating to the Plan of Dissolution — We cannot assure you of the exact amount or timing of any additional liquidating distributions to our stockholders under the Plan of Dissolution. Any such distributions may be substantially less than the estimates set forth in this proxy statement.**"

Any liquidating distributions from us will be made to stockholders of record according to their holdings of Voting Stock on the Company's stock ledger. The record holders and number of shares of Voting Stock held by such holders as reflected on the Company's stock ledger will be the holders and number of shares.

Sale of Our Remaining Assets

The Plan of Dissolution gives our Board the power to sell or otherwise dispose of the remaining non-cash assets of the Company. The Company's current sole non-cash asset is its indirect equity interest in ZAGG. The Company does not control the management or timing of any sale thereof. Accordingly although the Plan of Dissolution gives our Board the power to sell or otherwise dispose of ZAGG, there can be no assurance as to the amount and timing of future distributions to stockholders as related to ZAGG.

Reasons for the Dissolution and Liquidation

In determining that the dissolution and liquidation is advisable and in the best interests of the Company and our stockholders and is the preferred strategic option for the Company, our Board carefully considered the dissolution and winding up process under Delaware law, as well as other available strategic alternatives. As part of the evaluation process, our Board considered the risks and timing of each alternative available to the Company, and consulted with management and our legal advisors. In approving the Plan of Dissolution and the liquidation it entails, our Board considered the factors set out above as well as the following factors:

- the determination by the Board, after conducting a review of the Company's financial condition, evaluation of further ways to maximize shareholder value, prospects for the sale of the Company as a whole or its remaining assets in individual sales (including the Company's current remaining non-cash asset and the lack of control as to the management or timing of any sale thereof), the results of operations and the Company's future business prospects, that continuing to operate is not reasonably likely to create greater value for the stockholders than the value that may be obtained for the stockholders pursuant to the sale of the Company's remaining assets and the complete liquidation and dissolution of the Company;

- that the liquidation and dissolution provides stockholders with an opportunity to potentially monetize their investment in the Company and allows the Company to distribute the maximum amount of cash to the Company's stockholders from the sale of its remaining assets;

- the accounting, legal and other expenses associated with continuing to be a publicly-traded company with limited source of revenues;

- Delaware corporate law requires that the dissolution of the Company pursuant to the Plan of Dissolution be approved by the affirmative vote of holders of a majority in voting power of the outstanding shares of our Voting Stock entitled to vote, which ensures that our Board will not be taking actions of which a significant portion of our stockholders disapprove;

- approval of the dissolution of the Company pursuant to the Plan of Dissolution by the requisite vote of our stockholders authorizes our Board and management to implement the Plan of Dissolution without further stockholder approval;

- the terms and conditions of the Plan of Dissolution, including the provisions that permit our Board to abandon the plan if our Board determines that, in light of new proposals presented or changes in circumstances, dissolution and liquidation are no longer advisable and in our best interests and the best interests of our stockholders; and

- the potential general U.S. federal income tax treatment of the Plan of Dissolution in respect of our stockholders, including that, as discussed in more detail under "**Certain Material U.S. Federal Income Tax Consequences of the Proposed Dissolution**" beginning on page 31 of this proxy statement, distributions received pursuant to the Plan of Dissolution will generally be treated first as a tax-free return of the tax basis in the stockholder's shares, with any excess treated as capital gain, as opposed to current distributions which are treated as a dividend for U.S. federal income tax purposes to the extent of our current and accumulated earnings and profits.

The Board also considered unfavorable factors in arriving at its conclusion that dissolving and liquidating the Company is advisable and in the best interests of the Company and our stockholders, including, among others:

- the uncertainty of the timing, nature and amount of any liquidating distributions to stockholders;

- it is possible that the aggregate liquidating distributions that would be paid to a stockholder under the Plan of Liquidation and Dissolution would not exceed the amount that the stockholder could have received upon sales of its shares in the open market;

- the risk that, under Delaware law, in the event we fail to create adequate reserves for payment of our expenses and liabilities, or should such reserves and the assets held by any liquidating trust or trusts be exceeded by the amount ultimately found payable in respect of expenses and liabilities, our stockholders may be required to return to creditors some or all of the liquidation distributions;

- the fact that, if the dissolution of the Company pursuant to the Plan of Dissolution is approved by our stockholders, stockholders would generally not be permitted to transfer shares of Voting Stock after the effective date of the Certificate of Dissolution;

- the possibility that a strategic transaction could provide greater value to our stockholders than a liquidation;

- the Board may have interests in the Plan of Liquidation and Dissolution that are different from, or in addition to, the interests of stockholders generally;

- stockholders are not entitled to assert appraisal rights with respect to the Plan of Dissolution under DGCL; and

- the disposition of the Company's non-cash assets will be subjected to corporate-level U.S. federal, state and local tax.

Our Board also considered the other factors described in the section entitled "**Risk Factors—Risks Related to the Plan of Dissolution**" in this proxy statement in deciding to approve, and recommend that our stockholders approve, the Plan of Dissolution

The preceding discussion is not meant to be an exhaustive description of the information and factors considered by our Board, but addresses the material information and factors considered. In view of the variety of factors considered in connection with its evaluation of the Plan of Dissolution, our Board did not find it practical, and did not quantify or otherwise attempt, to assign relative weight to the specific factors considered in reaching its conclusions. In addition, our Board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, but rather conducted an overall analysis of the factors described above. In considering the factors described above, individual members of our Board may have given different weight to different factors.

The Board believes that it is in the best interests of the Company and our stockholders to distribute to the stockholders our net assets pursuant to the Plan of Dissolution. If our stockholders do not approve the dissolution and liquidation of the Company pursuant to the Plan of Dissolution, our Board will explore what, if any, alternatives are available, in light of the challenges to our business described above, and the difficulty in recommencing operations. Possible alternatives may include selling all of our stock or remaining non-cash assets, which assets include the Company's interests in its portfolio company, ZAGG, changing our business focus, commencing efforts to identify a merger partner, or seeking voluntary dissolution at a later time and potentially with diminished assets. At this time, our Board has considered all of these options and has determined that it is in the Company's best interests and in the best interests of our stockholders to dissolve the Company and return the Company's excess cash to our stockholders. The Board, however, retains the right to consider other alternatives and abandon or delay implementation of the dissolution and the Plan of Dissolution prior to the effective time of the Certificate of Dissolution should a superior alternative arise before such time. **Please see** "**Risk Factors—Risks Related to the Plan of Dissolution.**"

Dissolution under Delaware Law

Section 275 of the DGCL provides that a corporation may dissolve upon the approval of a corporation's board of directors followed by a vote of holders of a majority of its outstanding stock, or by unanimous stockholder consent. Following such approval, the dissolution is effected by filing a Certificate of Dissolution with the Delaware Secretary of State. The corporation is dissolved upon the effective date of its Certificate of Dissolution. Pursuant to the Plan of Dissolution, we plan to effect the dissolution of the Company.

Section 278 of the DGCL provides that once a corporation is dissolved, it continues its corporate existence for at least three years, or such longer period as the Delaware Court of Chancery shall direct, for the purpose of:

- prosecuting and defending any lawsuits, whether civil, criminal or administrative, by or against the corporation;
- settling and closing any business;
- disposing and conveying its property;
- discharging its liabilities, and making reasonable provision for contingent and conditional contract claims, claims that are subject to pending litigation involving the corporation, and certain claims that have not arisen or are unknown but are likely to arise or become known within 10 years after the date of dissolution; and
- distributing any remaining assets to stockholders;

but not for the purpose of continuing the business for which the Company was organized.

If any action, suit or proceeding is commenced by or against the corporation before or within the three-year winding up period (or any extension thereof granted by the Delaware Court of Chancery), the corporation will, solely for the purpose of such action, suit or proceeding, automatically continue to exist beyond the three-year period until any judgments, orders or decrees are fully executed.

The DGCL requires a dissolved corporation to comply with either of two alternative procedures for winding up and liquidating its assets. Those procedures are set forth in Sections 280 and 281 of the DGCL. Section 280 sets forth a complex, elective procedure that requires, among other things, notice to claimants and the possible commencement of proceedings in the Delaware Court of Chancery seeking a judicial determination of the appropriate provision to be made with respect to particular types of claims.

Any dissolved Delaware corporation that does not elect to wind up pursuant to the judicially-supervised procedure set forth in Section 280 must comply with the "extrajudicial" procedure set forth in Section 281(b). Pursuant to Section 281(b), a dissolved corporation (or a successor entity to the dissolved corporation) is required, prior to the expiration of the statutory winding up period set forth in Section 278, to adopt a "plan of distribution" pursuant to which the dissolved corporation:

- shall pay or make reasonable provision to pay all claims and obligations, including contingent, conditional, or unmatured contractual claims known to the corporation;
- shall make such provision as will be reasonably likely to be sufficient to provide compensation for any claim against the corporation that is the subject of a pending action, suit, or proceeding to which the corporation is a party; and
- shall make such provision as will be reasonably likely to be sufficient to provide compensation for any claims that have not been made known to the corporation or that have not arisen but that, based on facts known to the corporation, are likely to arise or become known within ten years after the date of dissolution.

The statute requires that the plan of distribution provide for the payment of any such claims in full and for any necessary provisions for payment to be made in full if there are sufficient assets. If there are not sufficient assets, the plan of distribution must provide that claims and obligations are to be paid or provided for according to their priority and, among claims of equal priority, ratably to the extent of available assets. Excess assets and/or funds, if any, may be distributed to stockholders.

Our Board anticipates winding up the Company's affairs in accordance with the "extrajudicial" procedures set forth in Section 281(b) of the DGCL. Nevertheless, our Board reserves the right to choose, at any time after the effectiveness of the dissolution, to utilize the more complex, judicially supervised procedures for winding up its affairs.

Approval of the Plan of Dissolution

To become effective, the Plan of Dissolution must be approved by the affirmative vote of the holders of a majority of the outstanding shares of our Voting Stock. The approval of the dissolution and liquidation of the Company pursuant to the Plan of Dissolution by the requisite vote of the holders of our Voting Stock will grant full and complete authority to our Board, without further stockholder action, to proceed with the dissolution and liquidation of the Company pursuant to the Plan of Dissolution in accordance with any applicable provision of the Delaware law, including the authority to sell or otherwise dispose of all of our remaining non-cash assets, which assets include the Company's interests in its portfolio company, ZAGG.

Dissolution Process

The Plan of Dissolution provides that our Board may elect to comply with either the judicially supervised procedure for winding up the Company's affairs set forth in Sections 280 and 281(a) of the DGCL, or the "extrajudicial" procedure set forth in Section 281(b) of the DGCL (which procedures are described above under "—**Dissolution Under Delaware Law**"). We currently anticipate that our Board will elect to comply with the "extrajudicial" procedure set forth in Section 281(b) of the DGCL, but the Plan of Dissolution reserves for the Board the right to elect to wind up the Company's affairs in accordance with any applicable provision of the DGCL, including Section 280.

If the dissolution is approved by the requisite vote of our stockholders, our Board intends to take the following steps, as the Board, in its discretion and in accordance with the DGCL, deems necessary, appropriate or advisable in our best interests and the best interests of our creditors and our stockholders:

- the filing of a Certificate of Dissolution with the Delaware Secretary of State;

- the cessation of all of the Company's business activities except those relating to preserving the value of the Company's assets, winding up and liquidating the Company's business and affairs, including, but not limited to, prosecuting and defending suits by or against us;

- the collection, sale or other disposition of all or substantially all of the Company's remaining non-cash assets, which assets include the Company's interests in its portfolio company, ZAGG;

- the payment of or the making of reasonable provision to pay all claims and obligations, including all contingent, conditional or un-matured contractual claims known to us;

- the making of such provision as will be reasonably likely to be sufficient to provide compensation for any claim against us which is the subject of a pending action, suit or proceeding to which we are a party;

- the making of such provision as will be reasonably likely to be sufficient to provide compensation for any claims that have not been made known to us or that have not arisen but that, based on facts known to us, are likely to arise or become known to us within ten years after the date of dissolution;

- the collection or making of provision for the collection of accounts receivable, debts and other claims owing to the Company;

- the setting aside of reserves consisting of cash and/or property to satisfy such claims and contingent obligations of the Company;

- the payment of an initial liquidating distribution to our stockholders;

- the withdrawal of the Company from any jurisdiction in which it is qualified to do business;

- the payment of compensation to and the indemnification of the Company's, directors, employees, agents and their representatives; and

- the taking of any and all other actions permitted or required by the DGCL and any other applicable laws and regulations.

Effective Date of the Certificate of Dissolution

We intend to keep our stock transfer books open and continue recording transfers of shares of our Voting Stock as of the close of business on the effective date of the Certificate of Dissolution Record holders of shares of our Voting Stock will be able to assign or otherwise transfer their shares. While we do not intend to delist our common stock from the OTC Expert Market after the filing of our Certificate of Dissolution, we may be required to delist our common stock. In the event that we are required to delist, the trading of our common stock will cease, we will close our stock transfer books and discontinue recording transfers of shares of our common stock. Record holders of shares of our Voting Stock will not be able to assign or otherwise transfer their shares except for assignments by will, intestate succession or operation of law. This will significantly and adversely affect the transferability of our common stock. **Please see** "**Risk Factors—Our common stock might be delisted from the OTC Expert Market.**"

All liquidating distributions from us or a liquidating trust on or around the effective date of the Certificate of Dissolution, if any, will be made to stockholders of record according to their holdings of Voting Stock on the Company's stock ledger. The record holders and number of shares of Voting Stock held by such holders reflected on the Company's stock ledger will be the holders and number of shares as of the close of business on the effective date of the Certificate of Dissolution.

Surrender of Stock Certificates

The final liquidating distributions to stockholders pursuant to the Plan of Dissolution shall be in complete cancellation of the outstanding shares of Voting Stock. Subsequent to the Plan Effective Date, the Company may at its election require stockholders to surrender certificates representing their shares of Voting Stock in order to receive liquidating distributions. Stockholders should not forward their stock

certificates before receiving instructions to do so. If surrender of stock certificates is required, all distributions otherwise payable by the Company or a liquidating trust, if any, to stockholders who have not surrendered their stock certificates may be held in trust for such stockholders, without interest, until the surrender of their certificates (subject to escheat pursuant to the laws relating to unclaimed property). If a stockholder's certificate evidencing the Voting Stock has been lost, stolen or destroyed, the stockholder may be required to furnish us with satisfactory evidence of the loss, theft or destruction thereof, together with a surety bond or other indemnity, as a condition to the receipt of any distribution.

Liquidating Trust

If deemed necessary, appropriate or desirable by the Board for any reason, we may, from time to time, transfer any of our unsold assets and any portion of our reserves to one or more liquidating trusts established for the benefit of our stockholders, which property would thereafter be sold or distributed on terms approved by its trustee(s). Our Board may determine to transfer assets to a liquidating trust in circumstances where the nature of an asset is not susceptible to distribution (for example, interests in intangibles) or where our Board determines that it would not be in the best interests of us, our creditors and our stockholders for such assets to be distributed directly to the stockholders at such time. If all of our assets are not sold or distributed prior to the third anniversary of the effectiveness of the dissolution, we would expect either to seek an extension of the three year winding up period from a Delaware court and the IRS, as determined by the Board, or to transfer in final distribution such remaining assets to a liquidating trust. Our Board may also elect in its discretion, as applicable, to transfer the reserves, if any, or any portion thereof, to such a liquidating trust.

The purpose of a liquidating trust would be to distribute such property, or to sell such property on terms satisfactory to the liquidating trustee(s) and distribute the proceeds of such sale, after paying our liabilities, if any, assumed by the trust, to our stockholders, based on their proportionate ownership interest in the trust. Any liquidating trust acquiring all of our unsold assets will assume all of our liabilities and obligations and will be obligated to pay any of our expenses and liabilities that remain unsatisfied. If the reserves transferred to the liquidating trust are exhausted, such expenses and liabilities will be satisfied out of the liquidating trust's other unsold assets.

The Plan of Dissolution authorizes our Board to appoint one or more individuals, who may include persons who are also directors of the Company, or entities to act as trustee or trustees of the liquidating trust or trusts and to cause us to enter into a liquidating trust agreement or agreements with such trustee or trustees on such terms and conditions as may be approved by our Board. It is anticipated that our Board will select such trustee or trustees on the basis of the experience of such individual or entity in administering and disposing of assets and discharging liabilities of the kind to be held by the liquidating trust or trusts and the ability of such individual or entity to serve the best interests of our creditors and our stockholders.

The trust would be evidenced by a trust agreement between the Company and the trustees. Pursuant to the trust agreement, the trust property would be transferred to the trustees immediately prior to the distribution of interests in the trust to our stockholders, to be held in trust for the benefit of the stockholder beneficiaries subject to the terms of the trust agreement. It is anticipated that the interests would be evidenced only by the records of the trust, there would be no certificates or other tangible evidence of such interests and no holder of our Voting Stock would be required to pay any cash or other consideration for the interests to be received in the distribution or to surrender or exchange shares of our Voting Stock in order to receive the interests.

Amendment, Modification or Revocation of Plan of Dissolution

Once the dissolution of the Company becomes effective, it cannot be revoked without stockholder approval. In general, however, the Plan of Dissolution, as the blueprint for the liquidation of the Company following its dissolution, is subject to modification or amendment by the Board without stockholder approval, if the Board determines that such action would be in the best interests of the Company and its stockholders. Although the Board will have the authority under the Plan of Dissolution to make any such modification or amendment to the Plan of Dissolution without stockholder approval, the Board may determine, in its sole discretion, to submit any modification or amendment to the stockholders for approval.

If for any reason our Board determines after the dissolution of the Company has become effective that revocation of the dissolution would be in the best interest of the Company and its stockholders, our Board may, in its sole discretion, at any time before the cessation of our corporate existence, adopt a resolution recommending that the dissolution be revoked and directing that the question of the revocation of our dissolution be submitted to the stockholders for approval. The Plan of Dissolution would be void upon the effective date of any such revocation.

If the dissolution is abandoned or revoked, stockholders could, depending on their particular circumstances, incur an increased stockholder-level U.S. federal income tax liability if cash or property distributed to stockholders is characterized as a dividend for U.S. federal income tax purposes. For a more detailed discussion, **please see** "**Certain Material U.S. Federal Income Tax Consequences of the Proposed Dissolution**" **beginning on page 31 of this proxy statement.**

Potential Delisting and Lack of Market for Trading of the Common Stock and Interests in the Liquidating Trust or Trusts

If the Plan of Dissolution is approved by our stockholders, we will not initiate the process to delist our common stock from the OTC Expert Market. We will not request trading in our common stock be suspended on the OTC Expert Market at the close of business on the effective date of the Certificate of Dissolution. Our stock transfer books will remain open and we will continue recording transfers of shares of our common stock as of the close of business on such date. Certificates representing shares of our common stock will continue to be assignable or transferable on our books. However, after filing the Certificate of Dissolution, we will have limited control over our continued listing status, and OTC Expert Market may take action to delist our common stock. If the OTC does take action to delist our common stock, the trading of our common stock will cease. We will close our stock transfer books and discontinue recording transfers of shares of our common stock. Certificate representing shares of our common stock will not be assignable or transferable on our books, except for assignments by will, intestate succession or operation of law. This will significantly and adversely affect the transferability of our common stock. See "**Proposal 2: Approval of the Plan of Dissolution—Description of the Plan of Dissolution and the Dissolution Process—Potential Delisting and Lack of Market for Trading of the Common Stock and Interests in the Liquidating Trust or Trusts.**"

It is anticipated that the interests in the liquidating trust, if one is created, will not be transferable. Even if transferable, any such interests are not expected to be listed on a national securities exchange or quoted through OTC Expert Market, and the extent of any trading market therein cannot be predicted. Moreover, the interests may not be accepted by commercial lenders as security for loans as readily as more conventional securities with established trading markets.

Because stockholders will be deemed to have received a liquidating distribution equal to their pro rata share of the value of the net assets distributed to an entity which is treated as a liquidating trust for tax purposes, the distribution of non-transferable interests could result in tax liability to the interest holders without their being readily able to realize the value of such interests to pay such taxes or otherwise.

Treatment of Stock Options and Other Equity Awards

If our stockholders vote to approve the dissolution and liquidation of the Company pursuant to the Plan of Dissolution and the Company commences the dissolution process, all unvested option awards (other than performance-based awards) held by directors will automatically vest, which in the aggregate represent 600,000 shares.

Under Delaware law, we will not be permitted to issue shares of our common or preferred stock following the filing of the Certificate of Dissolution. In light of this, the Board intends to notify all holders of outstanding options as soon as practicable following stockholder approval (if such approval occurs) of the time of filing of the Certificate of Dissolution to provide them the opportunity to exercise their equity awards. As of February 21, 2023, all outstanding options to purchase shares of our common stock have exercise prices at or above a price of $2.18 per share. In connection with the initial liquidating distribution, the Board anticipates lowering the strike price of the options held by directors by $1.25.

Authority of Officers and Directors

Our Board may appoint new officers, hire employees and retain independent contractors and agents in connection with the wind up process, and is authorized to pay compensation to or otherwise compensate our directors, employees, independent contractors and agents above their regular compensation in recognition of the extraordinary efforts they may be required to undertake in connection with the successful implementation of the Plan of Dissolution. Approval of the dissolution and liquidation of the Company pursuant to the Plan of Dissolution by the requisite vote of our stockholders will constitute approval by our stockholders of any such compensation.

The approval of the dissolution and liquidation of the Company pursuant to the Plan of Dissolution by our stockholders also will authorize, without further stockholder action, our Board to do and perform, or to cause our officers to do and perform, any and all acts and to make, execute, deliver or adopt any and all agreements, resolutions, conveyances, certificates and other documents of every kind that our Board deems necessary, appropriate or desirable, in the absolute discretion of the Board, to implement the Plan of Dissolution and the transactions contemplated thereby, including all filings or acts required by any state or federal law or regulation to wind up its affairs.

Government Approvals

Except for filing the Certificate of Dissolution with the Delaware Secretary of State and compliance with applicable Delaware law and the rules and regulations of the SEC and the Internal Revenue Code of 1986, as amended (the "**Code**"), no United States federal or state regulatory requirements must be complied with or approvals obtained in connection with the liquidation and dissolution of the Company pursuant to the Plan of Dissolution.

Absence of Appraisal Rights

Stockholders are not entitled to assert appraisal rights in connection with dissolution of the Company under the DGCL.

Interests of Directors in the Plan of Dissolution

Members of our Board may have interests in the Plan of Dissolution that are different from, or in addition to, the interests of our stockholders generally. These potential interests include the acceleration of vesting of certain equity awards, and/or our continuing indemnification obligations to our directors. Our

Board was aware of these interests and considered them, among other matters, in approving the Plan of Dissolution and the transactions contemplated thereby.

Stock Ownership and Equity Awards

In connection with any liquidating distributions, the members of our Board will be entitled to the same pro rata cash distributions as our stockholders based on their ownership of shares of our common stock, which is described below.

Members of our Board own, as of February 21, 2023, an aggregate of 1,911,654 shares of our outstanding common stock. If our stockholders approve the dissolution and liquidation of the Company pursuant to the Plan of Dissolution and the Company commences the dissolution process, all unvested option awards held by directors will automatically vest.

As of February 21, 2023, members of our Board held vested options to purchase an aggregate of 600,000 shares of common stock. In connection with the initial liquidating distribution, the Board anticipates lowering the strike price of the options held by directors by $1.25. Unless and until an option is exercised and payment of the applicable exercise price is made, option holders are not entitled to any cash distributions payable under the Plan of Dissolution with respect to their options. Under Delaware law, we will not be permitted to issue shares of our common stock following the filing of the Certificate of Dissolution.

The table below sets forth (i) the number of shares of our common stock (excluding shares underlying stock options) beneficially owned by each of our directors, and (ii) the number of shares underlying stock options for which vesting will be accelerated in connection with the dissolution], in each case, as of February 21, 2023:

Director	Shares of Common Stock	Option Shares
Daniel Allen	22,368	0
Richard Krantz	60,983[1]	0
Daniel Lewis	297,255[2]	100,000
Richard Lewisohn III	29,275	100,000
Patrick A. McGeehin	1,110,238	100,000
Alan Mitrani	34,924	100,000
Richard Perkins	337,489[3]	0
Greg Falk	5,793	100,000
Ted Zagat	13,329	100,000

[1] This number includes an option for 51,666 shares that was exercised on February 17, 2023. Corresponding certificates will be issued following the Record Date.
[2] 273,862 shares are owned by Flat Rock Partners, of which Daniel Lewis holds a 99% equity interest.
[3] In addition, certain family members of Mr. Perkins directly or indirectly own 535,078 shares of common stock of the Company.

Potential Additional Stock Issuance

The Board anticipates issuing up to 50,000 additional shares of common stock to certain directors prior to the dissolution and liquidation of the Company.

Indemnification of Directors and Officers

Under Delaware law, directors may owe fiduciary duties to creditors as well as to our stockholders during the dissolution process. Pursuant to the Plan of Dissolution, we will continue to indemnify our

1" = "1" "9111695-9" "" 9111695-9

officers, directors, employees, agents and representatives for actions taken in connection with the Plan of Dissolution and the winding up of the affairs of the Company in accordance with our certificate of incorporation, bylaws, as amended, our existing directors' and officers' liability insurance policy and applicable law. The Company's obligation to indemnify such persons may also be satisfied out of assets of a liquidating trust, if any. Any claims arising in respect of such indemnification will be satisfied out of the contingency reserve or out of assets transferred to a liquidating trust, if any.

Our Board has obtained, and our Board and the trustees of any liquidating trust are authorized to obtain and maintain, such insurance as may be necessary to cover our indemnification obligations.

Certain Material U.S. Federal Income Tax Consequences of the Proposed Dissolution

The following discussion is a summary of certain material U.S. federal income tax consequences of the dissolution to U.S. Holders (as defined below), but is not intended to be a complete analysis of all potential tax consequences. This discussion is based on the Code, the Treasury Regulations judicial decisions, and published rulings and administrative pronouncements of the IRS, in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a U.S. Holder. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position to that discussed below. The following does not include any discussion regarding other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws.

This discussion is limited to U.S. Holders that hold our stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a U.S. Holder's particular circumstances, including the Medicare tax on net investment income or the alternative minimum tax, and does not address consequences relevant to U.S. Holders who are subject to special rules, including, without limitation, U.S. Holders who hold our stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment, banks, insurance companies, real estate investment trusts, regulated investment companies, brokers, dealers, S corporations, partnerships, tax-exempt organizations, persons deemed to sell our stock under the constructive sale provisions of the Code, persons who hold or receive our stock pursuant to the exercise of any employee stock option or otherwise as compensation, and persons subject to special tax accounting rules as a result of any item of gross income with respect to our stock being taken into account in an applicable financial statement.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of the Company's stock that for U.S. federal income tax purposes, is or is treated as an individual who is a citizen or resident of the United States; a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia; an estate, the income of which is subject to U.S. federal income tax regardless of its source; or a trust that is either subject to primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(3)), or has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

If a an entity treated as a partnership for U.S. federal income tax purposes holds our stock, the tax treatment of a partner in the partnership will generally depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PROPOSED DISSOLUTION ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

U.S. Federal Income Tax Consequences of the Dissolution to the Company

We intend for distributions made pursuant to the Plan of Dissolution to be treated as a series of distributions in complete liquidation of the Company, and this discussion assumes this treatment will be respected for U.S. federal income tax purposes.

If we distribute any property other than cash pursuant to the Plan of Dissolution to the stockholders (or to a liquidating trust in connection with the dissolution), we will recognize gain or loss as if such property were sold to the stockholders at its fair market value. Accordingly, the Company may be subject to U.S. federal income tax on a distribution of property (other than cash), which may reduce the amount of cash available to distribute to stockholders. If any property distributed by us is subject to a liability or if a stockholder assumes a liability of the Company in connection with the distribution of property, the fair market value of such distributed property will be treated as not less than the amount of such liability. There is no guarantee that the IRS will not challenge our valuation of any property, and that as a result of such a challenge, the amount of gain or loss recognized by us on the distribution will not change.

Until all of our remaining assets have been distributed to stockholders or a liquidating trust and the liquidation is complete, our income will continue to be subject to U.S. federal income tax.

U.S. Federal Income Tax Consequences of Distributions Made Pursuant to the Plan of Dissolution to U.S. Holders

We intend for distributions made pursuant to the Plan of Dissolution to be treated as a series of distributions in complete liquidation of the Company, and this discussion assumes this treatment will be respected for U.S. federal income tax purposes. Notwithstanding our position that the distributions made pursuant to the Plan of Dissolution should be treated as a series of distributions in complete liquidation of the Company, it is possible that the IRS or a court could determine that any of these distributions is a current distribution. In addition, if the dissolution is abandoned or revoked, these distributions would be treated as current distributions, treated as a dividend for U.S. federal income tax purposes to the extent of our current and accumulated earnings and profits. Amounts not treated as dividends for U.S. federal income tax purposes would constitute a return of capital and first be applied against and reduce a stockholder's adjusted tax basis in its shares of our stock, and any excess would be treated as capital gain.

Assuming that the distributions made pursuant to the Plan of Dissolution are treated as a series of distributions in complete liquidation of the Company, such distributions made pursuant to the Plan of Dissolution to a U.S. Holder will be treated as received by the U.S. Holder in exchange for the U.S. Holder's shares of our stock. As a result, a U.S. Holder generally will recognize gain or loss equal to the difference between (a) the sum of the amount of cash and the fair market value (at the time of distribution) of any other property distributed to the U.S. Holder (including distributions to any liquidating trust, as discussed below), less any known liabilities assumed by the U.S. Holder or to which the distributed property is subject, and (b) the U.S Holder's adjusted tax basis in the shares of the stock. If a U.S. Holder holds different blocks of shares of our stock (generally, shares of our stock purchased or acquired on different dates or at different prices), the U.S. Holder's portion of such distributions must be allocated among the several blocks of shares

in the proportion that the number of shares in a particular block bears to the total number of shares owned by the U.S. Holder.

Liquidating distributions are first applied against, and reduce, the U.S. Holder's adjusted tax basis in their shares, or block of shares, of the stock before recognizing any gain or loss. If we make more than one liquidating distribution, a U.S. Holder will recognize gain to the extent the aggregate liquidating distributions (including a constructive distribution in the case of a transfer of assets to a liquidating trust) allocated to a share, or block of shares, of stock exceed the U.S. Holder's adjusted tax basis with respect to that share or block of shares. Any loss will generally be recognized only when the final distribution from us has been received. Gain or loss recognized by a U.S. Holder will be capital gain or loss, and will be long-term capital gain or loss if the shares have been held for more than one year. The deductibility of capital losses is subject to certain limitations.

If we make a distribution of property other than cash to U.S. Holders, the U.S Holder's tax basis in such property immediately after the distribution will be the fair market value of such property at the time of distribution. If the IRS challenges our valuation of property, the amount of gain or loss recognized by U.S. Holders might change. Distributions of property other than cash to the U.S. Holders could result in tax liability exceeding the amount of cash received, requiring the U.S. Holder to meet the tax obligations from other sources or by selling all or a portion of the assets received.

U.S. Federal Income Tax Consequences of a Liquidating Trust

We may transfer our remaining assets and obligations to a liquidating trust if our Board determines that such a transfer is advisable and in the best interests of the Company and its stockholders. Under applicable Treasury Regulations, a trust will be treated as a liquidating trust if it is organized for the primary purpose of liquidating and distributing the assets transferred to it, and if its activities are all reasonably necessary to and consistent with the accomplishment of that purpose. If the liquidation is unreasonably prolonged or if the liquidation purpose becomes so obscured by business activities that the declared purpose of the liquidation can be said to be lost or abandoned, the trust will no longer be considered a liquidating trust. Although neither the Code nor the Treasury Regulations thereunder provide any specific guidance as to the length of time a liquidating trust may last, the IRS's guidelines for issuing rulings with respect to liquidating trust status call for a term not to exceed three years. If all of the trust assets are not sold or distributed within such three-year period, we may seek an extension from the IRS, as reasonably determined by the Board.

Assuming that the liquidating trust will be treated as a "liquidating trust" for U.S. federal income tax purposes, we intend that the liquidating trust would be treated as a "grantor trust" for U.S. federal income tax purposes. In general, this treatment would mean that the stockholders would be the beneficial owners of the assets and income of the liquidating trust. The transfer of assets by us to a liquidating trust will be treated as a distribution in liquidation of the stockholders' shares of stock. If we have made any liquidating distributions prior to transferring assets to a liquidating trust, the transfer of assets will be considered the final distribution to the stockholders. The stockholders will be treated for U.S. federal income tax purposes as having received a liquidating distribution at the time we transfer assets to the liquidating trust equal to their pro rata shares of cash, and, as applicable, the fair market value of property other than cash, transferred to the liquidating trust, reduced by the amount of known liabilities assumed by the liquidating trust or to which the property transferred is subject, and then having contributed the cash and property to the liquidating trust. The U.S. federal income tax consequences of the constructive distribution to a stockholder are the same as those described above. Because stockholders will be deemed to have received a liquidating distribution equal to their pro rata share of the value of the net assets distributed to an entity which is treated as a liquidating trust for tax purposes, and the interests in the liquidating trust distributed to stockholders will not be transferrable, the transfer of our remaining assets to

the liquidating trust could result in tax liability to the stockholders without their being readily able to realize the value of such interests to pay such taxes or otherwise.

The liquidating trust will not be subject to U.S. federal income tax. The stockholders will be treated as owners of the liquidating trust. As owners of the trust, the stockholders must take into account for U.S. federal income tax purposes their allocable portions of any income, gain, expense or loss recognized by the liquidating trust, whether or not they receive any actual distributions from the liquidating trust. The stockholders, however, will not be subject to tax when distributions are actually made by the liquidating trust.

Stockholders are urged to consult their tax advisors regarding the tax consequences that would apply to them if we were to transfer assets to a liquidating trust.

Information Reporting and Backup Withholding

A U.S. Holder may be subject to information reporting and backup withholding when such U.S. Holder receives a distribution made pursuant to the Plan of Dissolution. Certain U.S. Holders are exempt from backup withholding, including corporations and certain tax-exempt organizations. A U.S. Holder will be subject to backup withholding if such holder is not otherwise exempt and the holder fails to furnish the holder's taxpayer identification number, which for an individual is ordinarily his or her social security number. Backup withholding is not an additional tax. Instead, any amounts withheld may be allowed as a refund or a credit against a U.S. Holder's federal income tax liability, provided the required information is properly furnished in a timely manner to the IRS.

Accounting Treatment

The Company, pursuant to the Plan of Dissolution, will change its basis of accounting to the liquidation basis of accounting after obtaining stockholder approval of the dissolution and liquidation of the Company. Under the liquidation basis of accounting, assets are stated at their estimated net realizable values, and liabilities are stated at their estimated ultimate settlement amounts. Recorded liabilities will include the estimated expenses associated with carrying out the Plan of Dissolution. For periodic reporting, we will prepare a statement of net assets in liquidation, which will summarize the assets expected to be received and liabilities expected to be paid as described above and a statement of changes in net assets in liquidation, which will present the changes during the period in net assets available for distribution to investors and other claimants during the liquidation. Valuations presented in the statement will represent management's estimates, based on present facts and circumstances, of the net realizable values of assets, satisfaction amounts of liabilities, and expenses associated with carrying out the Plan of Dissolution based upon management assumptions.

The valuation of assets and liabilities will necessarily require many estimates and assumptions, and there will be substantial uncertainties in carrying out the provisions of the Plan of Dissolution. Ultimate values realized for our assets and ultimate amounts paid to satisfy our liabilities are expected to differ from estimates recorded in annual or interim financial statements.

Required Vote

The affirmative vote of the holders of a majority of the outstanding shares of our Voting Stock is required to approve the dissolution and liquidation of the Company pursuant to the Plan of Dissolution. If you do not vote by virtue of not being present in person or by proxy at the Annual Meeting, it will have the effect of a vote "for" the proposal to approve the Plan of Dissolution. If you are present at the Annual

Meeting in person or by proxy but abstain from voting, it will have the effect of "for" the approval of the Plan of Dissolution.

Recommendation of our Board

THE BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE DISSOLUTION AND LIQUIDATION OF THE COMPANY PURSUANT TO THE PLAN OF DISSOLUTION.

PROPOSAL 3
APPROVAL OF THE AMENDMENT TO THE BYLAWS

Introduction

At the annual meeting of the Company's stockholders held on October 7, 2021, the stockholders of the Company approved the First Amendment to the Bylaws whereby, among other amendments, the prior Section 2.2 of the Bylaws was deleted in its entirety and replaced with the following:

> "Section 2.2 Number of Directors; Qualifications.
>
> The board of directors shall consist of such number of directors, not less than three (3) nor more than sixteen (16), as shall be fixed initially by the incorporator(s) and thereafter from time to time by vote of a majority of either (i) the board of directors or (ii) the holders of all shares outstanding and entitled to vote; provided that the size of the board of directors shall be fixed at nine (9) directors commencing at the 2021 annual meeting of stockholders through the conclusion of the 2024 annual meeting of stockholders unless further amended by stockholders. No director need be a stockholder."

Proposed Amendment

The Board now wishes to remove the requirement of nine (9) directors through the conclusion of the 2024 annual meeting of stockholders and to decrease the upper limit on the number of directors on the Board to seven (7).

Accordingly, we recommend stockholders approve the following resolution:

> "RESOLVED, that Section 2.2 of Article II of the Second Amended and Restated By-laws of Evercel, Inc. shall be deleted in its entirety and replaced with the following:
>
> The board of directors shall consist of such number of directors, not less than three (3) nor more than seven (7), as shall be fixed initially by the incorporator(s) and thereafter from time to time by vote of a majority of either (i) the board of directors or (ii) the holders of all shares outstanding and entitled to vote."

Vacancies

If this Bylaw amendment proposal is not approved by the stockholders, the requirement of nine (9) directors through the conclusion of the 2024 annual meeting of stockholders and the current upper limit on the number of directors on the Board shall remain. The Board shall appoint two (2) directors to fill the vacancies on the board of directors without stockholders approval.

Required Vote

A vote of a majority of the shares outstanding and entitled to vote thereon is required to approve this Bylaw amendment proposal.

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE AMENDMENT TO THE COMPANY'S BYLAWS.

Annex A

Plan of Dissolution

Attached.

Annex B

Unaudited Financial Statements

Attached.

Annex C

Press Release

Attached.

EVERCEL INC., 745 FIFTH AVENUE SUITE 500 NEW YOK, NY 10151

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY

Your internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, and returned your proxy card. Votes submitted electronically over the internet must be received by 11:59 p.m. Eastern Time, on March 20, 2023.

INTERNET – **www.cstproxyvote.com**
Use the Internet to vote your proxy. Have your proxy card available when you access the above website. Follow the prompts to vote your shares.

MAIL - Mark, sign, and date your proxy card and return it in the postage-paid envelope we have provided or return it to Continental Stock Transfer & Title Company, Attn: Proxy Dept., 1 State Street, New York, NY 10004.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PO RTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

EVERCEL, INC.

Vote on Directors

1.	**PROPOSAL 1: ELECTION OF DIRECTORS:** To elect as directors all of the nominees listed below, Class II directors to serve for a two-year term expiring in 2024 and Class III directors to serve for a three-year term expiring in 2025.	**For All**	**Withhold All**	**For All Except**	To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.
	Nominees:				
	CLASS II DIRECTORS 01) Richard Krantz 02) Greg Falk	☐	☐	☐	_____
	CLASS III DIRECTORS 01) Alan Mitrani 02) Al Behar	☐	☐	☐	_____

Vote on Proposals

2.	**PROPOSAL 2:** To approve the voluntary dissolution and liquidation of the Company pursuant to the Plan of Dissolution, in substantially the form attached as *Annex A* to this proxy statement.	**For** ☐	**Against** ☐	**Abstain** ☐
3.	**PROPOSAL 3:** To approve the amendment to the Bylaws.	**For** ☐	**Against** ☐	**Abstain** ☐

For address changes and/or comments, please check this box and write them on the back where indicated. ☐

NOTE: Please sign exactly as your name or names appear(s) on this proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee, or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

EVERCEL, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

ANNUAL MEETING OF STOCKHOLDERS

March 21, 2023

The undersigned stockholder of EVERCEL, INC., a Delaware corporation, hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders of the Company, dated February 24, 2023, and hereby appoints Richard Krantz, acting Secretary, proxy and attorney-in-fact, with full power of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the Annual Meeting of Stockholders of the Company, to be held at the offices of Olshan Frome Wolosky LLP, at 1325 6th Ave, New York, NY 10019 on Tuesday, March 21, 2023 at 5:00 p.m., local time, and at any adjournment or postponement thereof, and to vote all shares of the Company's Common and/or Preferred Stock that the undersigned would be entitled to vote if then and there personally present, on the matters set forth on the reverse side.

This Proxy will be voted as directed or, if no contrary direction is indicated, will be voted FOR the election of the nominee directors, FOR the approval of the voluntary dissolution and liquidation of the Company pursuant to the Plan of Dissolution and FOR the approval of the amendment to the Bylaws and as said proxy deems advisable on such other matters as may come before the meeting.

A majority of such proxies or substitutes as shall be present and shall act at the meeting or any adjournment or postponement thereof (or if only one shall be present and act, then that one) shall have and may exercise all of the powers of said proxy hereunder.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEE DIRECTORS, A VOTE "FOR" THE APPROVAL OF THE VOLUNTARY DISSOLUTION AND LIQUIDATION OF THE COMPANY PURSUANT TO THE PLAN OF DISSOLUTION, AND A VOTE "FOR" THE AMENMDENT TO THE BYLAWS.

PLEASE MARK, SIGN, DATE, AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE.

Address Changes/Comments: _____

_____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side)

CONTINUED AND TO BE SIGNED ON REVERSE SIDE.