

October 23, 2015

Dear Shareholder:

We write with an update of the operations and financials of Evercel's fiscal year, which ended in March 2015.

With the sale of the assets of Sontek and New England Crab in previous years, our sole operating business today is Printronix, a company we acquired on December 31, 2012.

Printronix

Printronix continues to have two primary lines of business. Printronix is the global leader in Line Matrix printing solutions. In this segment, we compete with industrial laser printers, lower speed impact printers and increasingly with digital (no print) solutions. While demand for Line Matrix printing is declining due to newer technologies, there are many applications for which line matrix printers remain the best solution for a customer's needs. In the developed world these frequently include distribution and manufacturing centers. In the developing world in addition to distribution and manufacturing centers, they also include banks, utilities and government applications like printing utility bills, banking records and government checks. Our second line of business is thermal label printers for enterprise grade high performance industrial barcode labeling applications. While we are small relative to the few companies that dominate this industry, we differentiate by having long-standing relationships with customers through our Line Matrix business, a product portfolio with customer relevant differentiation and a reputation for rugged and reliable products that are built to last.

We had significant successes on several fronts in FY 2015: Printronix generated just over \$20m of EBITDA¹, brought on a new CEO with deep industry and senior executive experience, launched our first major new refreshed product in several years to help drive growth in our thermal division, and undertook a comprehensive strategic initiative to drive future performance.

Our leading market position (90%+ global market share) enables us to generate significant profits in the line matrix segment and our 40+ year history of selling rugged and reliable printers enables us to maintain a niche premium position in the thermal segment amongst top global customers.

¹ As defined for internal reporting purposes and by our lenders and excludes certain one time costs but is non-GAAP and not reviewed by our auditors.

Overall, Printronix has continued to meet the earnings expectations we set forth when we acquired the company. In addition, as part of an option in the original purchase from Vector Capital, in 2013 we acquired the building in Singapore where we manufacture the more sophisticated components of our product. In July 2013, we secured a bank mortgage on the building, which valued it at approximately 50% more than we had paid. More significantly, we refinanced Printronix's second lien debt also in 2013 with materially less expensive senior debt from two leading banks. In August 2014, Evercel's ownership of Printronix increased when we acquired shares in the entity that held the roughly 20% minority interest (less amounts for incentive purposes) in Printronix that Evercel did not own. We financed the transaction with cash from Printronix and no additional capital from Evercel.

2015 was an important year for Printronix as we embarked on an intensive initiative to refine our long term strategy.

Thermal Growth Plan: With sales in our thermal division relatively flat for several years, we endeavored to rethink our strategy. We brought in three experts with deep industry experience to lead an in-depth analysis, including conversations with channel partners, end customers, and employees. We developed a strategy that draws on Printronix's historical strengths (reliability, ruggedness, and enterprise grade solutions like remote printer management) but adds greater breadth in our product offering and restructured the sales force to focus on end-user engagement.

New leadership: Simultaneously, we began a search for a successor to our CEO who had decided to retire after seven years in the role. In conjunction with a six month Spencer Stuart engagement, we decided to hire Werner Heid, who had led our thermal strategy initiative as a consultant. Mr. Heid officially took the role on the first day of our 2016 fiscal year, becoming the company's third CEO in its 40+ year history. Mr. Heid has significant printer manufacturing industry experience. He spent 12 years at Hewlett Packard, where among many roles he ran their European LaserJet printer and supplies business. He has relevant senior executive experience as well, having served as the CEO of Iomega, the President of Proxima and SVP of Global Sales and Marketing of Logitech.

In addition, we hired a thermal industry veteran, who had also consulted on our strategy initiative, to be the general manager of our thermal division and implement our revised strategic plan.

Line Matrix Strategy: In FY 2015, we promoted our product manager of Line Matrix to be the General Manager of the division. His ability to now focus solely on the Line Matrix business will help enable us to focus on maximizing the profitability of the business by executing initiatives such as streamlining the number of product SKUs we offer, by better aligning our channel network

to better serve our installed customer base, and by intensifying our efforts on installed base intelligence to drive printer refresh and consumables sales.

Overall Simplification: As a critical part of the new corporate strategy, we embarked on an initiative to simplify the business, eliminating legacy costs and processes that are no longer necessary. For example, we plan to consolidate two of our manufacturing facilities by moving our Singapore and Shanghai assembly operations to Malaysia in 2016. In addition, we continue to reduce our overall operating resources and have reduced nearly 40 positions globally across all functions over the past year.

Overall, our strategy continues to be to maximize profits from our Line Matrix business and grow our Thermal Printer Business, and over the longer term to explore opportunities to leverage our global sales and distribution presence, strong reputation with premier enterprise customers to build Printronix for the future.

New England Crab Company:

As we sold the New England Crab Company in February 2014, activity in 2015 was limited to continuing to sell remaining frozen inventory. We succeeded in selling \$500k of inventory and donated the leftover inventory, which proved difficult to sell, to local food banks.

In addition to selling inventory, we continue to manage several legal activities. We were notified of Labor department investigation into how NECC paid overtime to hourly workers for many years. After a Department of Labor investigation and an internal investigation, we reached a settlement with the Department of Labor and resolved the situation for a non-material one-time payment. In addition, we have an unresolved non-material claim for an incident involving an alleged sale of spoiled product from several years ago. We are disputing the claim. In addition, we continue to pursue legal action against a fraudulent customer, and an unrelated action against NECC's prior management.

Sontek Medical Inc.:

As we sold Sontek on March 31, 2013, there was no business activity reported in FY 2015.

LocalVox:

Evercel owned a minority stake in LocalVox, for an investment made in 2012 of \$400,000. LocalVox sold the business in September 2014, resulting in immediate proceeds to Evercel of \$317,267 for Fiscal Year 2015. There is a note outstanding due Evercel for \$218,450.

Evercel, Inc.

In an effort to stay in better touch with our shareholders, we continue to build an email distribution list and website for shareholder information. We encourage shareholders who haven't already signed up on the website to do so. We will continue our policy to distribute information to all shareholders simultaneously and are unable to respond to individual requests. We currently communicate through issuing press releases with the information, or through a press release announcing the future posting of information to the Evercel website. Audited financials from the year ending in March 2015 are also available on our website. While Evercel is not a registered security with the SEC and therefore has no reporting obligations, we strive to provide transparency while ensuring all shareholders simultaneously receive equal information. We strive to improve the reporting process, while not disadvantaging any shareholder or creating an undue burden on our main operating company.

Longer term, we look to leverage the Evercel platform to find additional investment opportunities in addition to Printronix. We welcome suggestions from our shareholders.

Finally, we would like to continue to express our gratitude for the commitment and efforts of our employees, and to our long-term shareholders for their continued support. We plan to continue to provide updates following the publication of our annual audit.



Daniel Allen
CEO



James Gerson
Chairman

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