

# STR Holdings, Inc. Board Approves Wind-down of the Company

ENFIELD, CT / ACCESSWIRE / May 17, 2021 / STR Holdings, Inc. (OTC PINK:STRI) (STRI or the “Company”) announced today that its Board of Directors (the “Board”) has unanimously approved an orderly wind-down of the Company’s business and operations. The Company is also in discussions with the Company’s major stockholder, which beneficially owns more than 45% of the Company’s outstanding common stock, to seek the stockholder’s support of a Plan of Liquidation and Dissolution of the Company. The Board believes that the adoption of a Plan of Liquidation and Dissolution would further facilitate an orderly wind-down of the Company. To date, the major stockholder has not supported the adoption of a Plan of Liquidation and Dissolution.

The adoption of a Plan of Liquidation and Dissolution would require the approval of a majority of the Company’s shares outstanding. The Company does not believe that it would be able to obtain such approval without the support of its major stockholder. Therefore, the Board and the Company do not currently intend to incur the cost and expense of seeking such approval unless and until the support of the Company’s major stockholder can be obtained.

Regardless of whether the Company is able to obtain the necessary support for the adoption of a Plan of Liquidation and Dissolution, as directed by the Board, the Company intends to continue to effect the windup its business and operations and proceed to:

- provide transition services to H.B. Fuller, pursuant to which the Company will continue to fulfill ongoing orders for H.B. Fuller’s encapsulant products until such time as H.B. Fuller completes the relocation of certain of the purchased assets, not to exceed 15 months;
- cease to conduct normal business operations, except as may be required to wind up its business affairs (including the provision of the transaction services to H.B. Fuller);
- attempt to convert all of its remaining assets into cash or cash equivalents in an orderly fashion;
- pay or attempt to adequately provide for the payment of all of its known obligations and liabilities; and
- thereafter distribute pro rata in one or more distributions its remaining cash to its stockholders, to the extent that the Board can determine that such cash is legally available for such distribution.

In connection with the foregoing, the Company intends vigorously to continue to pursue the collection of funds owed to the Company and to protect and defend its interests in winding down and/or disposing of its subsidiaries.

The Board may modify or abandon this wind-down plan at any time the Board determines that such modification or abandonment is in the best interest of the Company's stockholders.

As previously announced on January 26, 2021, the Company had completed the sale of its U.S. based Solar Encapsulant business (the "Business") to H.B. Fuller Company (the "Asset Sale"). STRI concurrently reported that STRI's Spanish subsidiary, Specialized Technology Resources España S.A. ("STRE"), had shut down its operations, and in October 2020, filed for insolvency in Spain.

Upon the closing of the Asset Sale, STRI received approximately \$5.5 million, which is subject to a working capital adjustment. In addition, STRI is entitled to receive up to an additional \$2.5 million from HB Fuller, including (i) up to \$800,000 held back from the purchase price for one year to cover certain STRI indemnification obligations, if any, and (ii) an additional contingent payment of up to \$1.7 million if H. B. Fuller is able to achieve certain performance criteria for the acquired business. The Company cannot assure that it will receive any of such payments. The receipt of any such payments is subject to risks and uncertainties, many of which are beyond the control of the Company. As a result, there can be no assurance that the Company will receive any such payments.

The Company is currently unable to predict the amount or timing of distributions, if any, that would be made to its stockholders if the Company pursues its plan to wind-down the Company and is permitted to dissolve the Company. The Company believes that the range of funds that could ultimately become available for distribution to stockholders would be between zero and, in the most optimistic scenario, \$5.0 million.<sup>1</sup> The amount and timing of distributions, if any, will depend upon and could be affected, delayed or eliminated by, among other things, (i) the timing and amount, if any, of deferred and contingent payments the Company receives pursuant to the Asset Sale, (ii) the amount and timing of claim settlements and reserves set aside to address creditors and contingent liabilities, (iii) the timing of the completion of the transition services to be performed by the Company in connection with the Asset Sale, (iv) the expenses incurred by the Company, (v) the timing and net proceeds received on the sales of its non-cash assets and (vi) the ability of the Company to obtain stockholder approval to dissolve the Company. The Company cannot assure that its major stockholder will ever support the wind-down or approve the dissolution of the Company. The Company's major stockholder, or any other stockholder, could seek to interfere with, delay or cause the Company to abandon its wind-down plan. In addition, a creditor could seek an injunction against, or otherwise seek to interfere with the making of distributions to our stockholders, on the ground that the amounts to be distributed were needed to provide for the payment of our liabilities and expenses. Any such actions by a stockholder or a creditor could delay, reduce or eliminate the amount available for distribution to our stockholders, or otherwise cause the Company to abandon its wind-down plan. The Company cannot assure that any funds will become available for distribution or be distributed to its stockholders.

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<sup>1</sup> As of the date of this press release, the Company has 20,152,029 shares of common stock issued and outstanding.

## **Forward-Looking Statement Disclaimer**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to inherent risks and uncertainties, including statements regarding the Company's proposed winding down of its operations and the amount and timing of distributions, if any, to its stockholders. The Company is currently unable to predict the amount or timing of such distributions, if any. The amount and timing of such distributions will depend on and could be affected, delayed or eliminated by any number of risks and uncertainties, many of which are not in the control of the Company, including without limitation those discussed in this press release. Moreover, as provided above, the Board may modify or abandon its plan to wind-down its business and operations at any time. The Company undertakes no obligation to publicly update any forward-looking statement contained in this press release, whether as a result of new information, future developments or otherwise, except as may be required by law.

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Source: STR Holdings