

PERFECTDATA CORP

Form S-4

October 24, 2003

As filed with the Securities and Exchange Commission on October 24, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

Under

The Securities Act of 1933

Under
The Securities Act of 1933

PerfectData Corporation

(Exact name of registrant as specified in its charter)

California

(State or other jurisdiction of
incorporation or organization)

3990

(Primary Standard Industrial
Classification Code Number)

95-3087593

(I.R.S. Employee
Identification Number)

110 West Easy Street
Simi Valley, California 93065
(805) 581-4000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Harris A. Shapiro
Chief Executive Officer
PerfectData Corporation
110 West Easy Street
Simi Valley, California 93065
(805) 581-4000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the merger of a wholly-owned subsidiary of PerfectData Corporation into SuperCom Ltd. have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price ⁽²⁾	Amount of Registration Fee
Common Stock, no par value per share	27,821,070	\$0.69	\$8,767,374	\$709.28

(1)The Registrant is offering 27,821,070 shares of its common stock, no par value per share, which is the maximum number of shares of common stock that the Registrant is expected to issue in the merger described herein to holders of ordinary shares of SuperCom Ltd., assuming that PerfectData's Final Net Available Cash prior to the merger is \$1,500,000, and is calculated as the product of 12,706,339 SuperCom ordinary shares multiplied by the exchange ratio of 2.1895426 shares of PerfectData common stock for each SuperCom ordinary share.

(2)Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rule 457(f) under the Securities Act. Pursuant to Rule 457(f)(2) under the Securities Act, the registration fee has been calculated based on the book value of SuperCom common stock to be exchanged in the merger, as the product of (i) \$0.69 (the book value of each share of SuperCom common stock computed as of the latest practicable date prior to the date of filing this registration statement) multiplied by (ii) 12,706,339, the estimated maximum number of SuperCom ordinary shares expected to be cancelled by the Registrant in the merger.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

The information in this joint proxy statement/prospectus is not complete and may be changed. PerfectData

may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated October 24, 2003

[PerfectData Logo]

[SuperCom Logo]

**PerfectData Corporation
110 West Easy Street
Simi Valley, California 93065**

**SuperCom Ltd.
Millennium Bldg.
3 Tidhar St., P.O.B. 2094
Raanaana 43665 Israel**

PERFECTDATA AND SUPERCOM
JOINT PROXY STATEMENT/PROSPECTUS

PerfectData Corporation and SuperCom Ltd. have entered into a merger agreement pursuant to which a newly-formed, wholly-owned Israeli subsidiary of PerfectData will merge with and into SuperCom and the shareholders of SuperCom will become shareholders of PerfectData. Following the merger, PerfectData will conduct only the business currently conducted by SuperCom. Upon consummation of the merger, holders of SuperCom ordinary shares will own 72.5% of PerfectData on a fully-diluted basis, and the holders of PerfectData common stock prior to the merger will own 21.5% of PerfectData on a fully-diluted basis, subject to certain adjustments described below and in this joint proxy statement/prospectus. The balance of PerfectData will be owned by certain parties that acted as finders in connection with this transaction. The closing of this merger is subject to the approvals of the shareholders of both PerfectData and SuperCom and certain other closing conditions.

In connection with the merger, PerfectData's shareholders are also being asked to approve the reincorporation of PerfectData in the State of Delaware (including the change of PerfectData's name to "SuperCom (Delaware) Inc.," or SuperCom Delaware, if the merger is consummated); an increase in the number of common shares that SuperCom is authorized to issue; a new equity incentive plan; the adoption of an amendment to the bylaws increasing the number of directors from five to eight if the merger is consummated; the election of a new board of directors consisting of six individuals nominated by SuperCom and two individuals nominated by PerfectData if the merger is consummated; and the ratification of the selection of Kost, Forer & Gabbay, a member of Ernst & Young Global, as auditors if the merger is consummated.

The number of shares of PerfectData common stock (which will become SuperCom Delaware common stock after the reincorporation) to be issued for each ordinary share of SuperCom is not fixed and will be adjusted based upon the exchange ratio established by the merger agreement. Under the merger agreement, the exchange ratio is calculated so that each ordinary share of SuperCom outstanding immediately before the effective time of the merger will be converted into the number of shares of PerfectData common stock equal to (1) 3.3720926 multiplied by the number of shares of PerfectData common stock outstanding on a fully-diluted basis before the effective time of the merger, divided by (2) the number of ordinary shares of SuperCom outstanding on a fully-diluted basis immediately before the effective time of the merger. Based on the number of shares of PerfectData common stock and SuperCom ordinary shares outstanding as of October 10, 2003, and including the issuance by PerfectData of 150,000 of its shares to a third party conditioned upon the closing of the merger, SuperCom shareholders would receive 1.534804837 shares of PerfectData common stock for each ordinary share of SuperCom they own.

Adjustments to the exchange ratio will be made in the event that the Final Net Available Cash of PerfectData at the effective time of the merger is less than \$2,000,000. Pursuant to the merger agreement, "Final Net Available Cash" means, as of the effective time of the merger, a dollar amount

determined in accordance with generally accepted accounting principles equal to the aggregate amount of PerfectData's cash and cash equivalents, less the aggregate amount of all of PerfectData's liabilities. The Final Net Available Cash would have been \$1,994,000 had the closing been effected as of June 30, 2003, assuming that through the sale of its operating assets (including inventory and certain accounts receivable) and collection of other accounts receivable PerfectData had realized full value on such assets. PerfectData currently estimates that its Final Net Available Cash immediately prior to the merger will be approximately \$1,600,000. Assuming that the Final Net Available Cash of PerfectData prior to the merger equals \$1,600,000, the adjusted exchange ratio (assuming no changes in the number of SuperCom ordinary shares and PerfectData common stock outstanding on a fully diluted basis) would be adjusted so that each ordinary share of SuperCom would be converted into the right to receive 2.0171376 shares of SuperCom Delaware common stock at the effective time of the merger, and the respective ownership of SuperCom's shareholders and PerfectData's shareholders in the combined company, at the effective time of the merger, on a fully diluted basis would be approximately 78% and 17.6%, respectively. If the Final Net Available Cash of PerfectData prior to the merger equals \$1,500,000 (which is the lowest amount it can be without breaching the conditions to SuperCom's obligations to close), the adjusted exchange ratio would be 2.1895426, and the respective ownership of SuperCom's shareholders and PerfectData's shareholders in PerfectData, at the effective time of the merger, on a fully diluted basis would be approximately 79.4% and 16.5%, respectively.

After the merger and reincorporation, shareholders of PerfectData will continue to own the same number of shares as they currently own, but they will hold shares in the new Delaware corporation (SuperCom Delaware) instead of the current PerfectData. The shares of common stock of PerfectData are listed on the Over-the-Counter Bulletin Board under the symbol "PERF." We intend to apply to have the symbol changed to "SPRC" after completion of the merger.

We have each scheduled a meeting of our respective shareholders to vote on these important matters. The dates, times and places of the meetings are set forth in the accompanying notices of meeting. YOUR VOTE IN PERSON OR BY PROXY AT THE RESPECTIVE MEETINGS OF SHAREHOLDERS IS VERY IMPORTANT.

This document is a prospectus of PerfectData relating to the issuance of shares of PerfectData's common stock (which will become SuperCom Delaware's common stock) in connection with the merger and a joint proxy statement for both PerfectData and SuperCom to use in soliciting proxies for our shareholder meetings. It contains answers to frequently asked questions beginning on page 1 and a summary description of the merger beginning on page 8, followed by a more detailed discussion of the merger and related matters. You should also consider the matters discussed under "Risk Factors" commencing on page 26 of the enclosed joint proxy statement/prospectus. We urge you to review the entire document carefully.

Harris A. Shapiro
Chief Executive Officer and Chairman of the Board
PerfectData Corporation

Avi Schechter
Chief Executive Officer and President
SuperCom Ltd.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the PerfectData common stock to be issued in the merger or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this joint proxy statement/prospectus is [], 2003, and this joint proxy statement/prospectus and the accompanying proxy cards are first being mailed to the shareholders of PerfectData and SuperCom on or about [], 2003.

PERFECTDATA CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON [], 2003
AND NOTICE OF SHAREHOLDERS'S CONSENT

To the Shareholders of PerfectData Corporation:

NOTICE IS HEREBY GIVEN that the annual meeting of the shareholders of PerfectData Corporation, a California corporation ("PerfectData"), will be held at [Time], local time, on [Date], 2003, at [Address], to consider and vote upon the following matters:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger and Reorganization dated as of July 2, 2003 by and among PerfectData Corporation, PerfectData Merger Sub Ltd. and SuperCom Ltd. ("SuperCom") and the merger of PerfectData Merger Sub Ltd. with and into SuperCom (the "merger");
2. To consider and vote upon a proposal to reincorporate PerfectData as a Delaware corporation (including, among other things, a change of PerfectData's name to "SuperCom (Delaware) Inc." if the merger is consummated);
3. To consider and vote upon a proposal to increase the number of authorized shares of common stock from 10,000,000 to 55,000,000;
4. To consider and vote upon a proposal to adopt a new equity incentive plan;
5. To adopt an amendment to the bylaws increasing the number of directors from five to eight if the merger is consummated;
6. To elect the number of directors of PerfectData hereinafter provided to serve until the next annual meeting of shareholders and until their successors are duly executed and qualify as follows:
 - (a) to elect eight directors to serve if the merger is consummated; or
 - (b) to elect five directors to serve if the merger is not consummated;
7. To ratify the selection of independent auditors of PerfectData, as follows:
 - (a) Kost, Forer & Gabbay, a member of Ernst & Young Global, for the fiscal year ending December 31, 2003 if the merger is consummated, or
 - (b) KPMG LLP for the fiscal year ending March 31, 2004 if the merger is not consummated;
8. To transact any other business that properly comes before the annual meeting or any adjournments or postponements thereof.

If the merger is not consummated, only proposals 2, 3, 6(b) and 7(b), if approved by the shareholders of PerfectData, will be implemented.

NOTICE IS ALSO HEREBY GIVEN, pursuant to Section 603(b)(1) of the California General Corporation Law, that the holders of more than a majority of the outstanding shares of the PerfectData common stock have consented to the sale of the business operations of PerfectData and that PerfectData intends to close such sale 20 days after the sending of this notice.

All shareholders are cordially invited to attend the annual meeting. Even if you plan to attend the annual meeting in person, we request that you complete, date, sign and promptly return the enclosed proxy and thus ensure that your shares will be represented at the annual meeting if you are unable to attend. An envelope is enclosed for that purpose. Any shareholder attending the annual meeting may withdraw his or her proxy and vote in person.

The merger and related transactions are more fully described in the joint proxy statement/prospectus and the annexes, including the Agreement and Plan of Merger and Reorganization, accompanying this notice.

Any action may be taken on any of the foregoing proposals at the annual meeting on the date specified above or on any date to which the annual meeting may properly be postponed or adjourned. The PerfectData Board of Directors has fixed the close of business on [Record Date], 2003 as the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting. Only shareholders of record on the record date are entitled to notice of and to vote at the annual meeting or any adjournment or postponement of the meeting.

By Order of the Board of Directors,

Irene J. Marino
Corporate Secretary

Simi Valley, California
[Date], 2003

SUPERCOM LTD.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON _____, 2003

To the Shareholders of SuperCom Ltd.:

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of SuperCom Ltd., a company formed under the laws of Israel, will be held at [Time], local time, on [Date], 2003, at [Address], to consider and vote upon the following matters:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger and Reorganization dated as of July 2, 2003 by and among PerfectData Corporation, PerfectData Merger Sub Ltd. and SuperCom Ltd. ("SuperCom") and the merger of PerfectData Merger Sub Ltd. with and into SuperCom (the "merger"); and
2. To transact any other business that properly comes before the special meeting or any adjournments or postponements thereof.

All shareholders are cordially invited to attend the special meeting. Even if you plan to attend the meeting in person, we request that you complete, date, sign and promptly return the enclosed proxy and thus ensure that your shares will be represented at the meeting if you are unable to attend. An envelope is enclosed for that purpose. Any shareholder attending the meeting may withdraw his proxy and vote in person.

You should notify SuperCom before voting at the meeting or indicate on the proxy card, whether or not you indicate how you want to vote, whether or not you are: (1) a person or entity holding, directly or indirectly, 25% or more of either the voting power or the right to appoint a director of PerfectData or PerfectData Merger Sub; (2) a person or entity acting on behalf of PerfectData, PerfectData Merger Sub or a person or entity described in (1); or (3) a family member of, or an entity controlled by, PerfectData, PerfectData Merger Sub or any of the foregoing. If you do not notify SuperCom as aforesaid, you will not be entitled to vote on the merger and your vote will not be counted with respect to Proposal No. 1.

In addition, you should notify SuperCom before the meeting or indicate on the proxy card whether or not you are a U.S. resident and if you are a U.S. resident, indicate your U.S. state of residence.

The proposed merger and related transactions are more fully described in the joint proxy statement/prospectus and the annexes, including the Agreement and Plan of Merger and Reorganization, accompanying this notice.

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Any action may be taken on the foregoing proposal at the special meeting on the date specified above or on any date to which the meeting may properly be postponed or adjourned. The SuperCom board of directors has fixed the close of business on [Record Date], 2003 as the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting. Only shareholders of record on the record date are entitled to notice of and to vote at the meeting or any adjournment or postponement of the meeting.

By Order of the Board of Directors,

Avi Schechter
Chief Executive Officer and
President

Raanana, Israel
[Date], 2003

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We have not authorized any dealer, salesperson or other person to give any information or represent anything not contained in this prospectus. You should not rely on any unauthorized information. This prospectus does not offer to sell or buy any shares in any jurisdiction in which it is unlawful. The information in this prospectus is current as of the date on the cover.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What will happen in the merger if approved by the shareholders?

A: Before the merger, PerfectData will reincorporate as a Delaware corporation known as SuperCom (Delaware) Inc., and which we sometimes call SuperCom Delaware. In the merger, SuperCom will merge with a wholly-owned subsidiary of SuperCom Delaware (formerly PerfectData), with SuperCom surviving as a wholly-owned subsidiary of SuperCom Delaware. PerfectData (which will become SuperCom Delaware) together with SuperCom are referred to collectively as the combined company. Upon completion of the merger, the combined company will conduct only the business currently being conducted by SuperCom.

Q: Why are PerfectData and SuperCom proposing the merger?

A: The boards of directors of PerfectData and SuperCom believe that the combined company will have greater access to capital than either company separately and that this greater access to capital will enhance shareholder value for their respective shareholders. The PerfectData board of directors also believes that the merger will provide PerfectData shareholders with the possibility of increased value through ownership of an operating company with potential for significant growth. The primary business activity of the combined company will be to continue the smart card technology business currently conducted and contemplated by SuperCom. There can be no assurance that shareholder value will be enhanced as contemplated.

Q: What will shareholders of PerfectData receive in the merger?

A: Shareholders of PerfectData will retain the same number of shares in the combined company as they had prior to the merger, but will be diluted down to an aggregate interest of approximately 21.5% (subject to certain adjustments) in the combined company, on a fully diluted basis. PerfectData currently estimates that its Final Net Available Cash immediately prior to the merger

will be approximately \$1,600,000. Assuming that the Final Net Available Cash of PerfectData prior to the merger equals \$1,600,000, the adjusted exchange ratio (assuming no changes in the number of SuperCom ordinary shares and PerfectData common stock outstanding on a fully diluted basis) would be adjusted so that each ordinary share of SuperCom would be converted into the right to receive 2.0171376 shares of PerfectData common stock at the effective time of the merger, and the respective ownership of SuperCom's shareholders and PerfectData's shareholders in the combined company, at the effective time of the merger, on a fully diluted basis would be approximately 78% and 17.6%, respectively. If the Final Net Available Cash of PerfectData prior to the merger equals \$1,500,000 (which is the lowest amount it can be without breaching the conditions to SuperCom's obligations to close), the adjusted exchange ratio would be 2.1895426, and the respective ownership of SuperCom's shareholders and PerfectData's shareholders in PerfectData, at the effective time of the merger, on a fully diluted basis would be approximately 79.4% and 16.5%, respectively. Pursuant to the merger agreement, "Final Net Available Cash" means, as of the effective time of the merger, a dollar amount determined in accordance with generally accepted accounting principles equal to the aggregate amount of PerfectData's cash and cash equivalents, less the aggregate amount of all of PerfectData's liabilities.

Q: What will shareholders of SuperCom receive in the merger?

A: Each ordinary share of SuperCom outstanding immediately prior to the effective time of the merger (including all ordinary shares of SuperCom issuable upon exercise of SuperCom options) will be converted into the right to receive 1.534804837 shares of PerfectData common stock, subject to certain adjustments. The right to receive 1.534804837 shares of PerfectData common stock for each ordinary share of SuperCom, subject to adjustments, is referred to as the "exchange ratio." Adjustments to the exchange ratio will be made in the event that the Final Net Available Cash of PerfectData at the effective time of the merger is less than \$2,000,000.

The Final Net Available Cash would have been \$1,994,000 had the closing been effected as of June 30, 2003, assuming that through the sale of its operating assets (including inventory and certain accounts receivable) and collection of other accounts receivable PerfectData had realized full value on such assets. PerfectData currently estimates that its Final Net Available Cash immediately prior to the merger will be approximately \$1,600,000. Assuming that the Final Net Available Cash of PerfectData prior to the merger equals \$1,600,000, the adjusted exchange ratio (assuming no changes in the number of SuperCom ordinary shares and PerfectData common stock outstanding on a fully diluted basis) would be adjusted so that each ordinary share of SuperCom would be converted into the right to receive 2.0171376 shares of SuperCom Delaware common stock at the effective time of the merger, and the respective ownership of SuperCom's shareholders and PerfectData's shareholders in the combined company, at the effective time of the merger, on a fully diluted basis would be approximately 78% and 17.6%, respectively. If the Final Net Available Cash of PerfectData prior to the merger equals \$1,500,000 (which is the lowest it can go without breaching the conditions to SuperCom's obligations to close), the adjusted exchange ratio would be 2.1895426, and the respective ownership of SuperCom's shareholders and PerfectData's shareholders in PerfectData, at the effective time of the merger, on a fully diluted basis would be approximately 79.4% and 16.5%, respectively.

Q: What will option holders of SuperCom receive in the merger?

A: Each outstanding option to purchase ordinary shares of SuperCom will be assumed by PerfectData and may be exercised only for such number of shares of PerfectData common stock (omitting any fractional shares) determined by multiplying the number of ordinary shares of SuperCom subject to each outstanding option by the exchange ratio (at an exercise price adjusted to reflect the change in the number of shares that may be purchased).

Q: When are the shareholders' meetings?

A: PerfectData's annual meeting of shareholders will take place on _____, 2003. SuperCom's special meeting of shareholders will take place on _____, 2003. The time and location of each meeting is specified in the notice of shareholder meetings.

Q: What will happen at the PerfectData shareholders' meeting?

A: At the PerfectData annual meeting of shareholders, PerfectData shareholders will vote on whether to approve (1) the merger and the merger agreement, (2) the reincorporation of PerfectData in the State of Delaware (including the change of PerfectData's name to "SuperCom (Delaware) Inc.," or SuperCom Delaware, if the merger is consummated); (3) an increase in the number of common shares that SuperCom is authorized to issue; (4) a new equity incentive plan; (5) the adoption of an amendment to the bylaws increasing the number of directors from five to eight if the merger is consummated; (6) the election of a new board of directors consisting of six individuals nominated by SuperCom and two individuals nominated by PerfectData if the merger is consummated; and (7) the ratification of the selection of Kost, Forer & Gabbay, a member of Ernst & Young Global, as auditors if the merger is consummated. We cannot complete the merger unless the PerfectData shareholders vote to approve the merger and the merger agreement, the reincorporation and the increase in the number of authorized common shares. You should be aware that shareholders holding 1,234,716 shares (or approximately 19.9% as of [Record Date]) of PerfectData's outstanding common stock have entered into a voting agreement, which requires those shareholders to vote their shares of PerfectData common stock in favor of all of the proposals described above.

If PerfectData shareholders do not approve Proposal (1) with respect to the merger and the merger agreement, but otherwise vote in favor of the following proposals, they will be implemented: (2) reincorporation in the State of Delaware; (3) the increase in the authorized number of common shares; (6) the election of five directors, management's nominees being the current PerfectData directors; and (7) the selection of KPMG as auditors. The sale of PerfectData's business operations will also be effected.

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Q: What will happen at the SuperCom shareholders' meeting?

A: At the SuperCom special meeting of shareholders, the SuperCom shareholders will vote on whether to approve the merger and the merger agreement. We cannot complete the merger unless the SuperCom shareholders vote to approve the merger agreement and the merger. Shareholders holding 7,117,481 shares (or approximately 56% as of [Record Date]) of SuperCom's outstanding ordinary shares have entered into a voting agreement, which requires those shareholders to vote their ordinary shares of SuperCom in favor of the merger agreement and the merger.

Q: Are there risks associated with the merger that I should consider in deciding how to vote?

A: Yes. There are risks associated with all business combinations, including this merger. In particular, you should be aware that the exchange ratio determining the number of PerfectData shares that SuperCom shareholders will receive is fixed and will not change as the market price of shares of PerfectData common stock fluctuates in the period before the merger. Accordingly, the market value of the shares of PerfectData common stock that you as a SuperCom shareholder will receive in the merger in return for your ordinary shares of SuperCom may be either less than or more than the current fair market value of the ordinary shares of SuperCom that you currently hold. There are also a number of other risks that are discussed in this document. Please read with particular care the more detailed description of the risks associated with the merger on pages 26 through 28.

Q: When do you expect to complete the merger?

A: We expect to complete the merger as quickly as possible once all the conditions to the merger, including obtaining the required approvals of PerfectData shareholders and SuperCom shareholders at their respective shareholders' meetings, are fulfilled. Fulfilling some of these conditions is not entirely within our control. In addition to shareholder approval, we must also send copies of the merger proposal filed with the Israeli Companies Registrar to secured creditors and notify unsecured creditors via publication, file "shareholder approval notices" with the Israeli

Companies Registrar, obtain consent from the Office of the Chief Scientist of Israel's Ministry of Trade and Industry, obtain consent from the Israeli Investment Center of Israel's Ministry of Trade and Industry, obtain a ruling of the Israeli Income Tax Commissioner, and each of SuperCom and PerfectData must satisfy or waive all of the closing conditions contained in the merger agreement. We hope to complete the merger late in December 2003.

Q: What should shareholders of PerfectData do to approve the merger and other proposals?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, PerfectData shareholders should sign, complete and mail their respective proxy cards in the enclosed postage-prepaid envelope as soon as possible so that their shares will be voted at the annual meeting of shareholders. In order to assure that we obtain your vote, please follow the voting instructions on your proxy card even if you currently plan to attend the meeting in person. The board of directors of PerfectData recommends voting FOR the proposals to approve the merger and the merger agreement, the reincorporation of PerfectData as a Delaware corporation (including the change of PerfectData's name to "SuperCom (Delaware) Inc."), an increase in the authorized number of shares of common stock to 55,000,000, the adoption of a new equity incentive plan, the adoption of an amendment to the bylaws increasing the number of directors from five to eight if the merger is consummated, the election of eight directors to serve until the next annual meeting of shareholders if the merger is consummated, and the ratification of the selection of Kost, Forer & Gabbay as auditors if the merger is consummated. For a description of the factors considered by the PerfectData board of directors in making its determination, see the section entitled "The Merger-PerfectData's Reasons for the Merger and Factors Considered by the PerfectData Board of Directors" on page 48.

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Q: What should shareholders of SuperCom do to approve the merger?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, SuperCom shareholders should sign, complete and mail their respective proxy cards in the enclosed postage-prepaid envelope as soon as possible so that their shares will be voted at the special meeting of shareholders. In order to assure that we obtain your vote, please follow the voting instructions on your proxy card even if you currently plan to attend the meeting in person. The board of directors of SuperCom recommends voting FOR the proposal to approve the merger and the merger agreement. For a description of the factors considered by the SuperCom board of directors in making its determination, see the section entitled "The Merger-SuperCom's Reasons for the Merger and Factors Considered by the SuperCom Board of Directors" on page 49.

Q: What vote is required by PerfectData shareholders to complete the merger?

A: The affirmative vote of holders of a majority of the outstanding shares of PerfectData common stock is required to approve the merger agreement and the merger. PerfectData shareholders who collectively hold approximately 19.9% of the outstanding capital stock of PerfectData as of [Record Date], have agreed to vote all of their shares in favor of approval of the merger agreement and the merger.

Q: What vote is required by SuperCom shareholders to complete the merger?

A: The affirmative vote of holders of 75% of the ordinary shares of SuperCom present and voting at a meeting at which a quorum is present is required to approve the merger agreement and related transactions. SuperCom shareholders who collectively hold approximately 56% of the outstanding capital stock of SuperCom as of [Record Date], have agreed to vote all of their shares in favor of approval of the merger agreement and the merger.

Q: Will SuperCom shareholders recognize gain or loss for U.S. federal or Israeli income tax purposes as a result of the merger?

A:

We believe that SuperCom shareholders will not recognize gain or loss for United States federal income tax purposes by exchanging their SuperCom shares for any PerfectData shares in the merger. Because SuperCom is not a U.S. corporation, certain special rules apply, and this summary may not apply to all SuperCom shareholders. You are urged to carefully review the detailed summary of the material United States federal income tax consequences of the merger set forth in this joint proxy statement/prospectus and to consult with and rely solely upon your own tax advisor to determine your particular tax consequences resulting from the merger.

The merger also has certain tax consequences for Israeli taxpayers. Under the Israeli Income Tax Ordinance [New Version], 1961, the transfer of shares of an Israeli company is deemed to be a sale of capital assets. Israeli law imposes a capital gains tax on the sale of capital assets located in Israel, including shares in Israeli resident companies, by both residents and non-residents of Israel, unless a specific exemption is available or unless a treaty between Israel and the country of the non-resident provides otherwise. Special rules apply in reference to traded securities. On January 1, 2003, the Law for Amendment of the Income Tax Ordinance (Amendment No. 132), 5762-2002, known as the tax reform, came into effect, thus changing the rules and definitions of traded securities within the relevant laws. Following the above-mentioned tax reform, the tax status of SuperCom, as a listed company, is not yet clear. SuperCom shareholders who acquired their shares prior to SuperCom's initial public offering in 2000 and who do not qualify for an exemption from Israeli capital gains tax under any tax treaty to which the State of Israel is a party, may be subject to Israeli capital gains tax on the sale of their SuperCom ordinary shares in the merger. You are urged to carefully review the detailed summary of the material Israeli tax consequences of the merger set forth in this joint proxy statement/prospectus and to consult with and rely solely upon your own tax advisor to determine your particular tax consequences resulting from the merger.

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For a more complete description of the tax consequences of the merger, see the section entitled "Certain Material U.S. Federal and Israeli Income Tax Consequences of the Merger" on page 73.

Q: Will my rights as a shareholder of SuperCom or PerfectData change as a result of the merger?

A: SuperCom and PerfectData are incorporated in different jurisdictions having different corporate laws. In addition, the governing documents of each company vary and PerfectData intends to reincorporate as a Delaware corporation. As a result, a SuperCom shareholder will have different rights as a PerfectData shareholder than as a SuperCom shareholder. Similarly, as a result of the reincorporation in Delaware, a PerfectData shareholder will have different rights as a stockholder of a Delaware corporation. See the section entitled "Comparison of Rights of Holders of SuperCom Ordinary Shares and PerfectData and SuperCom Delaware Common Stock" on page 128.

Q: Will I have dissenters' or appraisal rights?

A: Under California law, where PerfectData is incorporated, PerfectData shareholders who do not vote in favor of the merger and the reincorporation of PerfectData in Delaware have the right to receive an appraisal of the fair value of their PerfectData shares and to obtain payment for such shares in connection with the merger. In addition, the shareholders who did not consent to the sale of PerfectData's business operations may also have this right. In order to qualify for this right, a shareholder must fully comply with the provisions of Sections 1300 through 1312 of the California General Corporation Law. See the section entitled "Statutory Dissenters' Rights of Dissenting PerfectData Shareholders" on page 69 and Annex D for a description of those procedures.

Under Israeli law, holders of SuperCom ordinary shares are not entitled to statutory dissenters' rights in connection with the merger.

Q: If my shares are held in "street name" by my broker, will my broker vote my shares for me?

A:Your broker cannot vote your shares unless your broker has discretionary voting authority or you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker. If your broker cannot vote your shares, this is considered a broker non-vote and those shares will not be considered present or represented with respect to a particular proposal at the shareholders' meetings.

Q: Can I change my vote after I have mailed my signed proxy?

A:Yes. If you want to change your vote, send the Corporate Secretary of SuperCom or the Corporate Secretary of PerfectData, as applicable, a later-dated, signed proxy card before your shareholders' meeting or, if you hold your shares in your own name, attend your meeting and vote in person. You may also revoke your proxy by sending written notice to the relevant corporate officer before your meeting. If you have instructed your broker to vote your shares, you must follow your broker's directions in order to change those instructions.

Q: Should shareholders send in their stock certificates now?

A:No. SuperCom shareholders should not send in their share certificates now. After the merger is completed, PerfectData will arrange for the delivery to SuperCom shareholders of a letter of transmittal with written instructions for exchanging their SuperCom share certificates. PerfectData shareholders should not submit their stock certificates because their shares will not be exchanged in the merger. However, because of the reincorporation in Delaware, such PerfectData shareholders will be requested to exchange their certificates in the event they sell or transfer their shares.

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Q: What happens if the PerfectData shareholders do not vote to approve the merger agreement and the merger?

A:If the merger agreement and merger are not approved by the requisite vote of PerfectData's shareholders, the merger will not be consummated and PerfectData would be obligated to pay a break-up fee of \$250,000 plus fees and expenses up to \$250,000 to SuperCom. If the merger is not consummated, none of the other proposals set forth in the notice of annual meeting, except the proposal to reincorporate PerfectData as a Delaware corporation and to increase the number of authorized shares and as hereinafter indicated, will be implemented. If the merger does not occur, PerfectData will consider other business alternatives, including, but not limited to, other business combinations. In addition, if the merger is not consummated, proposals 6(b) and 7(b) as set forth in the PerfectData notice of annual meeting will be implemented if approved by the shareholders of PerfectData. In addition, the current PerfectData business operations will have been sold.

Q: What happens if the SuperCom shareholders do not vote to approve the merger agreement and the merger?

A:If the merger agreement and merger are not approved by the requisite vote of SuperCom's shareholders, the merger will not be consummated and SuperCom would be obligated to pay a break-up fee of \$250,000 plus fees and expenses up to \$250,000 to PerfectData. If the merger does not occur, SuperCom may apply for listing of its shares on the Nasdaq SmallCap Market, if eligible, and will consider other business combination alternatives.

Q: Whom should I call with questions?

A:If you have any questions about the merger or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy, you should contact:

PerfectData Shareholders:

PerfectData Corporation
110 West Easy Street
Simi Valley, California 93065
(805) 581-4000

SuperCom Shareholders:

SuperCom Ltd.
Millennium Bldg.
3 Tidhar St., P.O.B. 2094
Raana 43665 Israel

Attn: Investor Relations

+972-9-7750802

Attn: Investor Relations

You may also obtain additional information about PerfectData from documents filed with the Securities and Exchange Commission by following the instructions in the section entitled "Where You Can Find More Information" on page 164.

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SUMMARY OF THE JOINT PROXY STATEMENT/PROSPECTUS

This brief summary highlights selected information from this joint proxy statement/prospectus. It does not contain all of the information that may be important to you in deciding how to vote. We urge you to read carefully the entire joint proxy statement/prospectus and the other documents to which this joint proxy statement/prospectus refers for further information about the merger. Each item in this summary includes a page reference directing you to a more complete description of that item.

All references in this joint proxy statement/prospectus to PerfectData in a post-reincorporation or post-merger context refer to SuperCom Delaware or the combined company as the successor to all of the assets and liabilities of PerfectData.

The Companies

PerfectData Corporation
110 West Easy Street
Simi Valley, California 93065
<http://www.PerfectData.com>

PerfectData Corporation, or PerfectData, is a California corporation that has recently entered into an agreement for the sale of all of its business operations. Following the proposed reincorporation, PerfectData will be a Delaware corporation called SuperCom (Delaware) Inc. PerfectData's common stock trades on the OTC Bulletin Board under the symbol "PERF." PerfectData intends to apply to have the symbol changed to "SPRC" after completion of the merger.

SuperCom Ltd.
Millennium Bldg.,
3 Tidhar St., P.O.B. 2094
Raanana 43665, Israel
<http://www.SuperComgroup.com>

SuperCom, Ltd., or SuperCom, is engaged in the research, development and marketing of advanced technologies and products for government secured ID projects and smart card production technology. SuperCom provides customized solutions and advanced technologies to produce secure and durable documents such as national identity cards, passports, visas, driving licenses and vehicle registration. SuperCom also provides application software for the management of national population registries. Headquartered in Israel, SuperCom has offices in the United States and Hong Kong. SuperCom, incorporated in Israel, was founded in 1988, and currently has its principal executive offices in Raanana, Israel. Its common stock is currently traded on Nasdaq Europe under the symbol "SPRC."

PerfectData Merger Sub Ltd.
110 West Easy Street
Simi Valley, California 93065

PerfectData Merger Sub Ltd., or PerfectData Merger Sub, is a recently formed Israeli company that is a wholly-owned subsidiary of PerfectData. At the time of the merger, PerfectData Merger Sub will have conducted no business other than in connection with the merger agreement. After the merger of PerfectData Merger Sub with and into SuperCom, PerfectData Merger Sub will no longer exist. The merger of PerfectData Merger Sub with and into SuperCom is referred to in this document as the "merger."

SuperCom (Delaware) Inc.
110 West Easy Street
Simi Valley, California 93065

SuperCom (Delaware) Inc., or SuperCom Delaware, is a recently formed Delaware corporation that is a wholly-owned subsidiary of PerfectData. At the time of the proposed reincorporation (which

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will take place immediately before the merger), SuperCom Delaware will have conducted no business other than in connection with the proposed reincorporation. In the proposed reincorporation, PerfectData will merge with and into SuperCom Delaware, and SuperCom Delaware will succeed to all of PerfectData's assets, liabilities, rights and obligations.

Summary of the Merger

Structure of the Transaction (See page 58)

Before the merger, PerfectData will reincorporate as a Delaware corporation known as SuperCom (Delaware) Inc., or SuperCom Delaware. Subject to a favorable ruling from the Israeli Tax Authorities, in the merger, SuperCom will merge with a wholly-owned subsidiary of SuperCom Delaware (formerly PerfectData), with SuperCom surviving as a wholly-owned subsidiary of SuperCom Delaware. PerfectData (which will become SuperCom Delaware) together with SuperCom are referred to collectively as the combined company. Upon completion of the merger, the combined company will conduct only the business currently being conducted by SuperCom.

Merger Consideration; Exchange Ratio (See page 58)

The number of shares of PerfectData common stock (which will become SuperCom Delaware common stock after the reincorporation) to be issued for each ordinary share of SuperCom is not fixed and will be adjusted based upon the exchange ratio established by the merger agreement. Under the merger agreement, the exchange ratio is calculated so that each ordinary share of SuperCom outstanding immediately before the effective time of the merger will be converted into the number of shares of PerfectData common stock equal to (1) 3.3720926 multiplied by the number of shares of PerfectData common stock outstanding on a fully-diluted basis before the effective time of the merger, divided by (2) the number of ordinary shares of SuperCom outstanding on a fully-diluted basis immediately before the effective time of the merger. Based on the number of shares of PerfectData common stock and SuperCom ordinary shares outstanding as of October 13, 2003, and including the issuance by PerfectData of 150,000 of its shares to a third party subject to the closing of the merger, SuperCom shareholders would receive 1.534804837 shares of PerfectData common stock for each ordinary share of SuperCom they own.

Adjustments to the exchange ratio will be made in the event that the Final Net Available Cash of PerfectData at the effective time of the merger is less than \$2,000,000. Pursuant to the merger agreement, "Final Net Available Cash" means, as of the effective time of the merger, a dollar amount determined in accordance with generally accepted accounting principles equal to the aggregate amount of PerfectData's cash and cash equivalents, less the aggregate amount of all of PerfectData's liabilities. Assuming that the Final Net Available Cash of PerfectData prior to the merger equals \$1,500,000 (which is the lowest amount it can be without breaching the conditions to SuperCom's

obligations to close), the adjusted exchange ratio (assuming no changes in the number of SuperCom ordinary shares and PerfectData common stock outstanding on a fully diluted basis) would be adjusted so that each ordinary share of SuperCom would be converted into the right to receive 2.1895426 shares of PerfectData common stock at the effective time of the merger, and the respective ownership of SuperCom's shareholders and PerfectData's shareholders in PerfectData, at the effective time of the merger, on a fully diluted basis would be approximately 79.4% and 16.5%, respectively, with the remainder of such fully-diluted shares to be held by certain parties that acted as finders.

The exchange ratio for SuperCom's common stock set forth above is fixed except for adjustments to reflect any reclassification, stock split, stock dividend or other similar change with respect to PerfectData or SuperCom capital stock occurring before the effective time of the merger. As a result, except for any such adjustments, the number of shares of PerfectData common stock that you are entitled to receive in the merger will not change between now and the date the merger is completed, regardless of fluctuations in the market price of PerfectData common stock. We encourage you to obtain current quotations of the market price of PerfectData common stock.

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Shareholder Approvals (See pages 41 and 44)

The holders of 75% of the outstanding SuperCom ordinary shares, including a majority of the shares held by shareholders who are not related to PerfectData or PerfectData Merger Sub, present at the special meeting of SuperCom shareholders at which a quorum is present and voting must approve and adopt the merger agreement and approve the merger for the merger to occur. You should notify us before voting at the shareholders meeting or indicate on the proxy card (whether or not you indicate how you want to vote), whether or not you are related to PerfectData or PerfectData Merger Sub Ltd. You are deemed to be related to PerfectData or PerfectData Merger Sub Ltd. under Israeli law if you are a person or entity which holds, directly or indirectly, 25% or more of the nominal value of the issued and outstanding share capital, the right to appoint directors, or the voting power of PerfectData Merger Sub Ltd. or of PerfectData, or are a relative of or a corporation controlled by PerfectData Merger Sub Ltd., PerfectData or a person or entity that holds a 25% or more interest in PerfectData or PerfectData Merger Sub Ltd. as explained above. We are currently unaware of any SuperCom shareholder holding any interest in PerfectData or PerfectData Merger Sub Ltd. or of any PerfectData shareholder holding 25% or more of the PerfectData common stock. Each ordinary share of SuperCom outstanding on [Record Date], 2003, the record date, has one vote. Certain principal shareholders of SuperCom that hold approximately 56% of the outstanding ordinary shares have entered into agreements to vote their shares in favor of approval and adoption of the merger agreement and approval of the merger.

The affirmative vote of the holders of a majority of the outstanding shares of PerfectData common stock is required for the approval of the merger agreement and the merger, the reincorporation, the increase in the number of authorized shares, and the adoption of an amendment to the bylaws increasing the number of directors at the PerfectData annual meeting. Abstentions and broker non-votes will have the same effect as voting against the merger, the reincorporation or the other two proposals.

The affirmative vote of the holders of a majority of the votes cast is required for the approval of the equity incentive plan and the ratification of the selection of Kost, Forer & Gabbay (or, in the alternative if the merger is not approved, KPMG LLP) as auditors at the PerfectData annual meeting. Abstentions and broker non-votes will be excluded entirely from the vote and will have no effect except as to quorum.

Directors will be elected by a plurality of the votes of the holders of shares present in person or by proxy at the PerfectData annual meeting. A vote withheld for a nominee in the election of directors will be excluded entirely from the vote and will have no effect.

Certain principal shareholders of PerfectData that hold approximately 19.9% of the outstanding common stock have entered into agreements to vote their shares in favor of all the proposals set forth in the PerfectData notice of annual

meeting.

Recommendations of the Boards of Directors of PerfectData and SuperCom (See pages 48 and 49)

After careful consideration, PerfectData's board of directors unanimously recommends that PerfectData shareholders vote FOR the proposals to approve the merger and the merger agreement, the reincorporation of PerfectData as a Delaware corporation (including the change of PerfectData's name to "SuperCom (Delaware) Inc."), an increase in the authorized number of shares of common stock to 55,000,000, the adoption of a new equity incentive plan, the adoption of an amendment to the bylaws increasing the number of directors from five to eight if the merger is consummated, the election of eight directors to serve until the next annual meeting of shareholders if the merger is consummated, and the ratification of the selection of Kost, Forer & Gabbay as auditors if the merger is consummated.

After careful consideration, SuperCom's board of directors unanimously recommends that SuperCom shareholders vote in favor of the proposal to approve the merger and the merger agreement.

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Voting Agreements (See page 67)

The principal shareholders of both PerfectData (except the unaffiliated largest shareholder) and SuperCom entered into voting agreements dated as of July 2, 2003. The holders of approximately 56% of the voting power of SuperCom's outstanding ordinary shares and the holders of approximately 19.9% of the voting power of PerfectData's outstanding capital stock entered into voting agreements under which they agreed to vote in favor of the approval of the merger and the merger agreement, and in the case of PerfectData, the other proposals presented at the annual meeting.

The form of voting agreements are attached as Annexes B-1 and B-2, respectively, to this joint proxy statement/prospectus. We encourage you to read the forms of voting agreement carefully.

Lock-Up Agreements (See page 67)

The directors, executive officers and certain principal shareholders of both PerfectData and SuperCom entered into lock-up agreements dated as of July 2, 2003. The lock-up agreements cover shares owned by those shareholders representing approximately 56% of SuperCom's outstanding ordinary shares and approximately 19.9% of PerfectData's outstanding common stock as of [Record Date]. Under the agreements, those shareholders (other than PerfectData shares owned by Corey P. Schlossmann, a director of PerfectData, and the Digital Trust with respect to 100,000 shares which are subject to a different lock-up period) have agreed not to dispose of:

- any of the covered shares for three months after the merger;
- 75% of the covered shares for six months after the merger;
- 50% of the covered shares for nine months after the merger; and
- 25% of the covered shares for one year after the merger.

The form of lock-up agreement for all except the two exceptions (which vary only as to the period) is attached as Annex C, to this joint proxy statement/prospectus. We encourage you to read the form of lock-up agreement carefully.

Interests of Directors and Executive Officers in the Merger (See page 50)

When considering the recommendations of the PerfectData board of directors and the SuperCom board of directors, you should be aware that certain of PerfectData's and SuperCom's directors and officers have interests in the merger that are different from, or are in addition to, your interests. Two of the PerfectData directors and three of the SuperCom directors, as well as the SuperCom officers, will continue to serve if the merger is consummated. As a

result of these interests, these directors and officers of PerfectData and SuperCom may be more likely to vote to adopt the merger agreement and approve the merger than if they did not hold these interests. PerfectData's and SuperCom's shareholders should consider whether these interests might have influenced these directors and officers to support or recommend the merger.

Share Ownership of Management and Certain Principal Shareholders (See pages 110 and 126)

As of October 13, 2003, directors and officers of PerfectData as a group and a trust as to which a partner of PerfectData's counsel acts as trustee beneficially owned 1,234,716 shares of common stock, which represents approximately 19.9% of the total voting power represented by PerfectData's outstanding capital stock.

As of October 13, 2003, directors, officers and affiliates of SuperCom as a group beneficially owned 7,117,481 shares of SuperCom's ordinary share capital, which represents approximately 56% of the total voting power represented by SuperCom's outstanding ordinary shares.

Finders' Fees

As compensation for acting as finder and introducing parties with respect to the prospective merger, Atlantis Equities, Inc. or its designee will receive the number of shares equal to 5% of the

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issued and outstanding shares of common stock on a fully-diluted basis of the combined company following the merger; provided, however, that if the Final Net Available Cash at closing is less than \$2,000,000, then such transaction fee shall be reduced to an amount equal to 4.5% multiplied by a fraction, the numerator of which is the amount of Final Net Available Cash at closing and the denominator of which shall be \$2,000,000. In addition, Belgravia Investment Partners LLC or its designees will receive a five-year warrant to purchase at an exercise price of \$.01 per share the number of shares equal to 1% of the issued and outstanding shares of the combined company following the merger common stock on a fully-diluted basis; provided, however, that if the Final Net Available Cash at closing is less than \$2,000,000, then such transaction fee shall be multiplied by a fraction, the numerator of which is the amount of Final Net Available Cash at closing and the denominator of which shall be \$2,000,000. All such finder shares will have piggyback registration rights and will be subject to the same lock-up agreement as the directors and executive officers of SuperCom.

In addition, following the merger, for his financial advisory services in connection with the merger, Elie Housman, a consultant to SuperCom, will receive a transaction fee in cash in an amount equal to 4% of the Final Net Available Cash of PerfectData at closing.

The Merger Agreement

The following is a summary of specified provisions of the merger agreement. The merger agreement is attached to this joint proxy statement/prospectus as Annex A, and we encourage you to read it carefully in its entirety for a more complete understanding of the merger agreement.

Conditions to Completion of the Merger (See page 63)

PerfectData's and SuperCom's obligations to complete the merger are subject to the satisfaction or waiver of certain closing conditions. The conditions that must be satisfied or waived before the completion of the merger include the following, subject to exceptions and qualifications:

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both PerfectData and SuperCom must receive the requisite shareholder approvals of the matters described in the notices of the annual meeting and special meeting, respectively;

the registration statement, of which this joint proxy statement/prospectus is a part, must have been declared effective by the Securities and Exchange Commission;

no court order or other legal restraint or prohibition preventing the consummation of the merger may be in effect or pending;

- all of the requisite Israeli governmental entity approvals shall have been obtained; and

all of the approvals required by the rules and regulations of Nasdaq Europe and Belgian law shall have been obtained.

The obligations of PerfectData to complete the merger are subject to the following additional conditions:

with certain exceptions, the representations and warranties of SuperCom must be accurate in all material respects as of the date of the merger agreement and as of the closing date of the merger;

SuperCom must have performed or complied in all material respects with all of its agreements and covenants required by the merger agreement to be performed or complied with by SuperCom at or before the completion of the merger;

PerfectData shall have received an opinion from SuperCom's Israeli legal counsel regarding certain corporate legal matters;

PerfectData shall have received certificates of officers of SuperCom with respect to the accuracy of SuperCom' representations and warranties and performance by SuperCom of its covenants and obligations pursuant to the merger agreement;

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certain consents, waivers and approvals required to consummate the merger shall have been obtained;

certain of SuperCom's principal shareholders shall have entered into voting agreements with PerfectData;

certain of SuperCom's directors, executive officers and principal shareholders shall have entered into lock-up agreements;

as of the effective time of the merger, two directors designated by PerfectData must have been elected to be members of the board of directors of PerfectData; and

there shall not have occurred a material adverse change (as defined in the merger agreement) prior to the closing of the merger.

The obligations of SuperCom to complete the merger are subject to the following additional conditions:

with certain exceptions, the representations and warranties of PerfectData must be accurate in all material respects as of the date of the merger agreement and as of the closing date of the merger;

PerfectData must have performed or complied in all material respects with all of its agreements and covenants required by the merger agreement to be performed or complied with by PerfectData at or before the completion of the merger;

SuperCom shall have received an opinion from PerfectData's legal counsel regarding certain corporate legal matters;

SuperCom shall have received certificates of officers of PerfectData with respect to the accuracy of PerfectData' representations and warranties and performance by PerfectData of its covenants and obligations pursuant to the merger agreement;

certain consents, waivers and approvals required to consummate the merger shall have been obtained;

certain of PerfectData's directors, executive officers and principal shareholders shall have entered into voting agreements with SuperCom;

certain of PerfectData's directors, executive officers and principal shareholders shall have entered into lock-up agreements;

As of the effective time of the merger, six directors designated by SuperCom must have been elected to be members of the boards of directors of PerfectData;

PerfectData (i) shall have disposed of its operating assets, (ii) shall have cash or cash equivalents net of all liabilities in the amount of at least \$1,500,000, and (iii) shall have no material liabilities, whether fixed, accrued or contingent, which in any event shall not exceed \$50,000; and

- holders of no more than 10% of the outstanding shares of PerfectData shall have exercised and perfected dissenters' rights under the California General Corporation Law.

Each of the conditions listed in the previous two paragraphs is waivable by the party or parties whose obligations to complete the merger are so conditioned.

For further detail regarding the closing conditions to the merger, see Article VI of the merger agreement, which is attached to this joint proxy statement/prospectus as Annex A.

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Termination of the Merger Agreement (See page 65)

The merger agreement may be terminated prior to the effectiveness of the merger under the following conditions:

- by mutual consent of PerfectData and SuperCom;
- subject to certain conditions, by either PerfectData or SuperCom if the merger has not occurred before January 1, 2004;
- subject to certain conditions, by PerfectData or SuperCom if any application for regulatory or governmental approval necessary to consummate the merger is denied;
- by PerfectData, if the shareholders of SuperCom fail to approve the merger agreement;
- by SuperCom if the shareholders of PerfectData fail to approve any of the matters numbered 1 through 7 described in PerfectData's notice of the annual meeting;
- by PerfectData, if (i) SuperCom materially breaches a representation, warranty, covenant or other provision of the merger agreement and fails to cure such breach within 30 days of receiving notice of the breach or (ii) any of the conditions precedent to PerfectData's obligation to close the merger has not been satisfied or satisfaction is or becomes impossible;
- by SuperCom, if (i) PerfectData materially breaches a representation, warranty, covenant or other provision of the merger agreement and fails to cure such breach within 30 days of receiving notice of the breach or (ii) any of the conditions precedent to SuperCom's obligation to close the merger has not been satisfied or satisfaction is or becomes impossible; and
- subject to certain conditions, by PerfectData or SuperCom, if the other party approves or enters into an agreement providing for it to engage in a superior acquisition proposal, in that the acquisition, if consummated, would result in a transaction more favorable to shareholders.

Payment of Break-Up Fees (See page 65)

In the event of the termination of the merger agreement by either PerfectData or SuperCom, the merger agreement will become void and have no effect. However, if PerfectData terminates the merger agreement because it has approved a superior acquisition proposal, or SuperCom terminates the merger agreement because (i) the shareholders of PerfectData have failed to approve the necessary proposals, (ii) there has been a material breach of PerfectData's representations or covenants, (iii) PerfectData has not satisfied its closing conditions, (iv) PerfectData has approved a superior acquisition proposal or (v) ten business days have elapsed since PerfectData deemed an acquisition proposal to be a superior proposal and such determination has not been withdrawn, then PerfectData must pay to SuperCom a termination fee equal to \$250,000 in cash plus the fees and expenses incurred by SuperCom not to exceed \$250,000. In addition, if SuperCom terminates the merger agreement because it has approved a superior acquisition proposal, or PerfectData terminates the merger agreement because (i) the shareholders of SuperCom have failed to approve the necessary proposals, (ii) there has been a material breach of SuperCom's representations or covenants, (iii) SuperCom

has not satisfied its closing conditions, (iv) SuperCom has approved a superior acquisition proposal or (v) ten business days have elapsed since SuperCom deemed an acquisition proposal to be a superior proposal and such determination has not been withdrawn, then SuperCom must pay to PerfectData a termination fee equal to \$250,000 in cash plus the fees and expenses incurred by PerfectData not to exceed \$250,000.

No Solicitation (See page 62)

PerfectData and SuperCom have agreed, subject to specific exceptions, not to solicit, initiate, engage or participate in discussions or negotiations with any party (other than the other party) about any offer or proposal relating to an acquisition proposal, as defined in the merger agreement, while the merger is pending.

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Stock Options and Warrants (See page 60)

All options outstanding under PerfectData's stock option plans prior to the merger will remain in full force and effect upon the merger on the same terms as are in effect immediately prior to the merger, except that all options will immediately vest (if not already exercisable in its entirety) and be exercisable until the third anniversary of the effective time of the merger.

SuperCom's stock option plan will be cancelled upon the merger. Upon the merger, options to purchase SuperCom ordinary shares that by their terms survive the merger will be converted into options to purchase shares of PerfectData common stock based upon the same exchange ratio as is applied to the conversion of SuperCom ordinary shares in the merger. The converted options will have rights similar to those of the existing SuperCom options. Any fractional interest resulting from the conversion will be rounded up or down to the nearest whole share of PerfectData common stock. Upon the merger, (i) each such option will be exercisable for such number of shares of PerfectData common stock as equals the number of ordinary shares of SuperCom into which the SuperCom options were exercisable multiplied by the exchange ratio, (ii) the per share exercise price for each such option will equal the applicable per share exercise price under the SuperCom plan divided by the exchange ratio, and (iii) any restriction on the exercise of any such option shall continue in full force and effect and the term, exercisability, vesting schedule and other provisions of such option shall remain otherwise unchanged.

Board of Directors of PerfectData Following the Merger (See page 63)

Upon completion of the proposed merger, pursuant to the terms of the merger agreement, the board of directors of the combined company will consist of six directors designated by SuperCom (who will be Eli Rozen, Avi Schechter, Philip M. Getter, , and) and two directors designated by PerfectData (who will be and).

Regulatory Approvals Required to Complete the Merger (See page 51)

Neither SuperCom nor PerfectData is aware of the need to obtain any regulatory approvals in order to consummate the merger other than the following:

- effectiveness of the registration statement of which this joint proxy statement/prospectus is a part;
- various Israeli governmental approvals, including filings and notifications to the Israeli Companies Registrar under the Israeli Companies Law, approval by the Office of the Chief Scientist of the Israeli Ministry of Trade & Industry, approval by the Investment Center of the Israeli Ministry of Trade & Industry and tax rulings by the Israeli Income Tax Commissioner; and
- various approvals required pursuant to the rules and regulations of Nasdaq Europe and the laws of Belgium, including the approval of the Belgian Banking and Finance Commission.

PerfectData and SuperCom intend to obtain these approvals and any additional regulatory approvals that may be required. However, neither party can assure you that all of the approvals will be obtained.

Other Information

Dissenters' Rights of Dissenting Shareholders (See page 69)

Under Israeli law, holders of SuperCom ordinary shares are not entitled to appraisal rights in connection with the merger.

Under California law, PerfectData shareholders are entitled to dissenters' rights, subject to certain conditions discussed more fully elsewhere in this joint proxy statement/prospectus. Dissenters' rights entitle dissenting shareholders, under certain conditions, to receive a valuation of their shares and a

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payment of that value in cash. Failure to follow the steps required by law for perfecting dissenters' rights may lead to the loss of those rights, in which case the dissenting shareholder will be treated in the same manner as a non-dissenting shareholder.

See Annex D for a reproduction of Sections 1300 through 1312 of the California General Corporation Law which relate to the appraisal rights of dissenting shareholders. **In view of the complexity of law relating to dissenters' rights, PerfectData shareholders who are considering objecting to the merger and/or the reincorporation in the State of Delaware and/or the sale of PerfectData's operating assets should consult their own legal advisors.**

Material U.S. Federal Income Tax Consequences of the Merger (See page 73)

The parties have not requested and will not request a ruling from the Internal Revenue Service regarding the tax consequences of the merger.

The merger is intended to constitute a reorganization within the meaning of the Internal Revenue Code; however, there can be no assurance that the IRS or a court will agree with such intention. If the merger is deemed a reorganization, then generally the following U.S. federal income tax consequences would apply:

¶The merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and PerfectData, SuperCom and PerfectData Merger Sub will each be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code;

¶None of PerfectData, SuperCom and PerfectData Merger Sub shareholders will recognize income, gain or loss for U.S. federal income tax purposes as a result of the consummation of the merger;

¶No gain or loss will be recognized by SuperCom shareholders solely upon their receipt of PerfectData shares in exchange for SuperCom shares in the merger;

¶The aggregate tax basis of the PerfectData shares received by SuperCom shareholders in the merger will be the same as the aggregate tax basis of the SuperCom shares surrendered in exchange therefor; and

¶The holding period of the PerfectData shares received by SuperCom shareholders in the merger will include the period for which the SuperCom shares surrendered in exchange therefor was considered to be held, provided that the SuperCom shares so surrendered were held as a capital asset at the time of the merger.

However, the tax consequences to you will depend upon your particular circumstances. Accordingly, SuperCom shareholders are urged to consult with their own tax advisors to determine the tax consequences of the merger to them.

Material Israeli Income Tax Consequences of the Merger (See page 73)

Under the Israeli Income Tax Ordinance [New Version], 1961, the transfer of shares of an Israeli company is deemed to be a sale of capital assets. Israeli law imposes a capital gains tax on the sale of capital assets located in Israel, including shares in Israeli resident companies, by both residents and non-residents of Israel, unless a specific exemption is available or unless a treaty between Israel and the country of the non-resident provides otherwise. Special rules apply in reference to traded securities. On January 1, 2003, the Law for Amendment of the Income Tax Ordinance (Amendment No. 132), 5762-2002, known as the tax reform, came into effect, thus changing the rules and definitions of traded securities within the relevant laws. Following the above-mentioned tax reform, the tax status of SuperCom, as a listed company, is not yet clear. SuperCom shareholders who acquired their shares prior to SuperCom's initial public offering in 2000 and who do not qualify for an exemption from Israeli capital gains tax under any tax treaty to which the State of Israel is a party, may be subject to Israeli capital gains tax on the sale of their SuperCom ordinary shares in the merger. You are urged to

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carefully review the detailed summary of the material Israeli tax consequences of the merger set forth in this joint proxy statement/prospectus and to consult with and rely solely upon your own tax advisor to determine your particular tax consequences resulting from the merger.

Accounting Treatment of the Merger (See page 53)

We expect that the merger will be treated for accounting and financial reporting purposes as a reverse acquisition of PerfectData by SuperCom because the former SuperCom shareholders will control PerfectData after the reincorporation and merger. Under this accounting treatment, SuperCom is deemed for accounting purposes to be the acquiring entity and PerfectData the acquired entity. The financial statements of PerfectData after the merger will reflect SuperCom on a historical basis with the results of operations of PerfectData from the effective date of the merger. Because PerfectData has entered into an agreement for the sale of all its operating assets and the disposal of such assets is a condition to SuperCom's obligation to consummate the merger, the merger will be treated as a recapitalization of SuperCom, with no goodwill recorded.

Risk Factors (See page 26)

Shareholders of SuperCom and PerfectData are urged to consider the items under the section entitled "Risk Factors" beginning on page 26 in determining whether to vote in favor of approval of the merger.

Effects of the Reincorporation and Merger on the Rights of SuperCom Shareholders (See page 129)

The reincorporation of PerfectData as a Delaware corporation, if approved, will take place immediately before the merger. Following the reincorporation, PerfectData will become a Delaware corporation known as SuperCom (Delaware) Inc., or SuperCom Delaware. The rights of SuperCom shareholders receiving shares of PerfectData common stock in the merger will be governed by the certificate of incorporation and bylaws of SuperCom Delaware rather than the articles of association of SuperCom. These rights differ in certain respects from your current rights as a SuperCom shareholder, which are governed by Israeli law and the articles of association. Additionally, your percentage ownership interest in SuperCom will be diluted by approximately 27.5% (not taking into account any adjustments) because, after the merger, SuperCom's shareholders will own in the aggregate only approximately 72.5% of PerfectData, which will in turn own 100% of SuperCom.

Effects of the Reincorporation and Merger on the Rights of PerfectData Shareholders (See page 129)

If you are a current holder of PerfectData common stock, your rights as a SuperCom Delaware stockholder following the reincorporation will be governed by Delaware law and the certificate of incorporation and bylaws of SuperCom Delaware. These rights differ in certain respects from your current rights as a PerfectData shareholder, which are governed by California law and PerfectData's articles of incorporation and bylaws. The merger will result in a substantial dilution of your percentage ownership interest in PerfectData because the SuperCom shareholders will receive at least 72.5% (not taking into account any adjustments) of the outstanding common stock of PerfectData as consideration for the merger and finders will receive up to 6% of such outstanding common stock in connection with the merger.

Listing of Combined Company Common Stock After the Merger (See page 54)

The common stock of the combined company will be quoted on the Over the Counter Electronic Bulletin Board, or the OTC Bulletin Board, under the symbol "PERF." We intend to apply to have the symbol changed to "SPRC" after the completion of the merger. In addition, provided that we meet the applicable listing requirements following the merger, we intend to apply to list the combined company's common stock on either the Nasdaq SmallCap Market or the American Stock Exchange. However, unless there is a substantial increase in the bid price of PerfectData's common stock (to \$4.00 per share in the case of Nasdaq and \$3.00 per share in the case of the AMEX), such listing is not likely to occur immediately following the merger, if at all.

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Resales of PerfectData Common Stock Received in Connection with the Merger (See page 77)

Shares of PerfectData common stock issued to holders of SuperCom ordinary shares upon consummation of the merger will be registered under the Securities Act of 1933, or the Securities Act. Such securities may be traded freely without restriction by those shareholders who are not deemed to be "affiliates" of PerfectData or SuperCom, as that term is defined in the rules promulgated under the Securities Act.

Shares of PerfectData common stock received by those holders of SuperCom ordinary shares who are deemed to be "affiliates" of SuperCom at the time of the SuperCom shareholders' meeting and/or of PerfectData common stock who are deemed to be "affiliates" of PerfectData after the merger may be resold without registration under the Securities Act only as permitted by Rule 145 under the Securities Act or as otherwise permitted thereunder. Moreover, officers, directors and certain principal shareholders of PerfectData and SuperCom are subject to contractual obligations that restrict their ability to transfer the shares they receive in the merger.

The registration statement of which this joint proxy statement/prospectus forms a part does not, and will not, cover any reoffers or resales of PerfectData common stock received by affiliates of PerfectData or SuperCom.

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SELECTED CONSOLIDATED HISTORICAL AND PRO FORMA COMBINED FINANCIAL INFORMATION

PerfectData and SuperCom are providing you the following information to aid you in your analysis of the financial aspects of the merger. The following summary of historical financial information of SuperCom has been derived from its audited historical financial statements. The consolidated financial statements of (a) PerfectData for the years ended March 31, 2003, 2002 and 2001 and the three months ended June 30, 2003 and 2002, and the balance sheet as of March 31, 2003 and 2002 and June 30, 2003, and of (b) SuperCom for the years ended December 31, 2002, 2001 and 2000 and the six months ended June 30, 2003 and 2002 and the balance sheet data as of December 31, 2002 and 2001 and June 30, 2003 are included elsewhere in this joint proxy statement/prospectus

This information should be read in conjunction with the financial statements and notes thereto and with "Management's Discussion and Analysis of SuperCom's Financial Condition and Results of Operations."

Summary Selected Historical Consolidated Financial Data of SuperCom

Set forth below is selected historical consolidated combined financial data for SuperCom and its subsidiaries for the periods and as of the dates indicated. This selected historical financial data is only a summary and we urge you to read this summary in conjunction with "Management's Discussion and Analysis of SuperCom's Financial Condition and Results of Operations" and the financial statements and related notes thereto of SuperCom for the six months ended June 30, 2003 and 2002 and for the years ended December 31, 2002, 2001 and 2000, which are included elsewhere in this joint proxy statement/prospectus. Historical results are not necessarily indicative of the results to be expected in the future.

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	Six Months Ended June 30, (U.S. dollars, in thousands, except per share data)	
	2002	2003
Summary of Consolidated Statement of Operations:		
Revenues	\$4,002	\$ 3,905
Cost of Revenues	589	1,504
Gross Profit	3,413	2,401
Operating Expenses:		
Research and Development, net	829	465
Selling and Marketing	1,200	1,547
General and Administrative	1,130	939
Total Operating Expenses	3,159	2,951
Operating Income (Loss)	254	(550)
Financial Income (Expenses), net	30	(146)
Other Income (Expenses), net	2,186	(41)
Income (Loss) before Taxes on Income	2,470	(737)
Equity in Earnings (Loss) of an Affiliate	(4)	—
Net Income (Loss) from continuing operations	\$2,466	\$ (737)
Loss from discontinued operations	131	—
Net income (loss)	\$2,335	\$ (737)
Per Share Data:		
Basic and Diluted earning (Loss) from continuing operations	\$ 0.19	\$ (0.06)
Basic and Diluted earning (Loss) from discontinued operations	(0.01)	—
Basic and Diluted earning (Loss) per share	0.18	(0.06)
Summary of Balance Sheet Data:		
Cash and Cash Equivalents	\$ 609	\$ 3,932
Bank deposit	32	791
Marketable debt securities	699	212
Trade receivables	740	3,851
Inventories	426	2,898
Total Current Assets	7,399	12,255
Total Assets	\$9,854	\$14,776

Total Current Liabilities	3,234	5,253
Accrued Severance Pay	422	392
Total Shareholders' Equity	\$6,198	\$ 8,786

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Year Ended December 31,

(U.S. dollars, in thousands, except per share data)

1998 1999 2000 2001 2002

Summary of Consolidated Statement of Operations:

Revenues	\$7,455	\$ 3,894	\$ 3,062	\$ 6,889	\$ 8,027
Cost of Revenues	3,214	1,956	1,756	2,574	1,830
Gross Profit	4,241	1,938	1,306	4,315	6,197
Operating Expenses:					
Research and Development, net	1,428	1,975	2,477	1,225	1,334
Selling and Marketing	1,121	1,588	4,180	4,628	2,828
General and Administrative	1,140	2,990	3,385	3,604	1,988
Total Operating Expenses	\$3,689	\$ 6,553	\$ 10,042	\$ 9,457	\$ 6,150
Operating Income (Loss)	552	(4,615)	(8,736)	(5,142)	47
Financial Income (Expenses), net	(294)	545	744	123	(35)
Other Income (Expenses), net	(60)	(5)	(1,688)	(241)	6,203 ⁽¹⁾
Income (Loss) before Taxes on Income	198	(4,075)	(9,680)	(5,260)	6,215
Income Taxes	113	6	2	—	—
Equity in Earnings (Loss) of an Affiliate	23	18	19	—	(38)
Net Income (Loss) from continuing operations	\$ 108	\$ (4,063)	\$ (9,663)	\$ (5,260)	\$ 6,177
Loss from discontinued operations	—	97	1,276	1,288	427
Net income (loss)	\$ 108	\$ (4,160)	\$ (10,939)	\$ (6,548)	\$ 5,750
Per Share Data:					
Basic and Diluted earning (Loss) from continuing operations	\$ 0.01	\$ (0.34)	\$ (0.76)	\$ (0.42)	\$ 0.49
Basic and Diluted earning (Loss) from discontinued operations	—	(0.01)	(0.1)	(0.1)	(0.04)
Basic and Diluted earning (Loss) per share	0.01	(0.35)	(0.86)	(0.52)	0.45

Summary of Balance Sheet Data:

Cash and Cash Equivalents	\$ 2	\$ 5,295	\$ 8,565	\$ 274	\$ 4,567
Bank deposit	—	13,068	—	100	—
Marketable debt securities	—	—	—	—	547
Trade receivables	397	225	161	573	2,202
Inventories	682	1,079	2,832	3,777	3,144
Total Current Assets	3,014	20,883	12,887	6,006	11,092
Total Assets	\$4,015	\$21,941	\$ 15,219	\$ 8,531	\$13,756
Total Current Liabilities	4,041	1,583	4,016	4,226	3,468
Accrued Severance Pay	395	705	858	442	362

Total Shareholders' Equity (Deficiency) \$ (421) \$ 19,653 \$ 10,345 \$ 3,863 \$ 9,497

(1) Income generated primarily from sale of equity ownership in subsidiary. Please see "Risk Factors — We have a history of operating losses and negative cash flows and may not be profitable in the future."

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Summary Unaudited Selected Pro Forma Condensed Combined Financial

The merger of PerfectData Merger Sub with and into SuperCom will be treated for accounting and financial reporting purposes as a reverse acquisition of PerfectData by SuperCom because the current SuperCom shareholders will control PerfectData after the reincorporation and merger. Under this accounting treatment, SuperCom is deemed for accounting purposes to be the acquiring entity and PerfectData the acquired entity. The financial statements of PerfectData after the merger will reflect SuperCom on a historical basis and will include the results of operations of PerfectData from the effective date of the merger. Because this transaction is in substance a recapitalization of SuperCom and not a business combination, no valuation of acquired assets was performed and no goodwill was recorded. See "Unaudited Pro forma Condensed Combined Financial Statements" on page 55.

We have presented summary pro forma combined financial data representing the SuperCom Delaware pro forma combined balance sheet as of June 30, 2003. Currently, PerfectData's fiscal year ends on March 31 of each year and SuperCom's fiscal year ends on December 31 of each year.

This pro forma combined balance sheet data gives effect to the transaction as if it occurred on June 30, 2003. The pro forma financial statements also include adjustments directly attributable to the transaction and expected to have a continuing impact on the combined company.

The pro forma financial information assumes that, prior to the merger, PerfectData has sold its business operations to Spray Products Corporation, thereby resulting in adjustments to its historical financial statements.

Although this pro forma financial information has been prepared in accordance with the rules and regulations of the Securities and Exchange Commission, or SEC, and has been prepared based on currently available information using assumptions we believe are appropriate, you should note that this information may not be indicative of the results that actually would have occurred had the combination been effected at the beginning of the periods presented or of what actual results would be in the future. You should read the notes to the pro forma combined condensed financial statements for further discussion of the assumptions we made to prepare this information.

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Pro Forma Combined Balance Sheet Data as of June 30, 2003 (U.S.dollars in Thousands)

	PerfectData Historical	Pro Forma Adjustment (Adjusted)	SuperCom Historical	Pro Forma Adjustment (Adjusted)	Pro Forma Combined
Cash and cash equivalents	\$2,113	\$ 100	\$2,213	\$ 3,932	\$ — \$ 6,145
Total assets	\$2,416	\$ (203)	\$2,213	\$14,776	\$ — \$16,989
Total current liabilities	\$ 345	\$ (295)	\$ 50	\$ 5,253	\$ 600 \$ 5,903
Total liabilities and shareholders' equity	\$2,416	\$ (203)	\$2,213	\$14,776	\$ — \$16,989

COMPARATIVE PER SHARE DATA

The following tables set forth certain historical per share data of PerfectData and SuperCom and combined per share data on an unaudited pro forma basis after giving effect to the merger of a wholly-owned subsidiary of PerfectData with and into SuperCom and assuming that 2.0171376 shares of PerfectData common stock are issued in exchange for each outstanding ordinary share of SuperCom.

The historical book value per share is computed by dividing shareholders' equity as of the applicable date by the actual number of shares of common stock outstanding. The pro forma per share loss from continuing operations is computed by dividing the pro forma loss from continuing operations by the pro forma weighted average number of shares outstanding, assuming PerfectData had merged with SuperCom on June 30, 2003. The pro forma combined book value per share is computed by dividing total pro forma shareholders' equity by the pro forma number of common shares outstanding at June 30, 2003 assuming the merger had occurred on that date. The SuperCom equivalent pro forma combined per share amounts are calculated by multiplying the PerfectData pro forma combined per share amounts by the exchange ratio set forth above.

The pro forma financial information has been prepared using the reverse acquisition method of accounting in accordance with Staff Accounting Bulletin No. 103 Topic 2B. Because the former SuperCom shareholders will own a majority of the outstanding common shares of the combined company and PerfectData is a non-operating company with only cash and cash equivalents as assets, PerfectData is considered the acquiree in the transaction but remains the surviving legal entity. Accordingly, the transaction was treated as an issuance of SuperCom capital stock for the net monetary assets of PerfectData. Because this transaction is in substance a recapitalization of SuperCom and not a business combination, no valuation of acquired assets was performed and no goodwill was recorded. Please See "Unaudited Pro forma Condensed Combined Financial Statements."

The following information should be read in conjunction with the selected historical financial information, the pro forma unaudited combined condensed financial information and the separate historical financial statements of PerfectData and notes thereto and historical financial statements of SuperCom and notes thereto, included elsewhere in this joint proxy statement/prospectus. Because the pro forma financial information is based upon the financial condition and operating results of PerfectData and SuperCom during periods when the businesses were under separate management and control, the financial information presented may not be indicative of the operating results or financial position that would have been achieved had the merger of PerfectData and SuperCom been consummated as of the beginning of the earliest periods presented, nor is it indicative of the future operating results or financial position of the combined company.

	Year Ended December 31, 2002	Six Months Ended June 30, 2003
Historical—PerfectData:		
Basic and diluted net loss per share	\$ (0.10)	\$ (0.02)
Book value per share at the end of the period	\$ 0.36	\$ 0.34
	Year Ended	Six Months Ended

	December 31, 2002	June 30, 2003
Historical—SuperCom:		
Basic and diluted net income (loss) per share	\$0.45	\$ (0.06)
Book value per share at the end of the period	\$0.75	\$ 0.69

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	Year Ended December 31, 2002	Six Months Ended June 30, 2003
PerfectData and SuperCom Pro Forma Combined Consolidated		
Pro forma combined net income (loss) per PerfectData share	\$0.93	\$ (0.12)
Equivalent pro forma net loss per SuperCom share	\$0.45	\$ (0.06)
Pro forma book value per PerfectData share	\$1.88	\$ 1.76
Equivalent pro forma book value per SuperCom share	\$0.91	\$ 0.85

MARKET PRICE INFORMATION

The common stock of PerfectData is listed on the OTC Bulletin Board under the symbol "PERF." SuperCom's ordinary shares are traded on Nasdaq Europe under the symbol "SPRC." Because the market price of PerfectData common stock that SuperCom shareholders will receive in the merger may increase or decrease before the merger, SuperCom shareholders are urged to obtain current market quotations.

The following tables sets forth, for the periods indicated, the high and low sales prices per share of PerfectData common stock as reported on the OTC Bulletin Board on and after April 17, 2003 and on the Nasdaq SmallCap Market prior thereto and the high and low closing prices per ordinary share of SuperCom as reported on Nasdaq Europe. Such OTC Bulletin Board quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions, and may not represent actual transactions. PerfectData's common stock has traded on the OTC Bulletin Board since April 17, 2003 and, prior to that, traded on the Nasdaq SmallCap Market since July 12, 1983, the date on which public trading of PerfectData common stock commenced. SuperCom's ordinary shares began trading on Nasdaq Europe in 1999. SuperCom intends to delist its shares from Nasdaq Europe as a result of Nasdaq Europe's decision to discontinue operation of the market. SuperCom intends to apply to list its ordinary shares on the Euronext Brussels stock exchange.

PerfectData Common Stock	High	Low
Year Ending March 31, 2004:		
First Quarter	\$1.35	\$0.21
Second Quarter	\$1.44	\$0.88
Third Quarter (through October 13, 2003)	\$1.24	\$0.99
Year Ended March 31, 2003:		
First Quarter	\$1.65	\$0.69
Second Quarter	\$1.70	\$0.69
Third Quarter	\$1.00	\$0.55
Fourth Quarter	\$0.84	\$0.50

Year Ended March 31, 2002:

First Quarter	\$1.70	\$0.88
Second Quarter	\$1.59	\$0.57
Third Quarter	\$4.10	\$1.00
Fourth Quarter	\$3.25	\$0.68

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SuperCom Ordinary Shares	High	Low
Year Ending December 31, 2003:		
First Quarter	\$0.60	\$0.38
Second Quarter	\$0.55	\$0.35
Third Quarter	\$0.67	\$0.30
Fourth Quarter (through October 22, 2003)	\$0.54	\$0.33
Year Ended December 31, 2002:		
First Quarter	\$0.40	\$0.15
Second Quarter	\$0.80	\$0.20
Third Quarter	\$0.57	\$0.06
Fourth Quarter	\$0.55	\$0.10
Year Ended December 31, 2001:		
First Quarter	\$1.75	\$0.75
Second Quarter	\$1.20	\$0.30
Third Quarter	\$0.52	\$0.20
Fourth Quarter	\$0.75	\$0.32
Year Ended December 31, 2000:		
First Quarter	\$8.00	\$2.85
Second Quarter	\$4.90	\$2.40
Third Quarter	\$4.90	\$2.50
Fourth Quarter	\$3.15	\$0.90

Recent Share Price Data

The following table shows the last reported sales price of the PerfectData common stock and SuperCom ordinary shares on: May 2, 2003, the last full trading day before the public announcement of the letter of intent with respect to the proposed merger; July 7, 2003, the last full trading day before the public announcement of the definitive merger agreement; and on October 22, 2003, the latest practicable date prior to the filing of the registration statement of which this joint proxy statement/prospectus is a part with the SEC, each as reported on the OTC Bulletin Board and Nasdaq Europe, respectively:

	PerfectData	SuperCom
Last reported sale price on May 2, 2003	\$0.56	\$0.41
Last reported sale price on July 7, 2003	\$1.20	\$0.44
Last reported sale price on October 22, 2003	\$1.01	\$0.54

The foregoing tables show only historical comparisons. These comparisons may not provide meaningful information to you in determining whether to vote in favor of approval of the proposals to be considered at the shareholders' meetings. Because the exchange ratio is fixed, the exchange ratio will not be adjusted to compensate SuperCom shareholders for decreases in the market price of PerfectData common stock that could occur before the merger

becomes effective. In the event the market price of PerfectData common stock decreases or increases prior to the consummation of the merger, the value of the PerfectData common stock to be received in the merger in exchange for SuperCom ordinary shares would correspondingly decrease or increase. SuperCom shareholders are urged to obtain current market quotations for PerfectData common stock and to review carefully the other information contained in this joint proxy statement/prospectus. No assurance can be given as to the market prices of PerfectData common stock at any time before the consummation of the merger or at any time after consummation of the merger.

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RISK FACTORS

This joint proxy statement/prospectus contains forward-looking statements that involve known and unknown risks and uncertainties. The actual results of the combined company may differ materially from those anticipated in these forward-looking statements. PerfectData and SuperCom will operate as a combined company in a market environment that is difficult to predict and that involves significant risks and uncertainties, many of which will be beyond the combined company's control. When voting on the merger, you should carefully consider the risks described below and elsewhere in this document. Additional risks and uncertainties not presently known to PerfectData and SuperCom, or that are not currently believed to be important to you, if they materialize, also may adversely affect the merger and the combined company.

Risks Relating to the Merger

After the merger, the value of shares of PerfectData common stock that SuperCom shareholders receive in the merger will fluctuate based on the market price of PerfectData common stock. Declines in the market price of PerfectData common stock will reduce the value received by SuperCom shareholders in the merger.

On October 13, 2003, the closing sales price of a share of PerfectData common stock on the OTC Bulletin Board was \$1.24 per share. No adjustment to the exchange ratio will be made for changes in the market price or value of either PerfectData's shares of common stock or SuperCom's ordinary shares and neither SuperCom nor PerfectData can terminate the merger agreement solely because of changes in the market price or value of either company's common stock or ordinary shares prior to the effective time of the merger. After the merger, the value of the PerfectData shares that SuperCom shareholders receive in the merger will be determined by the market price of such shares as quoted on the OTC Bulletin Board. This market price could be substantially less than the assumed value of PerfectData common stock for purposes of calculating the exchange ratio. The market price of PerfectData common stock historically has been volatile, and neither SuperCom nor PerfectData can assure shareholders what the market price of the shares of PerfectData common stock will be at the time of the merger or at any time after the merger. In light of the planned disposition of PerfectData's historical business, the historical prices for PerfectData common stock may not be meaningful.

Further reductions in PerfectData's Net Available Cash will require PerfectData to issue more shares of its common stock for each ordinary share of SuperCom prior to the merger and, accordingly, further dilute the PerfectData shareholders.

Assuming no additional issuances of common stock and after taking into account outstanding options or warrants to purchase common stock by PerfectData or SuperCom, each share of common stock of SuperCom immediately prior to the effective time of the merger will be converted into a right to receive 1.534804837 shares of PerfectData common stock upon consummation of the merger. The exchange ratio is subject to adjustment for the benefit of SuperCom shareholders. PerfectData's Net Available Cash would have been \$1,994,000 had the merger been effected as of June 30, 2003 and will further decrease as PerfectData continues to incur expenses prior to the effective time of the merger. Therefore, the exchange ratio will be adjusted prior to the effective time of the merger to the benefit of SuperCom shareholders and to the detriment of PerfectData shareholders. PerfectData currently estimates that its Net Available

Cash immediately prior to the merger will be approximately \$1,600,000. If the Net Available Cash of PerfectData prior to the merger is equal to \$1,600,000, the exchange ratio (assuming no changes in the number of ordinary shares of SuperCom and PerfectData common stock outstanding on a fully diluted basis) would be adjusted so that each ordinary share of SuperCom would be converted into the right to receive 2.0171376 shares of PerfectData common stock at the effective time of the merger. If the Final Net Available Cash of PerfectData prior to the merger is equal to \$1,500,000 (which is the lowest it can go without breaching the conditions to SuperCom's obligations to close), the adjusted exchange ratio would be 2.1895426. PerfectData's shareholders would then own only 16.5% of the shares of the combined company on a fully-diluted basis as compared to 19.3% had the Net Available Cash as of June 30, 2003 been used.

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At the effective time of the merger, PerfectData will be a public shell corporation with no operating business and few employees.

PerfectData has entered into an agreement for the sale of all its operating assets and the disposal of such assets is a condition to SuperCom's obligation to consummate the merger. As a result, the success of the combined company following the merger will largely depend, at least initially, on SuperCom's business and management capabilities. We cannot assure you that the combined company will be able to successfully implement SuperCom's business plan or that SuperCom's business plan, even if successfully implemented, will ultimately prove successful. Although the obligation of SuperCom to complete the merger is subject to the condition that at the effective time of the merger PerfectData's liabilities will not exceed \$50,000 in the aggregate, the combined company may still be subject to lawsuits, claims or other unknown or contingent liabilities relating to PerfectData's historical business operations that may have a material adverse effect on the combined company's financial condition or business prospects.

PerfectData and SuperCom expect to incur significant costs associated with the merger.

SuperCom estimates that it will incur direct transaction costs of approximately \$300,000 associated with the merger (not including finders' fees payable in stock), which will be included as a part of the total purchase cost for accounting purposes. In addition, PerfectData estimates that it will incur direct transaction costs of approximately \$300,000 that will be expensed as incurred. There can be no assurance that the combined company will not incur additional merger charges in subsequent periods that may have a material adverse effect on the combined company's financial position, results of operations or liquidity.

The market price and marketability of the combined company's common stock may not improve after the merger, and may even decrease.

Currently, PerfectData common stock is thinly traded on the OTC Bulletin Board, and there is no U.S. public market for SuperCom ordinary shares although such shares currently trade on Nasdaq Europe. The market price and marketability of the combined company's stock following the merger will depend on many factors, some of which will be outside the combined company's control. We cannot assure you that the market price per share of the combined company's common stock after the merger will be equal to the market price per share of PerfectData common stock before the merger, or that the marketability of the combined company's common stock will improve or remain consistent with the marketability of PerfectData common stock before the merger.

There may be sales of substantial amounts of PerfectData common stock after the merger, which could cause its stock price to fall.

A substantial number of shares of PerfectData common stock may be sold into the public market within short periods of time at various dates following the closing of the merger. As a result, PerfectData's stock price could fall. Based on an assumed exchange ratio of 2.0171376, of the approximately 25,630,434 shares of PerfectData common stock to be

issued to SuperCom shareholders in connection with this merger, approximately 11,277,390 shares will be immediately available for resale by the former shareholders of SuperCom and 14,356,938 shares of the combined company's outstanding common stock will be subject to "lock-up agreements" that restrict the timing of the resale of these shares. In addition, a total of 1,234,716 shares of the combined company held by PerfectData shareholders will be subject to lock-up agreements as well. Under the lock-up agreements, 4,049,104 shares will be released and available for sale in the public market three months after the closing date of the merger, 7,947,018 shares will be released and available for sale in the public market six months after the closing date of the merger, 11,844,932 shares will be released and available for sale in the public market nine months after the closing date of the merger and all of such shares will be released and available for sale in the public market one year after the closing date of the merger. In comparison, the average daily trading volume of PerfectData common stock for the five-day period ending on October 13, 2003, was 15,880 shares. While Rule 145 under the Securities Act may impose some limitations on the number of shares certain SuperCom shareholders may sell, sales of a large number of newly released shares of PerfectData common stock could occur and that

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could result in a sharp decline in PerfectData's stock price. In addition, the sale of these shares could impair the combined company's ability to raise capital through the sale of additional stock. See the sections entitled "The Merger — Restriction on Sales of PerfectData Common Stock by Affiliates of SuperCom" on page 53 and "Agreements Related to the Merger Agreement — Lock-up Agreements" on page 67.

You will incur immediate, substantial dilution in your ownership percentage after the merger is concluded.

PerfectData common stockholders will experience an immediate dilution of their ownership percentage in the combined company by approximately 78.5% (not taking into account any adjustments), because the merger agreement provides that the existing SuperCom shareholders will receive an aggregate of approximately 78.5% of the common stock of the combined company as consideration for the merger. Additionally, SuperCom shareholders will experience an immediate dilution of their ownership interest in SuperCom by approximately 27.5% (not taking into account any adjustments), because after the merger SuperCom will be a wholly-owned subsidiary of the combined company, only approximately 72.5% of which will be owned by the current SuperCom shareholders. If the Final Net Available Cash of PerfectData prior to the merger is equal to \$1,500,000 (which is the lowest it can go without breaching the conditions to SuperCom's obligations to close), PerfectData and SuperCom's shareholders will experience dilution of approximately 83.5% and 20.6%, respectively. PerfectData shareholders and SuperCom shareholders who vote in favor of the merger will, therefore, incur an immediate and substantial dilution of their investment. In the future, we may issue a substantial number of shares of common or preferred stock, which could further reduce the percentage of ownership and voting rights in the combined company.

Failure to complete the merger could harm PerfectData's and SuperCom's businesses.

Failure to complete the merger could harm the businesses of PerfectData and SuperCom in a number of ways. Many of the transaction costs, including accounting and legal fees, must still be paid, without any offsetting benefits from the merger. If PerfectData and SuperCom fail to consummate the merger, under certain circumstances, either party may be required to pay a break-up fee to the other party. This payment would be \$250,000 in cash plus fees and expenses incurred by the other party not to exceed \$250,000. Customers and strategic partners may delay or defer decisions concerning either company until the merger is completed or abandoned. In the event that either PerfectData or SuperCom elects to seek another merger or business combination, the other party may not be able to find another party willing to pay an equal or greater consideration than the consideration to be paid in the merger. During the time that the merger agreement is in effect, both PerfectData and SuperCom are prohibited from soliciting, initiating, encouraging or entering into certain transactions, such as a merger, sale of assets (other than the sale of PerfectData's operating assets as permitted under the merger agreement) or other business combination with a party other than SuperCom or PerfectData, as the case may be. This uncertainty could cause PerfectData or SuperCom employees to

leave their respective employers. In addition, if the merger is not completed, the market price of PerfectData common stock could decline, to the extent that the market price of PerfectData common stock prior to the merger reflected a market belief that the merger would be completed and its potential benefits would be realized.

Risks Relating to the Combined Company

In the following section discussing risks facing PerfectData and the combined company following the merger of PerfectData and SuperCom, references to "we," "us," "our" and "ours" refers to PerfectData, or SuperCom Delaware as successor to PerfectData, and its wholly-owned subsidiary, SuperCom, following the merger.

We have a history of operating losses and negative cash flows and may not be profitable in the future.

We have incurred substantial losses and negative cash flows since our inception. We had an accumulated deficit of approximately \$16,984,000 at June 30, 2003. Although we generated net income of approximately \$5,750,000 for the year ended December 31, 2002, such net income was generated

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primarily from the sale of our equity ownership in InkSure. We incurred losses of approximately \$6,548,000 and \$10,939,000 for the years ended December 31, 2001 and 2000, respectively, and a loss of \$737,000 for the six months ended June 30, 2003. We expect to have net operating losses and negative cash flows for the foreseeable future, and expect to spend significant amounts of capital to enhance our products and services, develop further sales and operations, and fund expansion. As a result, we will need to generate significant revenue to achieve profitability. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis.

Part of our operating expense levels are based on internal forecasts for future demand and not on firm customer orders for products or services. Our results may be affected by fluctuating demand for our products and services from one quarter to the next and by increases in the costs of components and raw materials acquired from suppliers.

We will face a need for additional capital and may need to curtail our operations if it is not available.

We believe that our current cash and cash equivalents, including cash of PerfectData acquired in the merger, in addition to our revenues generated from our business operations, will satisfy our operating capital needs for at least the next 24 months based upon our currently anticipated business activities. However, we may need additional capital even within the next 24 months if we undertake large projects. Our need for additional capital to finance our operations and growth will be greater should, among other things, our revenue or expense estimates prove to be incorrect. We may not be able to obtain additional financing in sufficient amounts or on acceptable terms when needed, which would adversely affect our prospects, business, operating results and financial condition by forcing us to curtail our operations or not pursue opportunities which present themselves.

We derive a substantial portion of our revenue from a small number of customers, and the loss of any one of those customers could adversely impact our operating results.

We depend on a limited number of customers for a substantial portion of our revenue. During the years ended December 31, 2002, 2001 and 2000, we derived 61%, 56% and 67%, respectively, of our consolidated net revenue for that year from three individual customers. In 2002, our customers Ministry of Internal Affairs of Ukraine, Intercomsoft and ISBAK accounted for 26%, 19% and 16%, respectively, of our consolidated net revenues. The termination or non-renewal of any significant contract upon expiration, or a substantial reduction in sales to any of our significant customers, would adversely affect our business unless we were able to replace the revenue we received from those customers. We cannot assure you as to how quickly, if at all, such revenue would be replaced.

Our reliance on third party technologies, raw materials and components for the development of some of our products and our reliance on third parties for manufacturing may delay product launch, impair our ability to develop and deliver products or hurt our ability to compete in the market.

Most of our products integrate third-party technology that we license and/or raw materials and components that we purchase or otherwise obtain the right to use, including: operating systems, microchips, security and cryptography technology for card operating systems, which prevents unauthorized parties from tampering with our cards, and dual interface technology, which enables cards to operate in both contact and contactless mode. Our ability to purchase and license new technologies and components from third parties is and will continue to be critical to our ability to offer a complete line of products that meets customer needs and technological requirements. We may not be able to renew our existing licenses or be able to purchase components and raw materials on favorable terms, or at all. If we lose the rights to a patented technology, we may need to stop selling or may need to redesign our products that incorporate that technology, and we may lose a competitive advantage. In addition, competitors could obtain licenses for technologies for which we are unable to obtain licenses, and third parties may develop or enable others to develop a similar solution to security issues, either of which events could adversely affect our results of operations. Also, dependence on the patent protection of third parties may not afford us any control over the protection of the technologies upon which we rely. If the patent protection of any of these third parties were compromised, our ability to compete in the market also would be impaired.

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Delays in deliveries from our suppliers or defects in goods or components supplied by our vendors could cause our revenues and gross margins to decline.

We rely on a limited number of vendors for certain components for the products we are supplying. Any undetected flaws in components supplied by our vendors could lead to unanticipated costs to repair or replace these parts. We currently purchase some of our components from a single supplier to take advantage of volume discounts which presents a risk that the components may not be available in the future on commercially reasonable terms or at all. Although we believe that there are additional suppliers for the equipment and supplies that we require, we may not be able to make such alternative arrangement promptly. If one of our suppliers were unable to meet our supply demands and we could not quickly replace the source of supply, it could have a material adverse effect on our business, operating results and financial condition, for reasons including a delay of receipt of revenues and damage to our business reputation.

Our inability to maintain and develop new strategic relationships with primary integrators for governmental secured ID and passport projects could impact our ability to obtain or sell our products, and prevent us from generating sales revenues.

We obtain and sell many of our products through strategic alliance and supplier agreements in which we act as subcontractors or suppliers to the primary integrator or contractor, including China Travel Service (Holdings) H.K. Ltd. in Hong Kong for the Hong Kong passport and China re-entry card projects and Intercomsoft in Moldova for the Moldova national documentation project. The loss of any of our existing strategic relationships, or the inability to create new strategic relationships in the future, could adversely affect our ability to develop and sell our products.

We sometimes depend upon our strategic partners to market our products and to fund and perform their obligations as contemplated by our agreements with them. We do not control the time and resources devoted by our partners to these activities. These relationships may not continue or may require us to spend significant financial, personnel and administrative resources from time to time. We may not have the resources available to satisfy our commitments, which may adversely affect our strategic relationships.

If alliance or supplier agreements are cancelled, modified or delayed, if alliance or supplier partners decide not to purchase our products or to purchase only limited quantities of our products, or if we are unable to enter into additional alliance or supplier agreements, our ability to produce and sell our products and to generate sales revenues could be adversely affected.

Our dependence on third party distributors, sales agents, and value-added resellers could result in marketing and distribution delays.

We market and sell some of our products using a network of distributors covering several major world regions, including the United States. We are currently engaged in discussions with other potential distributors, sales agents, and value-added resellers. There can be no assurance that such arrangements will be finalized or, if finalized, increase our revenues or enable us to achieve profitability.

Our ability to terminate a distributor who is not performing satisfactorily may be limited. Inadequate performance by a distributor would adversely affect our ability to develop markets in the regions for which the distributor is responsible and could result in substantially greater expenditures by us in order to develop such markets. Our operating results will be highly dependent upon: (i) our ability to maintain our existing distributor arrangements; (ii) our ability to establish and maintain coverage of major geographic areas and establish access to customers and markets; and (iii) the ability of our distributors, sales agents, and value-added resellers to successfully market our products.

Third parties could obtain access to our proprietary information or could independently develop similar technologies because of the limited protection for our intellectual property.

Despite the precautions we take, third parties may copy or obtain and use our proprietary technologies, ideas, know-how and other proprietary information without authorization or may independently develop technologies similar or superior to our technologies. In addition, the

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confidentiality and non-competition agreements between us and most of our employees, distributors and clients may not provide meaningful protection of our proprietary technologies or other intellectual property in the event of unauthorized use or disclosure. If we are not able to defend successfully our industrial or intellectual property rights, we might lose rights to technology that we need to develop our business, which may cause us to lose potential revenues, or we might be required to pay significant license fees for the use of such technology. To date, we have relied primarily on a combination of patent, trade secret and copyright laws, as well as nondisclosure and other contractual restrictions on copying, reverse engineering and distribution to protect our proprietary technology. We currently have three registered patents in Israel, one in Europe, one in the United States, one in Hong Kong, one in Ukraine and two patent applications pending in the United States and Europe and other jurisdictions for technology related to our smart card technology. We may not be issued patents based on our patent applications. Any inability to protect intellectual property rights in our technology could seriously harm our business, operating results and financial condition.

In addition, the laws of certain foreign countries may not protect our intellectual property rights to the same extent as do the laws of Israel or the United States. Our means of protecting our intellectual property rights in Israel, the United States or any other country in which we operate may not be adequate to fully protect our intellectual property rights.

We may face harmful claims of infringement of proprietary rights, which could require us to devote substantial time and resources toward modifying our products or obtaining appropriate licenses.

There is a risk that our products infringe the proprietary rights of third parties. In August 2003, we received a letter stating that we may be infringing certain patents of third parties. We do not believe that our products or technology

infringes such parties' patents or any other third party's patents. Regardless of whether our products infringe on proprietary rights of third parties, infringement or invalidity claims may be asserted or prosecuted against us and we could incur significant expenses in defending them. If any infringement claims or actions are successfully asserted against us, we may be required to discontinue the use of certain processes, cease the manufacture, use and sale of infringing products and services, expend significant resources to develop non-infringing technology, modify our products and services or seek licenses for these intellectual property rights. We may not be able to modify our products or obtain licenses on commercially reasonable terms, in a timely manner or at all. Our failure to do so could adversely affect our business by preventing us from selling some or all of our products. Adverse or protracted litigation or the failure to obtain necessary licenses or other rights could have a material adverse effect on our business, financial position and operating results due the possible devotion of significant financial and human resources in defending such litigation.

A security breach of our internal systems or those of our customers could harm our business by adversely affecting the market's perception of our products and services.

For us to penetrate further the marketplace, the marketplace must be confident that we provide effective security protection for national identity and other secured ID documents and cards. Although we have not experienced any act of sabotage or unauthorized access by a third party of our software or technology to date, if an actual or perceived breach of security occurs in our internal systems or those of our customers, regardless of whether we caused the breach, it could adversely affect the market's perception of our products and services. This could cause us to lose customers, resellers, alliance partners or other business partners. If we or our customers were to experience a breach of our internal systems, our business could be severely harmed by adversely affecting the market's perception of our products and services

We may be exposed to significant liability for actual or perceived failure to provide required products or services which could damage our reputation and adversely affect our business.

Products as complex as those we offer may contain undetected errors or may fail when first introduced or when new versions are released. Despite our product testing efforts and testing by current and potential customers, it is possible that errors will be found in new products or enhancements after commencement of commercial shipments. The occurrence of product defects or

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errors could result in adverse publicity, delay in product introduction, diversion of resources to remedy defects, loss of or a delay in market acceptance, or claims by customers against us, or could cause us to incur additional costs, any of which could adversely affect our business.

Because our customers rely on our products for critical security applications, we may be exposed to claims for damages allegedly caused to a customer as a result of an actual or perceived failure of our products. An actual or perceived breach of security systems of one of our customers, regardless of whether the breach is attributable to our products or solutions, could adversely affect our business reputation. Furthermore, our failure or inability to meet a customer's expectations in the performance of our services, or to do so in the time frame required by the customer, regardless of our responsibility for the failure, could result in a claim for substantial damages against us by the customer, discourage other customers from engaging us for these services, and damage our business reputation.

We currently carry product liability insurance, errors and omissions for high-technology companies insurance and insurance to guard against losses caused by employees' dishonesty. We believe that this insurance coverage is comparable to that of other similar companies in our industry. However, that insurance may not continue to be available to us on reasonable terms or in sufficient amounts to cover one or more large claims, or the insurer may disclaim coverage as to any future claim. We do not maintain insurance coverage for employee errors or security

breaches, nor do we maintain specific insurance coverage for any interruptions in our business operations. The successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies, including premium increases or the imposition of large deductibles or co-insurance requirements, could adversely affect our business.

Our efforts to expand our international operations are subject to a number of risks, any of which could adversely affect our future international sales.

Most of our business to date has been in jurisdictions other than the United States and we plan to increase our international sales outside of the United States. Our inability to obtain or maintain federal or foreign regulatory approvals relating to the import or export of our products on a timely basis could adversely affect our ability to expand our international business. Additionally, our international operations could be subject to a number of risks, any of which could adversely affect our future international sales, including:

- increased collection risks;
- trade restrictions;
- export duties and tariffs;
- uncertain political, regulatory and economic developments;
- inability to protect our intellectual property rights; and
- currency issues.

In addition, in many countries the national security organizations require our employees to obtain clearance before such employees can work on a particular transaction. Failure to receive, or delays in the receipt of, relevant foreign qualifications also could have a material adverse effect on our business, financial condition and results of operations. Additionally, as foreign government regulators have become increasingly stringent, we may be subject to more rigorous regulation by governmental authorities in the future. If we fail to adequately address any of these regulations, our business will be harmed.

The markets that we target for a substantial part of our future growth are in very early stages of development, and if they do not develop our business might not grow as much or as profitably as we hope.

Many of the markets that we target for our future growth are currently small or non-existent and need to develop if we are to achieve our growth objectives. If some or all of these markets do not develop, or if they develop more slowly than we anticipate, then we will not grow as quickly or profitably as we hope. For example, we are developing smart card products and services for the

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national government ID market. Smart card technology has not been widely adopted by national governments until recently, largely due to the cost of the necessary infrastructure and the relatively limited capabilities of previous microchips. We are investing in identification and security networks products and services, but so far we have not deployed our systems on a widespread basis. The development of these markets will depend on many factors that are beyond our control, including the factors that are discussed herein.

If smart card and highly secured document technology is not adopted in government and industry organizations, we may lose some of our existing customers and our business might not grow as much or as profitably as we hope.

Our ability to grow depends significantly on whether government and industry organizations adopt smart card technology as part of their new standards. If these organizations do not adopt smart card and highly secured document technology, then we might not be able to penetrate some of the new markets we are targeting, or we might lose some of our existing customer base.

In order for us to achieve our growth objectives, smart card technology must be adopted in a variety of areas, including:

- bank credit and debit card systems, which in most countries have traditionally relied on magnetic stripe cards as their principal technology;
- computer equipment, which must include smart card readers as standard equipment if the use of smart cards for Internet and other applications is to become common;
 - widely used digital signature information technology security systems;
- national identity card programs, which are considering smart cards with biometric technology;
- government issued passports and ID cards which include contactless smart card chips, which has been recently recommended as the new standard by International Committee of Aviation Organizations;
 - transportation applications using cards as method of payment; and
 - access control in such fields as education and health care.

There can be no assurance that any or all of these areas will adopt smart card technology.

We need to develop our position as a provider of software, systems and services to earn high margins from our technology.

The increasing sophistication of smart card technology places a premium on providing innovative software, systems and services to customers, in addition to manufacturing and supplying smart cards. While we have had some early success positioning ourselves as a provider of services and systems, we cannot be sure that we will continue to be successful with this strategy, or that we will be able to capture a significant share of the market for the sophisticated services and systems that we believe are likely to produce attractive margins in the future. A significant portion of the value of smart card technology lies in the development of operating systems and applications that will permit the use of smart cards in new markets. In contrast, the margins involved in manufacturing and selling smart cards can be relatively small, and might not be sufficient to permit us to earn an attractive return on our development investments.

If we are unable to keep up with rapid changes in smart card technology, our existing products and services could become obsolete.

The market for our products and services is marked by rapid technological change, frequent new product introductions and smart card technology enhancements, uncertain product life cycles, changes in customer demands and evolving industry standards. New products and services based on new or improved technologies or new industry standards can render existing products and services obsolete and unmarketable. To succeed, we will need to enhance our current products and service offerings and develop new products and services on a timely basis to keep pace with developments related to smart

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card technology and to satisfy the increasingly sophisticated requirements of our customers. Any delays in developing and releasing enhanced or new products and services or in keeping pace with continuous technological change may cause us to lose our existing customer base.

The process of developing our products and services is extremely complex and requires significant continuing development efforts. Our investments in research and development have been considerable and may increase in the future. In order to earn an adequate return on these investments, we need to expand our sales significantly. There can be no assurance that we shall achieve our development objectives or expand our sales.

The time from our initial contact with a customer to a sale is long and subject to delays, which could result in the postponement of our receipt of revenues from one accounting period to the next, increasing the variability of our

results of operations.

The period between our initial contact with a potential customer and the purchase of our products and services is often long and subject to delays associated with the budgeting, approval and competitive evaluation processes that frequently accompany significant capital expenditures, particularly by governmental agencies. The typical sales cycle for our government customers has to date ranged from three to 24 months and the typical sales cycle for our commercial customers has ranged from one to six months. A lengthy sales cycle may have an impact on the timing of our revenue, which may cause our quarterly operating results to fall below investor expectations. We believe that a customer's decision to purchase our products and services is discretionary, involves a significant commitment of resources, and is influenced by customer budgetary cycles. To successfully sell our products and services, we generally must educate our potential customers regarding their use and benefits, which can require significant time and resources. We cannot assure you that this significant expenditure of time and resources will result in actual sales of our products and services.

Our markets are highly competitive and competition could harm our ability to sell products and services and could reduce our market share.

The market for smart card and secured document products and services is intensely competitive. We expect competition to increase as the industry grows and as smart card technology begins to converge with the information technology industry. We may not be able to compete successfully against current or future competitors. We face competition from technologically sophisticated companies, many of which have substantially greater technical, financial, and marketing resources than us. In some cases, we compete with entities that have pre-existing relationships with potential customers. As the national documentation production market expands, we expect additional competitors to enter the market.

Some of our competitors and potential competitors have larger technical staffs, larger customer bases, more established distribution channels, greater brand recognition and greater financial, marketing and other resources than we do. Our competitors may be able to develop products and services that are superior to our products and services, that achieve greater customer acceptance or that have significantly improved functionality as compared to our existing and future smart card products and services. In addition, our competitors may be able to negotiate strategic relationships on more favorable terms than we are able to negotiate. Many of our competitors may also have well-established relationships with our existing and prospective customers. Increased competition may result in reduced margins, loss of sales or decreased market shares which in turn could harm our business, operating results and financial condition.

We rely on the services of certain executive officers and key personnel, the loss of whom could adversely affect our operations.

Our future success depends largely on the efforts and abilities of our executive officers and senior management and other key employees, including technical and sales personnel. The loss of the services of any of these persons could harm our business. We do not maintain any key-person insurance for any of our employees.

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Our ability to remain competitive depends in part on attracting, hiring and retaining qualified technical personnel.

Our future success depends in part on the availability of qualified technical personnel, including personnel trained in software and hardware applications within specialized fields. As a result, we may not be able to successfully attract or retain skilled technical employees, which may impede our ability to develop, install, implement and otherwise service our software and hardware systems and to efficiently conduct our operations.

The information technology and network security industries are characterized by a high level of employee mobility and the market for technical personnel remains extremely competitive in certain regions, including Israel. This competition means there are fewer highly qualified employees available to hire, the costs of hiring and retaining such personnel are high and they may not remain with our company once hired. Furthermore, there may be pressure to provide technical employees with stock options and other equity interests in our company, which may dilute our earnings (loss) per share.

Additions of new personnel and departures of existing personnel, particularly in key positions, can be disruptive, might lead to additional departures of existing personnel and could have a material adverse effect on our business, operating results and financial condition.

Our planned growth will place significant strain on our financial and managerial resources and may negatively affect our results of operations.

Our ability to manage our growth effectively will require us:

to continue to improve our operations, financial and management controls, reporting systems and procedures;

- to train, motivate and manage our employees; and
- as required, to install new management information systems.

Our existing management and any new members of management may not be able to augment or improve existing systems and controls or implement new systems and controls in response to anticipated future growth. If we are successful in achieving our growth plans, such growth is likely to place a significant burden on the operating and financial systems, resulting in increased responsibility for our senior management and other personnel.

Our business is subject to government regulation of radio frequency technology.

The rules and regulations of the United States Federal Communications Commission (the "FCC") limit the radio frequency used by and level of power emitting from electronic equipment. Our readers, controllers and other radio frequency technology scanning equipment are required to comply with these FCC rules which may require certification, verification or registration of the equipment with the FCC. Certification and verification of new equipment requires testing to ensure the equipment's compliance with the FCC's rules. The equipment must be labeled according to the FCC's rules to show compliance with these rules. Testing, processing of the FCC's equipment certificate or FCC registration, and labeling may increase development and production costs and could delay introduction of our verification scanning device and next-generation radio frequency technology scanning equipment into the U.S. market. Electronic equipment permitted or authorized to be used by the FCC through our certification or verification procedures must not cause harmful interference to licensed FCC users, and it is subject to radio frequency interference from licensed FCC users. Selling, leasing or importing non-compliant equipment is considered a violation of FCC rules and federal law and violators may be subject to an enforcement action by the FCC. Any failure to comply with the applicable rules and regulations of the FCC could have a material adverse effect on our business, operating results and financial condition.

Conditions in Israel affect our operations in Israel and may limit our ability to sell our products and services.

Our operating subsidiary after the merger will continue to be incorporated under Israeli law and its manufacturing facility and research and development facility will continue to be located in Israel.

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Political, economic and military conditions in Israel will, accordingly, continue to affect our operations. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab

neighbors and a state of hostility, varying in degree and intensity, has led to security and economic problems for Israel. Despite negotiations to effect peace between Israel and its Arab neighbors, the future of these peace efforts is uncertain. Since October 2000, there has been a significant increase in violence primarily in the West Bank and Gaza Strip, negotiations between Israel and the Palestinian Authority have ceased from time to time and there has been increased military activity characterized by some as war. More recently, violence has spread to Jerusalem and areas near Tel Aviv. Furthermore, several countries still restrict trade with Israeli companies, which may limit our ability to make sales, or purchase components from, in those countries. Any future armed conflict, political instability, continued violence in the region or restrictions could have a material adverse effect on our business, operating results and financial condition.

Our operations could be disrupted as a result of the obligation of management or key personnel to perform military service in Israel.

Generally, all male adult citizens and permanent residents of Israel under the age of 45 are, unless exempt, obligated to perform up to 36 days of military reserve duty annually. Additionally, all Israeli residents of this age are subject to being called to active duty at any time under emergency circumstances. Some of the officers and employees of SuperCom Ltd. are currently obligated to perform annual reserve duty. Our operations could be disrupted by the absence for a significant period of one or more of SuperCom Ltd.'s officers or key employees due to military service. Any such disruption could affect our business, results and financial condition.

Fluctuations in the exchange rate between the United States dollar and foreign currencies may affect our operating results.

We incur expenses for our operations in Israel in New Israeli Shekels (NIS) and translate these amounts into United States dollars for purposes of reporting consolidated results. As a result, fluctuations in foreign currency exchange rates may adversely affect our expenses and results of operations, as well as the value of our assets and liabilities. Fluctuations may adversely affect the comparability of period-to-period results. In addition, we hold foreign currency balances, primarily NIS, that will create foreign exchange gains or losses, depending upon the relative values of the foreign currency at the beginning and end of the reporting period, affecting our net income and earnings per share. Although we may use hedging techniques in the future (which we currently do not use), we may not be able to eliminate the effects of currency fluctuations. Thus, exchange rate fluctuations could have a material adverse impact on our operating results and stock price. In addition, future currency exchange losses may increase if we become subject to exchange control regulations restricting our ability to convert local currencies into United States dollars or other currencies.

We are exposed to special risks in foreign markets which may make it difficult in settling transactions.

In conducting our business in foreign countries, we are subject to political, economic, legal, operational and other risks that are inherent in operating in other countries. These risks range from difficulties in settling transactions in emerging markets to possible nationalization, expropriation, price controls and other restrictive governmental actions. We also face the risk that exchange controls or similar restrictions imposed by foreign governmental authorities may restrict our ability to convert local currency received or held by it in their countries into United States dollars or other currencies, or to take those dollars or other currencies out of those countries.

Our shareholders may face difficulties in the enforcement of civil liabilities against SuperCom Ltd. and its officers and directors.

Certain of our directors and our professional advisors are residents of Israel or otherwise reside outside of the United States. SuperCom Ltd. is incorporated under Israeli law and its principal office and facilities are located in Israel. All or a substantial portion of the assets of such persons are or may be located outside of the United States. It may be difficult to effect service of process within the

United States upon SuperCom Ltd., our operating subsidiary after the merger, or upon any such directors or professional advisors or to realize in the United States upon judgments of United States' courts predicated upon civil liability of SuperCom Ltd. or such persons under United States federal securities laws. We have been advised that there is doubt as to whether Israeli courts would (i) enforce judgments of United States' courts obtained against SuperCom Ltd. or such directors or professional advisors predicated solely upon the civil liabilities provisions of United States' federal securities laws, or (ii) impose liabilities in original actions against SuperCom Ltd. or such directors and professional advisors predicated solely upon such United States' laws. However, subject to certain time limitations, Israeli courts will enforce foreign (including United States) final executory judgments for liquidated amounts in civil matters, obtained after due trial before a court of competent jurisdiction which recognizes similar Israeli judgments, provided that (1) due process has been observed, (2) such judgments or the execution thereof are not contrary to Israeli law, public policy, security or sovereignty, (3) such judgments were not obtained by fraud and do not conflict with any other valid judgment in the same matter between the same parties and (4) an action between the same parties in the same matter is not pending in any Israeli court at the time the law suit is instituted in the foreign court.

We have never paid common stock dividends and are unlikely to do so for the foreseeable future.

We have never paid cash or other dividends on our common stock. It is our intention to retain any earnings to finance the operation and expansion of our business, and therefore, we do not expect to pay any cash dividends on our common stock in the foreseeable future.

Risks Relating to Owning PerfectData Common Stock

PerfectData will, at the effective time of the merger, be an inactive public company but has contingent liabilities relating to its historical discontinued operations that could give rise to liability risks in the future.

PerfectData is engaged in the business of designing and marketing a broad line of computer, office care and maintenance products and accessories. PerfectData has agreed to sell its non-cash assets to Spray Products Corporation, or Spray. Although Spray has contractually assumed and agreed to indemnify and hold harmless PerfectData from and against most liabilities and obligations arising out of the conduct of PerfectData's operating business, PerfectData retained certain known and unknown risks that were not contractually assumed by Spray including, without limitation, (i) any liabilities under any benefit plan of PerfectData, (ii) tax liabilities incurred which relate to periods prior to the closing of the Spray transaction, (iii) certain accounts payable arising prior to the closing of the Spray transaction, and (iv) any liabilities of PerfectData which were owed to PerfectData's shareholders in their capacity as such. If for any reason Spray is not able to satisfy the assumed liabilities, if any, such outcome would have a material and adverse effect on PerfectData's financial condition. Accordingly, there can be no assurances that claims arising out of PerfectData's historical business and operations would not be asserted against PerfectData in the future and, if asserted, there can be no assurances that PerfectData would prevail.

Stocks traded on the OTC Bulletin Board are subject to market risks in addition to those market risks applicable to exchange-traded and Nasdaq Stock Market traded stocks.

Shares of common stock of PerfectData are traded on the OTC Bulletin Board, an electronic, screen-based trading system operated by the National Association of Securities Dealers, Inc. Securities traded on the OTC Bulletin Board are, for the most part, thinly traded and generally are not subject to the level of regulation imposed on securities listed or traded on the Nasdaq system or on a national securities exchange. As a result, an investor may find it difficult to dispose of, or to obtain accurate quotations as to the price of, PerfectData common stock. Although the combined company intends to apply for listing of its common stock on either the Nasdaq SmallCap Market or the American Stock Exchange, unless the bid price of the PerfectData common stock rises to at least \$4.00 or \$3.00, respectively,

there can be no assurance that the combined company will obtain such listing.

For the three-month period ended June 30, 2003, the average daily trading volume for shares of PerfectData common stock ranged from zero to 110,400 shares traded per day and the average weekly

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trading volume during such three-month period was only approximately 11,678 shares traded per day. Accordingly, investors in PerfectData who wish to dispose of their shares of common stock on any given trading day may not be able to do so or may be able to dispose of only a portion of their shares of common stock.

"Penny stock" rules may restrict the market for PerfectData common stock and may affect your ability to sell your shares in the secondary market.

PerfectData's common stock is subject to rules promulgated by the Securities and Exchange Commission relating to "penny stocks," which apply to companies whose shares are not traded on a national stock exchange or on the Nasdaq small-cap or national market systems, trade at less than \$5.00 per share, or who do not meet certain other financial requirements specified by the commission. These rules require brokers who sell "penny stocks" to persons other than established customers and "accredited investors" to complete certain documentation, make suitability inquiries of investors, and provide investors with certain information concerning the risks of trading in such penny stocks. These rules may discourage or restrict the ability of brokers to sell PerfectData common stock and may affect the secondary market for the common stock. These rules could also hamper PerfectData's ability to raise funds in the primary market for PerfectData common stock and may affect your ability to sell your shares in the secondary market.

PerfectData's stock price could be volatile which may prevent you from selling your stock at the time or price you desire.

The market price of PerfectData common stock has been and may in the future continue to be extremely volatile, with the sale price fluctuating from a low of \$0.50 to a high of \$1.70 in the two-year period ended June 30, 2003. If the merger is consummated, factors such as the announcements of technological innovations or new products by the combined company's competitors, governmental regulation, developments in patent or other proprietary rights of the combined company's competitors, including litigation, fluctuations in operating results and market conditions for smart card company stocks in general could have a significant impact on the future price of PerfectData's common stock. In addition, the stock market has from time to time experienced extreme price and volume fluctuations which may be unrelated to the operating performance of particular companies. We cannot be certain that the market price of our common stock will not experience significant fluctuations in the future, including fluctuations that are material, adverse and unrelated to our performance. Information regarding the market price of our common stock, including our historical trading range and the last reported trading price on a recent date is set forth under the section entitled "Market Price Information," as well as information regarding fluctuations in the value to be received by SuperCom shareholders as a result of the merger.

We do not currently meet the listing requirements to list our common stock on the Nasdaq SmallCap Market or the American Stock Exchange which could adversely affect the liquidity of the combined company's stock.

The combined company does not currently meet the listing requirements for either the Nasdaq SmallCap Market or the American Stock Exchange, nor can we assure you that the combined company will meet such requirements in the future. If the combined company's common stock continues to be listed on the OTC Bulletin Board, rather than the Nasdaq SmallCap Market or American Stock Exchange, holders of the combined company's common stock may find that the liquidity of such securities is significantly impaired.

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This joint proxy statement/prospectus contains and incorporates by reference forward-looking statements about PerfectData, SuperCom and the combined company, within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include information regarding:

- the regulatory approval process;
 - product development;
 - technology advances;
 - future results;
 - capital spending;
- the timetable for consummating the merger;
- the exchange ratio to be applied in connection with the merger;
 - revenue potential; and
 - future customer needs.

These statements may be made expressly in this document or may be incorporated by reference to other documents that PerfectData has filed with the Securities and Exchange Commission. Forward-looking statements may be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans" or similar expressions as they relate to PerfectData, SuperCom or their management or by the fact that their truth or accuracy cannot be fully discerned without reference to future events.

PerfectData and SuperCom each believe that their respective expectations are based on reasonable assumptions. PerfectData and SuperCom shareholders should understand, however, that these forward-looking statements are subject to numerous known and unknown risks, uncertainties and contingencies, many of which are beyond PerfectData's, SuperCom's and the combined company's control, that may cause actual results, performance or achievements to differ materially from those expressed in, or implied by, our forward-looking statements. These factors include the specific risk factors identified and discussed under the caption "Risk Factors" commencing on page 26 of this joint proxy statement/prospectus, as well as:

- economic and industry conditions including adverse changes in industry or economic conditions generally or in the markets served by SuperCom, product prices, capital expenditures requirements and volatility in the stock market;
- operating factors including changes in operating conditions and costs, interest rates and access to capital markets;
- political and governmental factors including political developments, changes in law and regulations and political stability in relevant areas of the world; and
 - competitive factors and technology advances including the actions of competitors.

No shareholder of SuperCom or PerfectData should place undue reliance on any forward-looking statements. These statements speak only as of the date of this joint proxy statement/prospectus or, in the case of documents incorporated by reference, the date of the referenced document.

The risk factors and cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that any person acting on behalf of either PerfectData, SuperCom or the combined company may issue. Except as otherwise required by federal securities laws, neither PerfectData nor SuperCom undertakes any obligation to publicly update or revise any forward-looking statements or the risk factors described in this joint proxy statement/prospectus, whether as a result of new information, future events, changed circumstances or any other reason after the date of this joint proxy statement/prospectus.

General

PerfectData is furnishing this joint proxy statement/prospectus to holders of PerfectData common stock in connection with the solicitation of proxies by the PerfectData board of directors for use at the annual meeting of shareholders to be held on [], 2003, and any adjournment or postponement thereof. PerfectData is also giving notice to those shareholders who did not consent to the sale of PerfectData's current operations. The holders of more than that a majority of its outstanding shares have consented to the sale of PerfectData's current operations. For further information, you are referred to "Notice as to Proposed Sale of PerfectData's Current Business Operations" on page 161.

The Agreement and Plan of Merger and Reorganization and certain material exhibits to that agreement are attached to this joint proxy statement/prospectus as Annexes A through C. For further information, you can also refer to the sections entitled "The Merger" on page 47 and "The Merger Agreement" on page 58.

Date, Time and Place

The date, time and place of the annual meeting of PerfectData shareholders are as follows:

[Date], 2003
[Time], local time
[Address]
[City], California [Zip]

Voting Procedures

Shares represented by valid proxies in the form enclosed in accordance with the instructions outlined below, received in time for use at the annual meeting and not revoked at or prior to the annual meeting, will be voted at the annual meeting. Where you specify a choice as to how your shares are to be voted on a particular matter, the shares will be voted accordingly. If no choice is specified, the shares will be voted:

FOR PROPOSAL 1: To approve the Agreement and Plan of Merger and Reorganization dated as of July 2, 2003, as amended, by and among PerfectData Corporation, PerfectData Merger Sub Ltd., or PerfectData Merger Sub, and SuperCom Ltd. and the merger of PerfectData Merger Sub with and into SuperCom;

FOR PROPOSAL 2: To reincorporate PerfectData as a Delaware corporation, including, among other things, a change of PerfectData's name to "SuperCom (Delaware) Inc." if the merger is consummated;

FOR PROPOSAL 3: To increase the number of authorized shares of our common stock from 10,000,000 to 55,000,000;

FOR PROPOSAL 4: To adopt a new equity incentive plan;

FOR PROPOSAL 5: To adopt an amendment to the bylaws increasing the number of directors from five to eight if the merger is consummated;

FOR PROPOSAL 6: To elect the number of directors of PerfectData hereinafter provided to serve until the next annual meeting of shareholders and until their successors are duly executed and qualify as follows: (a) to elect eight directors to serve if the merger is consummated; or (b) to elect five directors to serve if the merger is not consummated; and

FOR PROPOSAL 7: To ratify the selection of independent auditors of PerfectData as follows: (a) Kost, Forer & Gabbay, a member of Ernst & Young Global, for the fiscal year ending December 31, 2003 if the merger is consummated; or (b) KPMG LLP for the fiscal year ending March 31, 2004 if the merger is not consummated.

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If Proposals 1, 2 and 3 are not approved, the merger will not be consummated. If the merger is not consummated, only Proposals 2, 3, 6(b) and 7(b), if approved by the shareholders of PerfectData, will be implemented.

Record Date and Outstanding Shares

PerfectData has fixed the close of business on [Record Date], 2003, as the record date for the annual meeting. Only holders of record of PerfectData's common stock at the close of business on the record date are entitled to notice of and to vote at the meeting.

Shareholders Entitled to Vote

As of the close of business on [Record Date], 2003, there were [] shares of PerfectData common stock outstanding and entitled to vote.

Holders of PerfectData common stock are entitled to one vote for each share held as of the record date, except that cumulative voting is permitted for the election of directors. Please see "Proposal No. 6: To Elect Directors of PerfectData."

Quorum; Abstentions; Broker Non-Votes

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock is necessary to constitute a quorum at the annual meeting. Votes or abstentions of shareholders of record who are present at the meeting in person or by proxy and broker non-votes (as defined below) are counted as present or represented at the meeting for the purpose of determining if a quorum is present. If a quorum is not present at the PerfectData annual meeting, we expect that the meeting will be adjourned or postponed to solicit additional proxies.

Any abstentions will have the same effect as votes against the approval of the proposals considered at the annual meeting where the vote of a majority of the outstanding shares is required.

If you hold your shares of common stock through a broker, bank or other representative, generally the broker or your representative may only vote the common stock that it holds for you in accordance with your instructions. However, if it has not timely received your instructions, the broker or your representative may vote only on the election of directors and the retention of auditors. If a broker or your representative cannot vote on a particular matter because it does not have discretionary voting authority as indicated in the preceding sentence, this is a "broker non-vote" on the matter. Those shares subject to a broker non-vote will not be considered for purposes of determining the number of shares entitled to vote with respect to a particular proposal on which the broker has expressly not voted, but will be counted for purposes of determining the presence or absence of a quorum for the transaction of business.

Vote Required

To approve Proposal 1, the approval of the merger agreement and the merger; Proposal 2, the reincorporation of PerfectData as a Delaware corporation; Proposal 3, an increase in the number of common shares that SuperCom Delaware is authorized to issue; and Proposal 5, the adoption of an amendment to the bylaws increasing the number of directors from five to eight only if the merger is consummated, we require the affirmative vote of holders of at least a majority of the outstanding shares of our common stock. Abstentions and broker non-votes, because they are not

affirmative votes, will have the same effect as a vote against Proposals 1, 2, 3, or 5.

To approve Proposal 4, the adoption of a new equity incentive plan, and Proposal 7, the ratification of the selection of auditors if the merger is consummated, we require the affirmative vote of a majority of the common stock present or represented by proxy and entitled to vote on the matter. Broker non-votes are not deemed to be present or represented and are not entitled to vote, and therefore will have no effect on the outcome of the vote on Proposals 4 or 7.

Abstentions are treated as shares present or represented and entitled to vote and have the same effect as a vote against these proposals.

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For Proposal 6, directors will be elected by a plurality of the votes of the holders of shares present in person or by proxy at the PerfectData annual meeting. A vote withheld for a nominee in the election of directors will be excluded entirely from the vote and will have no effect. Cumulative voting is also permitted. See "Proposal No. 6: To Elect Directors of PerfectData."

Expenses of Proxy Solicitation

PerfectData will pay the expenses of soliciting proxies to be voted at the meeting. Following the original mailing of the proxies and other soliciting materials, PerfectData will request brokers, custodians, nominees and other record holders of PerfectData common stock to forward copies of the proxy and other soliciting materials to persons for whom they hold shares of PerfectData common stock and to request authority for the exercise of proxies. In such cases, upon the request of the record holders, PerfectData will reimburse such holders for their reasonable expenses.

In addition to solicitation by mail, directors, officers and key employees of PerfectData may solicit proxies in person or by telephone, telegram or other means of communication. These persons will receive no additional compensation for solicitation of proxies, but may be reimbursed for reasonable out-of-pocket expenses.

Voting of Proxies

The proxy accompanying this joint proxy statement/prospectus is being solicited on behalf of PerfectData's board of directors for use at the annual meeting. You may instruct us on how to vote your shares by either attending our annual meeting in person or mailing the enclosed proxy card back to us.

To instruct us how to vote your shares, please complete, date and sign the accompanying proxy and promptly return it in the enclosed envelope or otherwise mail it to us. All properly signed proxies that we receive prior to the vote at the annual meeting and that are not revoked will be voted at the annual meeting according to the instructions indicated on the proxies or, if no direction is indicated, such proxies will be voted to approve each of the proposals to be considered at the annual meeting.

How to Revoke Your Proxy

You may revoke your proxy at any time before it is exercised at the meeting by taking any of the following actions:

- delivering a written notice to the Corporate Secretary of PerfectData by any means, including facsimile, bearing a date later than the date of the proxy, stating that the proxy is revoked;
- signing and delivering a proxy relating to the same shares and bearing a later date prior to the vote at the meeting; or
- attending the meeting and voting in person, although attendance at the meeting will not, by itself, revoke a proxy. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must bring to the meeting a letter from the

broker, bank or other nominee confirming your beneficial ownership of the shares and permitting you to vote.

PerfectData's board of directors does not know of any matter that is not referred to in this joint proxy statement/prospectus to be presented for action at the PerfectData annual meeting. If any other matters are properly brought before the meeting, the persons named in the proxies will have discretion to vote on such matters in accordance with their best judgment.

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Availability of Accountants

KPMG LLP, independent public accountants, has acted as PerfectData's independent accountants beginning with the audit of PerfectData's financial statements for the fiscal year ended March 31, 2000. A representative of KPMG will be present at the annual meeting and will be available to respond to appropriate questions from shareholders.

In addition, Kost, Forer & Gabbay, a member of Ernst & Young Global, independent public accountants in Israel, has acted as SuperCom's independent accountants since 1999. Representatives of Kost, Forer & Gabbay are expected to be present at the annual meeting and will have an opportunity to make a statement if they desire to do so. They are also expected to be available to respond to appropriate questions.

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THE SPECIAL MEETING OF SUPERCOM SHAREHOLDERS

General

SuperCom is furnishing this joint proxy statement/prospectus to holders of SuperCom ordinary shares in connection with the solicitation of proxies by the SuperCom board of directors for use at the special meeting of shareholders to be held on _____, 2003, and any adjournment thereof.

This joint proxy statement/prospectus is first being furnished to shareholders of record of SuperCom on or about _____, 2003. This joint proxy statement/prospectus is also being furnished to SuperCom shareholders as a prospectus in connection with the issuance by PerfectData of shares of PerfectData common stock to SuperCom shareholders as contemplated by the merger agreement.

Date, Time and Place

The special meeting of shareholders will be held on _____, 2003 at _____ a.m., local time, at [Address].

Record Date

SuperCom's board of directors has fixed _____, 2003, as the record date for determination of SuperCom shareholders entitled to attend and vote at the special meeting.

Vote of SuperCom Shareholders Required

As of the close of business on [Record Date], 2003, there were _____ ordinary shares of SuperCom outstanding and entitled to vote. Each SuperCom ordinary share is entitled to one vote. In general, the affirmative vote of 75% of the ordinary shares of SuperCom present and voting at a meeting at which a quorum is present will be required for the approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement (Proposal No. 1). However, if PerfectData, PerfectData Merger Sub or any person or entity holding 25% or more of

either the voting power or the right to appoint a director of PerfectData or PerfectData Merger Sub holds shares in SuperCom, then there is an additional requirement for the approval. The additional requirement is that a majority of the shareholders who are present at the special meeting, excluding PerfectData, PerfectData Merger Sub, or any person or entity holding 25% or more of either the voting power or the right to appoint a director of PerfectData, or PerfectData Merger Sub, or anyone acting on their behalf, including their family members or entities under their control, shall not have voted against the merger. For these purposes, abstentions and broker non-votes are not considered to be votes against the merger. Neither PerfectData nor SuperCom is aware of any person or entity which would trigger the need for such additional approval.

Certain principal shareholders of SuperCom who collectively beneficially own approximately 56% of SuperCom's outstanding ordinary shares as of [Record Date], 2003, the record date for the special meeting, have entered into voting agreements to vote their shares in favor of approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement.

Quorum

The quorum required for the special meeting is two or more shareholders holding collectively at least one-third of voting power, present in person or by proxy. Pursuant to SuperCom's articles of association, if within half an hour from the time set for the meeting, a quorum is not present, the meeting shall be adjourned and SuperCom shall immediately issue a notice of a reconvened meeting which shall take place 21 days following the date of such notice at the same time and place or at any other time and place as the board of directors of SuperCom designates in such notice.

Abstentions; Broker Non-Votes

SuperCom will treat abstentions and shares represented by proxies that reflect abstentions as shares that are present for the purpose of determining the presence of a quorum. For the purpose of

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determining the outcome of the vote on the merger agreement and the merger, SuperCom will treat abstaining shares as not present and not voting with respect to that matter (even though abstaining shares are considered present for quorum purposes and may be voting on other matters) and, as a result, abstaining shares will have no effect on the outcome of the vote on the merger agreement and the merger.

Broker non-votes occur when a broker holding stock in "street name" votes the shares on some matters but not others. Brokers are permitted to vote on routine, non-controversial proposals in instances where they have not received voting instruction from the beneficial owner of the stock but are not permitted to vote on non-routine matters. The missing votes on non-routine matters are deemed to be "broker non-votes." SuperCom will treat broker non-votes as shares that are present for the purpose of determining the presence of a quorum. However, for the purpose of determining the outcome of any matter as to which the broker or nominee has indicated on the proxy that it does not have discretionary authority to vote, SuperCom will treat broker non-votes as not present and not voting with respect to that matter (even though the shares are considered present for quorum purposes and may be voting on other matters).

Voting of Proxies

SuperCom requests that its shareholders complete, date and sign the accompanying proxy card and promptly return it in the accompanying envelope or as indicated on the proxy card. You may also send your completed and signed proxy card to SuperCom at Millennium Bldg., 3 Tidhar St., P.O.B. 2094, Raanana 43665, Israel. Brokers holding ordinary shares in "street name" may vote the shares only if the shareholder provides instructions on how to vote. Brokers will provide directions on how to instruct the broker to vote the shares. All properly executed proxies received at least 24

hours prior to the special meeting, and that are not revoked, will be voted in accordance with the instructions indicated on the proxies or, if no direction is indicated, to approve the merger agreement and the merger. Other than as set forth in this joint proxy statement/prospectus, SuperCom's board of directors does not currently intend to bring any other business before the special meeting and, so far as SuperCom's board of directors knows, no other matters are to be brought before the special meeting. If other business properly comes before the special meeting, the proxies will vote in accordance with their own judgment.

Shareholders may revoke their proxies at any time prior to use by delivering a signed notice of revocation or a later-dated signed proxy in the same way, to the same addresses and at the same time set for delivery of proxies, or by attending the special meeting in person and revoking the proxy by making a written notice of revocation presented to the chairman of the meeting at the meeting. Attendance at the special meeting does not in itself constitute the revocation of a proxy.

SuperCom will bear the costs of solicitation of proxies from its shareholders. In addition to solicitation by use of the mails, proxies may be solicited by directors, officers, employees or agents of SuperCom in person or by telephone or facsimile. The extent to which these proxy soliciting efforts will be necessary depends entirely upon how promptly proxies are received. You should send in your proxy by mail without delay.

You should notify SuperCom before voting at the special meeting or indicate on the proxy card, whether or not you indicate how you want to vote, whether you are: (1) a person or entity holding, directly or indirectly, 25% or more of either the voting power or the right to appoint a director of PerfectData or PerfectData Merger Sub; (2) a person or entity acting on behalf of PerfectData, PerfectData Merger Sub or on behalf of a person or entity described in (1); or (3) a family member of, or an entity controlled by, PerfectData, PerfectData Merger Sub or any of the foregoing. If you do not notify SuperCom as aforesaid, you will not be entitled to vote on the merger agreement and the merger and your vote will not be counted with respect to the merger agreement and the merger.

Availability of Accountants

Kost, Forer & Gabbay, a member of Ernst & Young Global, independent public accountants in Israel, has acted as SuperCom's independent accountants since 1999. Representatives of Kost, Forer &

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Gabbay are expected to be present at the special meeting and will have an opportunity to make a statement if they desire to do so. They are also expected to be available to respond to appropriate questions.

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THE MERGER

The following discussion summarizes the proposed merger and related transactions. The discussion is not, however, a complete statement of all provisions of the merger agreement and related agreements. Detailed terms of the conditions to the merger and related transactions are contained in the merger agreement, a copy of which is attached to this joint proxy statement/prospectus as Annex A. Statements made in this joint proxy statement/prospectus with respect to the terms of the merger and related transactions are qualified in their entirety by reference to the merger agreement, and you are urged to read the more detailed information set forth in the merger agreement and the other documents attached to this joint proxy statement/prospectus prior to casting a vote.

Background of the Merger

In mid-April 2003, SuperCom and its counsel distributed to PerfectData a non-binding letter of intent which set forth the proposed terms of a proposed merger transaction between PerfectData and SuperCom.

On or about April 29, 2003, Robert Ellin of Atlantis Equities, Inc., Elie Housman, a consultant to SuperCom, Eli Rozen, Chairman of SuperCom, and a representative of Mintz Levin, SuperCom's U.S. counsel, met with Harris A. Shapiro, Chairman of the Board and C.E.O. of PerfectData, at Mintz Levin's offices in New York City to negotiate the terms of the letter of intent relating to a merger between the companies.

On April 30, 2003, PerfectData and SuperCom entered into the non-binding letter of intent for a proposed merger between the companies. On May 5, 2003, the companies issued a joint press release announcing the entering into of the letter of intent.

Between May 5, 2003 and the end of June 2003, management of PerfectData and Wachtel & Masyr, LLP, PerfectData's counsel, performed a due diligence investigation of SuperCom's business. At the same time, management of SuperCom and Mintz Levin performed a due diligence investigation of PerfectData.

On May 28, 2003, Mintz Levin submitted a draft agreement and plan of merger to PerfectData and its counsel for its review. On May 29, 2003, management of SuperCom and PerfectData and their respective counsels met at the offices of PerfectData's counsel in New York City to discuss the terms of the merger agreement and various due diligence issues. The parties continued to discuss the terms of the merger agreement and various due diligence issues over the next month by telephone conference.

On June 2, 2003, Mintz Levin distributed drafts of all of the ancillary agreements relating to the merger agreement.

On June 20, 2003, management of SuperCom and PerfectData and their respective counsels met at the offices of Mintz Levin's counsel in New York City to discuss the proposed final terms of the merger agreement and the ancillary agreements.

On June 22, 2003, the PerfectData board of directors unanimously determined that the merger is fair to, and in the best interests of, PerfectData and its shareholders, approved and adopted the merger agreement (subject to further refinements) and the transactions contemplated thereby, and resolved to recommend that PerfectData shareholders vote for approval and adoption of the merger agreement and the transactions contemplated thereby. A revised version of the merger agreement was distributed to the parties on June 20, 2003. On June 15, 2003, by unanimous vote, the SuperCom board of directors approved and adopted the merger agreement and the transactions contemplated thereby, and resolved to recommend that SuperCom shareholders vote for approval and adoption of the merger agreement and the transactions contemplated thereby.

The final definitive merger agreement was executed by representatives of SuperCom, PerfectData and PerfectData Merger Sub on July 2, 2003. In addition, the principal shareholders of SuperCom and certain directors, officers and principal shareholders of PerfectData entered into voting agreements and lock-up agreements. PerfectData and SuperCom issued a joint press release announcing the definitive merger agreement on July 7, 2003.

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PerfectData's Reasons for the Merger and Factors Considered by the PerfectData Board of Directors

PerfectData's board of directors believed that a combination of PerfectData and SuperCom would create an opportunity for PerfectData shareholders to enhance the value of their shares by combining PerfectData, a company with continuing operating losses, with what the board believes to be a promising growth company while enhancing the liquidity in their shares. The PerfectData board of directors considered candidates other than SuperCom, but concluded that a transaction with SuperCom was in the best interests of PerfectData and its shareholders. The

PerfectData board of directors also considered other opportunities, including, without limitation, the liquidation and dissolution of PerfectData which the board of directors considered less advantageous with respect to maximizing shareholder value because of the fees and expenses, time delays and complexity involved with dissolving a public company and PerfectData's limited assets.

In the course of its deliberations regarding the merger, the PerfectData board of directors reviewed with PerfectData's outside advisors a number of factors relevant to the merger, including the strategic overview and prospects for PerfectData. The PerfectData board of directors also considered the following factors, among others, in connection with its review and analysis of the merger. The conclusions of the PerfectData board of directors with respect to each of these factors supported its determination that the merger is fair to, and in the best interests of, the PerfectData shareholders:

PerfectData's financial outlook and possible alternatives to the proposed merger. In this regard, the PerfectData board considered the amount and range of merger consideration most likely to be required by other merger candidates, the likelihood of receiving a better offer from another merger candidate and the view of PerfectData's management that the merger represented the best strategic alternative available to PerfectData under the circumstances;

the limited alternatives available to PerfectData if it failed to complete the merger or another business combination;

SuperCom's business, financial condition, results of operations, assets, management, competitive position and prospects;

the percentage ownership of PerfectData shareholders of the combined company after the merger;

- the search for other merger candidates undertaken by PerfectData's management;

the belief that the terms of the merger agreement, including the parties' representations, warranties and covenants, and the conditions to the parties' respective obligations, are reasonable;

the fact that PerfectData shareholders will have the opportunity to vote upon the proposal to approve the merger agreement and the merger; and

the results of the due diligence review of SuperCom conducted by PerfectData's management and its financial and legal advisors.

The PerfectData board of directors also considered a number of potentially negative factors in its deliberations concerning the merger. The potentially negative factors considered by the PerfectData board of directors included:

the uncertain current and prospective market for SuperCom's products and technologies and the other risks relating to SuperCom's business and operations;

- the operational losses in SuperCom;
- the dilutive effect of the merger on PerfectData shareholders;
- the risk that, because the exchange ratio provides for no adjustment for changes in the market price of PerfectData common stock, the per share value of the consideration to be

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received by SuperCom shareholders might be more than the price immediately before the announcement, or on the date of closing, of the merger due to fluctuations in the market value of PerfectData common stock;

the risk that the merger might not be completed in a timely manner or at all, and if the merger is not completed, PerfectData would have incurred significant costs and further reduced its financial position;

the fact that the merger as proposed would materially limit PerfectData's use of its net operating losses; and

- the other risks and uncertainties set forth in the section entitled "Risk Factors" on page 24.

The foregoing discussion of information and factors considered by the PerfectData board of directors is not intended to be exhaustive, but is believed to include many material factors considered by the PerfectData board of directors. In

view of the wide variety of factors considered by the PerfectData board of directors, the PerfectData board of directors did not find it practicable to quantify or otherwise assign relative weight to the specific factors considered. In addition, the PerfectData board of directors did not reach any specific conclusion on each factor considered, or any aspect of any particular factor, but conducted an overall analysis of these factors. Individual members of the PerfectData board may have given different weight to different factors. However, after taking into account all of the factors set forth above, the PerfectData board of directors unanimously agreed that the merger is fair to, and in the best interests of, the PerfectData shareholders and that PerfectData should proceed with the proposed merger.

In considering the recommendation of the PerfectData board of directors with respect to the merger agreement, PerfectData shareholders should be aware that two of the five directors will continue to serve if the merger is approved and then consummated and, accordingly, they have an interest in the merger that is different from, or are in addition to, the interests of the PerfectData shareholders generally. For further detail see the section entitled "The Merger—Interests of Certain Persons in the Merger" on page 50.

SuperCom's Reasons for the Merger and Factors Considered by the SuperCom Board of Directors

In evaluating the proposed merger, the board of directors of SuperCom considered a variety of factors, including financial and operating information relating to PerfectData and SuperCom. The following material factors were considered by SuperCom's board of directors:

the belief that the proposed merger would increase the potential for enhanced liquidity by providing SuperCom shareholders with shares in an entity that are publicly traded on the OTC Bulletin Board (and possibly on Nasdaq SmallCap Market or AMEX if application for listing is successful, as to which listing there can be no assurance) and would potentially provide SuperCom with increased access to the public capital markets for future equity issuances;

- the belief that following the merger, as a U.S. public company, SuperCom could more easily complete complementary acquisitions to expand its distribution and product development capabilities, if its business strategy ultimately required it and conditions allowed for it;

the belief that the exchange ratio pursuant to the merger agreement is fair, from a financial point of view, to the shareholders of SuperCom and the fact that the proposed merger would result in current SuperCom shareholders owning at least 72.5% of the outstanding shares of common stock of PerfectData;

- the intent that no taxable gain or loss will be recognized by SuperCom shareholders on the exchange of their ordinary shares of SuperCom for PerfectData common stock;

the belief that the terms of the merger agreement, including the parties' representations, warranties and covenants, and the conditions to the parties' respective obligations, are reasonable;

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the fact that, because PerfectData would not at the time of the merger have current business operations, the combined company would be able to continue the current business of SuperCom without the need to integrate the business with other operations; and

the belief that following the merger, as a U.S. public company, SuperCom will be able to continue the migration of its business operations to the United States, which it believes will be a significant market for its products.

SuperCom's board of directors considered a number of potentially negative factors in its deliberation of the merger, including:

- the risk to SuperCom's shareholders that the value to be received in the merger could decline significantly due to the fixed exchange ratio;
- the substantial dilutive effect of the merger on SuperCom's shareholders;

- the volatility of the stock price of PerfectData on the OTC Bulletin Board;
- the risk that the merger will not be completed, including the circumstances under which PerfectData could terminate the merger agreement and the circumstances under which SuperCom could be required to pay a termination fee to PerfectData;
- the risks relating to potential unknown liabilities of PerfectData relating to its discontinued operations;
- the transaction costs expected to be incurred in connection with the merger; and
- the other risks described under "Risk Factors – Risks Related to the Merger" on page 26.

After due consideration, SuperCom's board of directors concluded that the risks associated with the proposed merger were outweighed by the potential benefits of the merger. For these reasons, SuperCom's board of directors concluded that the merger is in the best interests of SuperCom and its shareholders. SuperCom's board of directors unanimously recommends that SuperCom's shareholders approve the merger agreement. Approval of the merger agreement will constitute approval of all transactions that it contemplates, including the exchange of all outstanding ordinary shares of SuperCom for PerfectData common stock and the applicable exchange ratio.

SuperCom's board of directors does not intend the foregoing discussion of information and factors to be exhaustive, but believes the discussion to include all of the material factors that it considered. In view of the complexity and wide variety of information and factors, both positive and negative, that it considered, SuperCom's board of directors did not find it practical to quantify or otherwise assign relative or specific weights to the specific factors it considered in making its determination. The determination was made after taking into consideration all of the factors as a whole. In addition, individual members of SuperCom's board of directors may have given different weights to the different factors.

In considering the recommendation of the SuperCom board of directors with respect to the merger agreement, SuperCom shareholders should be aware that the directors and officers of SuperCom have interests in the merger that are different from, or are in addition to the interests of the SuperCom shareholders generally. For further detail see the section entitled "The Merger — Interests of Certain Persons in the Merger" on page 50.

Interests of Certain Persons in the Merger

When considering the recommendations of the boards of directors of PerfectData and SuperCom, you should be aware that directors of PerfectData and certain executive officers and directors of SuperCom have interests in the merger and have arrangements that are different from, or are in addition to, those of the shareholders of PerfectData and SuperCom, generally. The boards of directors of PerfectData and SuperCom were aware of these interests and considered them, among other matters, in approving the principal terms of the merger, the merger agreement and the transactions contemplated thereby.

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Newly-Appointed Members of the PerfectData Board of Directors

Following the merger, the board of directors of the combined company will consist of (i) six directors designated by SuperCom, who will initially be Eli Rozen, Avi Schechter, Philip M. Getter, _____, _____ and _____; and (ii) two directors designated by PerfectData, who initially will be _____ and _____. Mr. Rozen is currently a director of SuperCom, Mr. Schechter is an executive officer of SuperCom and _____ and _____ are currently directors of PerfectData.

Stock Options of Officers and Directors

Upon consummation of the merger, the stock options of the PerfectData officers and directors, as well as employee options, will immediately vest and will remain exercisable for a period of three years from the effective time of the

merger. In addition, options held by officers or directors of SuperCom prior to the effective time of the merger will remain exercisable for the time period set forth in the applicable option grant agreement, regardless of whether the holders of such options continue as officers or directors of the combined company after the merger.

Change of Control and Severance Payments

PerfectData has no provision compensating any officer, director or employee in the event of a change of control, other than to vest options under PerfectData's stock option plan. Employees are entitled to severance payments upon the termination of employment based on their length of service to PerfectData. PerfectData estimates these payments will aggregate approximately \$91,152 if employment were terminated as of October 31, 2003.

Indemnification of Directors and Officers

Directors and executive officers of PerfectData and SuperCom have customary rights to indemnification against losses incurred as a result of actions or omissions occurring prior to the effective time of the merger and the plan is to maintain customary rights to indemnification for the foreseeable future following the effective time of the merger.

Following the merger, the combined company will fulfill and honor in all respects PerfectData's obligations under indemnification agreements between PerfectData and its directors and officers existing immediately prior to the effective time of the merger. In addition, the combined company intends to purchase "tail" or "runoff" directors' and officers' liability insurance covering those persons who are currently covered by PerfectData's directors' and officers' liability insurance policy for a period of five years from the completion of the merger.

As a result of the various arrangements discussed in this section, certain directors and executive officers of PerfectData and SuperCom may be more likely to vote in favor of recommending the approval of the merger agreement and the merger than if they did not hold these interests.

Regulatory Approvals

U.S. Regulatory Filings

PerfectData and SuperCom have determined that the merger is not subject to the pre-transaction reporting requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or HSR Act, which prevents specified transactions from being completed until required information and materials are furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission and specified waiting periods are terminated or expire.

Although no pre-transaction filing pursuant to the HSR Act is required, the Antitrust Division of the Department of Justice or the Federal Trade Commission may nevertheless challenge the merger on antitrust grounds at any time before or after the completion of the merger. Accordingly, either the Antitrust Division or the Federal Trade Commission could take action under the antitrust laws of the United States as either agency deems necessary or desirable in the public interest, or other persons could take action under the federal antitrust laws, including seeking to enjoin the merger.

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Additionally, at any time before or after the completion of the merger, any state could take action under the federal or applicable state antitrust laws as it deems necessary or desirable in the public interest. Neither PerfectData nor SuperCom can assure shareholders of either such company that a challenge to the merger will not be made or that, if a challenge is made, that PerfectData and SuperCom will prevail. However, considering the size of each entity and the fact that SuperCom and PerfectData are currently in wholly separate lines of business, such challenge is not

considered likely.

Neither PerfectData nor SuperCom is aware of any other U.S. governmental approvals or actions that are required to consummate the merger other than compliance with federal securities laws, Delaware corporate law and California corporate law. Should any approval or action be required, PerfectData and SuperCom currently plan to seek the approval or take the necessary action.

Israeli Governmental Approvals

Israeli Companies Law. Under the Israeli Companies Law, PerfectData and SuperCom may not complete the merger without making certain filings and notifications to the Israeli Companies Registrar.

Merger Proposal. Each merging company is required to file with the Israeli Companies Registrar, jointly with the other merging company, a merger proposal setting forth certain details with respect to the merger.

Notice to Creditors. In addition, each merging company is required to notify its creditors of the proposed merger. Pursuant to the Israeli Companies Law, a copy of the merger proposal must be sent to the secured creditors of each company, substantial creditors must be informed individually of the filing of the merger proposal with the Israeli Companies Registrar and where it can be reviewed, and unsecured creditors must be informed of the merger by publication in daily Hebrew newspapers in Israel and where necessary elsewhere and by making the merger proposal available for review. Creditors are entitled to apply to the appropriate court to request a delay or an order preventing the merger. Because SuperCom's shares are traded on Nasdaq Europe, SuperCom shall also have to publish an announcement of the merger in a daily newspaper in Belgium. The merging companies must notify the Israeli Companies Registrar of fulfilling the requirements with respect to notice to creditors.

Shareholder Approval Notice. The merger must then be approved by the shareholders of each merging company. After shareholder approval or non-approval, each of the merging companies will file a notice with the Israeli Companies Registrar concerning the decision of the shareholders. Assuming that the shareholders of each of the merging companies approve the merger and that all of the statutory procedures and requirements have been complied with, and so long as at least 70 days from the date of the filing of the merger proposal with the Israeli Companies Registrar have lapsed and the Israeli Commissioner of Restrictive Trade Practices has not filed an objection to the merger, the merger will become effective and the Israeli Companies Registrar will be required to register the merger in the surviving company's register and to issue the surviving company a certificate to that effect.

Office Of The Chief Scientist. The Office of the Chief Scientist is a part of Israel's Ministry of Trade and Industry and provides research and development grants to high-tech companies, subject to an obligation to pay royalties on revenue derived from products developed under programs funded by the grants or based on technology funded by the grants. SuperCom has obtained grants from the Office of the Chief Scientist for different development programs. The consent of the Office of the Chief Scientist is required for any purchase of shares of a company funded by the Office of the Chief Scientist by a non-Israeli entity, and therefore, the approval of the merger by Office of the Chief Scientist is required.

Israeli Investment Center in the Israeli Ministry of Trade and Industry. The Investment Center, which is also a part of Israel's Ministry of Trade and Industry, provides various benefits to Israeli companies, including grants to finance capital investments and tax benefits ranging from reduced rates of company tax to a full tax exemption for a fixed period, depending on a number of factors. SuperCom has received tax benefits from the Investment Center. In general, the consent of the

Investment Center is required for any purchase of shares of a company which has received benefits from the Israeli Investment Center, and therefore the approval of the Investment Center to the merger is required.

Israeli Income Tax Authorities. Under the merger agreement, a ruling of the Israeli Income Tax Commissioner will be required as a condition for SuperCom to complete the merger. Please see the related discussion on pages 75 and 76 of this joint proxy statement/prospectus.

Belgian Law and Nasdaq Europe Approvals

Nasdaq Europe Market Authority. In connection with the merger and the decision by the shareholders of Nasdaq Europe to close down Nasdaq Europe on January 5, 2004, SuperCom will apply to delist itself from Nasdaq Europe. It is expected that the Market Authority of Nasdaq Europe will approve the delisting.

Belgian Banking and Finance Commission. The decision of delisting by the Market Authority of Nasdaq Europe will be subject to review by the Belgian Banking and Finance Commission. The Banking and Finance Commission may block the delisting upon finding that the delisting does not provide sufficient protection for investors. It is expected that the Banking and Finance Commission will approve the delisting, however.

SuperCom has decided to transfer its listing to Euronext Brussels prior to delisting. SuperCom will apply for a waiver of prospectus from the Belgian Banking and Finance Commission. As the shares to be listed have been publicly issued, SuperCom fits within the conditions for such waiver.

PerfectData and SuperCom intends to seek all of the foregoing regulatory approvals and any additional regulatory approvals that may be required. However, neither party can assure you that all of the approvals will be obtained.

Accounting Treatment of the Merger

We expect that the merger will be treated for accounting and financial reporting purposes as a reverse acquisition of PerfectData by SuperCom because the former SuperCom shareholders will control PerfectData after the reincorporation and merger. Under this accounting treatment, SuperCom is deemed for accounting purposes to be the acquiring entity and PerfectData the acquired entity. The financial statements of PerfectData after the merger will reflect SuperCom on a historical basis with the results of operations of PerfectData from the effective date of the merger. Because PerfectData has entered into an agreement for the sale of all its operating assets and the disposal of such assets is a condition to SuperCom's obligation to consummate the merger, the merger will be treated as a recapitalization of SuperCom, with no goodwill recorded.

Restrictions on Sales of PerfectData Common Stock by Affiliates of SuperCom

The shares of PerfectData common stock to be issued in connection with the proposed merger will be registered under the Securities Act. Subject to the lock-up agreements between PerfectData and certain of SuperCom's principal shareholders, these shares will be freely transferable under the Securities Act, except for shares of PerfectData common stock issued to any person who is an affiliate of SuperCom at the time the merger is submitted to the shareholders for vote and/or who becomes an affiliate of PerfectData after the merger. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under common control of SuperCom, and may include some of the officers and directors, as well as their respective principal shareholders. Affiliates generally include directors, executive officers, and beneficial owners of 10% or more of the common stock of a company. Persons who are affiliates at the time the merger is submitted to the shareholders for vote may not sell their shares of PerfectData common stock acquired in connection with the merger except pursuant to an effective registration statement under the Securities Act covering the resale of those shares, an exemption under paragraph (d) of Rule 145 under the Securities Act, or any other applicable exemption under the Securities Act. Neither PerfectData nor SuperCom has given any commitment to file any such registration statement. Pursuant to the terms of

the merger agreement, PerfectData will be entitled to place appropriate legends on the certificates evidencing any PerfectData common stock to be received by the affiliates and to issue stop transfer instructions to the transfer agent for the PerfectData common stock received by the affiliates.

Listing of PerfectData Common Stock After the Merger

Provided that we meet the listing requirements of the Nasdaq SmallCap Market or the American Stock Exchange following the time of the merger, we intend to apply for listing the shares of PerfectData common stock on either the Nasdaq SmallCap Market or the American Stock Exchange. However, unless there is a substantial increase in the bid price of PerfectData's common stock (to \$4.00 per share in the case of Nasdaq and \$3.00 per share in the case of the AMEX), such listing is not likely to occur immediately following the merger, if at all.

Finders' Fees

As compensation for acting as finder and introducing parties with respect to the prospective merger, Atlantis Equities, Inc. or its designee will receive the number of shares equal to 5% of the issued and outstanding shares of common stock on a fully-diluted basis of the combined company following the merger; provided, however, that if the Final Net Available Cash at closing is less than \$2,000,000, then such transaction fee shall be reduced to an amount equal to 4.5% multiplied by a fraction, the numerator of which is the amount of Final Net Available Cash at closing and the denominator of which shall be \$2,000,000. In addition, Belgravia Investment Partners LLC or its designee will receive five-year warrants, exercisable at \$.01 per share, to purchase the number of shares equal to 1% of the issued and outstanding shares of common stock on a fully-diluted basis of the combined company following the merger; provided, however, that if the Final Net Available Cash at closing is less than \$2,000,000, then such transaction fee shall be multiplied by a fraction, the numerator of which is the amount of Final Net Available Cash at closing and the denominator of which shall be \$2,000,000. All such finder shares will have piggyback registration rights and will be subject to the same lock-up agreement as the directors and executive officers of SuperCom.

In addition, following the merger, for his financial advisory services in connection with the merger, Elie Housman, a consultant to SuperCom, will receive a transaction fee in cash in an amount equal to 4% of the Final Net Available Cash of PerfectData at closing.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined balance sheet is based on the June 30, 2003 balance sheet of PerfectData and the June 30, 2003 consolidated balance sheet of SuperCom and its subsidiaries. The unaudited pro forma condensed combined balance sheet assumes that the merger was completed on June 30, 2003, with SuperCom treated as the acquiring entity for financial reporting purposes.

The unaudited pro forma condensed combined financial statements have been prepared by management of PerfectData and SuperCom based on the financial statements included elsewhere herein. The pro forma adjustments include assumptions and preliminary estimates as discussed in the accompanying notes, and are subject to change. This pro forma statement may not be indicative of the results that actually would have occurred if the merger had been in effect on the dates indicated, and may not be indicative of financial result that may be obtained in the future. The unaudited pro forma condensed combined financial statements are based upon, and should be read in conjunction with, the historical financial statements of PerfectData for the year ended March 31, 2003 and for the three months ended June 30, 2003 included elsewhere in this joint proxy statement/prospectus, and the historical financial statements of SuperCom for the year ended December 31, 2002 and for the six months ended June 30, 2003, which are included

elsewhere in this joint proxy statement/prospectus.

Pursuant to the merger agreement, PerfectData will issue shares of common stock to the holders of SuperCom ordinary shares. In addition, each outstanding option to purchase ordinary shares of SuperCom will be assumed by PerfectData. As a result of this transaction, without taking into account adjustments for PerfectData's Final Net Available Cash at closing, the current shareholders of SuperCom will own approximately 72.5% of the combined company while the current stockholders of PerfectData will own approximately 21.5%, both on a fully-diluted basis.

The number of shares of PerfectData common stock to be issued for each ordinary share of SuperCom is not fixed and will be adjusted based upon the exchange ratio established by the merger agreement. Adjustments to the exchange ratio will be made in the event that the Final Net Available Cash of PerfectData at the effective time of the merger is less than \$2,000,000. Pursuant to the merger agreement, "Final Net Available Cash" means, as of the effective time of the merger, a dollar amount determined in accordance with generally accepted accounting principles equal to the aggregate amount of PerfectData's cash and cash equivalents, less the aggregate amount of all of PerfectData's liabilities.

The merger will be accounted for as a reverse acquisition of PerfectData by SuperCom. Although PerfectData will be the surviving legal entity, for financial reporting purposes, the entity whose shareholders hold in excess of at least 72.5% of the combined company, SuperCom, will be treated as the continuing accounting entity. The reverse acquisition will be treated as a capital stock transaction in which SuperCom will be deemed to have issued the shares of common stock held by the SuperCom shareholders for the net assets of PerfectData. Because this transaction is in substance a recapitalization of SuperCom and not a business combination, no goodwill will be recorded. The costs of the transaction will be charged to stockholders' equity.

Prior to the merger, PerfectData will have sold its business operations to Spray Products Corporation as indicated in Note 1.

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Pro Forma Combined Balance Sheet as of June 30, 2003
(U.S.dollars in Thousands)

	PerfectData Historical	Pro Forma Adjustments	Notes	(Adjusted)	SuperCom Historical	Pro Forma Adjustments	Notes	Pro Forma Combined
Assets								
Current assets								
Cash and cash equivalents	\$2,113	\$ 100	(1)	\$2,213	\$3,932	\$ —		\$6,145
Bank deposits	—	—		—	791	—		791
Restricted cash deposits	—	—		—	68	—		68
Marketable debt securities	—	—		—	274	—		274
Accounts receivable, net	118	(118)		—	—	—		—