ELECTROSTEEL USA, LLC
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021 AND 2020

Holland, Bromley, Barnhill & Brett LLP
Certified Public Accountants and Business Advisors

ELECTROSTEEL USA, LLC AND SUBSIDIARY

TABLE OF CONTENTS

MARCH 31, 2021 AND 2020

Holland, Bromley, Barnhill & Brett LLP
Certified Public Accountants and Business Advisors

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Independent Auditor's Report

May 3, 2021

To the Member of
Electrosteel USA, LLC and Subsidiary

We have audited the accompanying consolidated financial statements of Electrosteel USA, LLC and subsidiary ("the Company"), which comprise the consolidated balance sheets as of March 31, 2021 and 2020, and the related consolidated statements of income, member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Electrosteel USA, LLC and subsidiary as of March 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the consolidated financial statements, the Company has adopted Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, "Leases" (Topic 842). Our opinion is not modified with respect to that matter.

Holland, Bromley, Barnhill & Brett, LLP

Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia

ELECTROSTEEL USA, LLC AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2021 AND 2020

	2021	2020
ASSETS		
Current assets		
Cash and equivalents	$ 579,764	$ 414,914
Accounts receivable, net	1,356,463	1,564,623
Inventory, net	3,143,728	3,346,271
Prepaid expenses	26,607	39,823
Total current assets	5,106,562	5,365,631
Operating lease right-of-use assets	518,077	-
Property and equipment, net	237,873	261,243
Total assets	$ 5,862,512	$ 5,626,874
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	$ 271,524	$ 754,518
Accrued expenses	127,313	168,401
Deferred revenue	63,395	-
Finance lease liabilities	18,130	16,604
Operating lease liabilities	101,190	-
Notes payable	2,257,401	2,250,000
Total current liabilities	2,838,953	3,189,523
Long-term liabilities		
Finance lease liabilities	21,770	39,968
Operating lease liabilities	416,887	-
Notes payable	29,012	-
Total long-term liabilities	467,669	39,968
Total liabilities	3,306,622	3,229,491
Member's equity		
Contributed capital	3,000,000	3,000,000
Accumulated deficit	(444,110)	(602,617)
Total member's equity	2,555,890	2,397,383
Total liabilities and member's equity	$ 5,862,512	$ 5,626,874

(The accompanying notes are an integral part of the consolidated financial statements.)

ELECTROSTEEL USA, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
Net sales	$ 6,123,791	$ 6,143,869
Cost of goods sold	(4,216,778)	(4,167,287)
Inventory provision	(131,788)	(138,460)
Gross profit	1,775,225	1,838,122
Operating expenses		
Payroll, related taxes and benefits	787,146	799,167
Bad debt	100,000	95,676
Rent	116,095	111,110
Financing fees	86,553	80,571
Depreciation	67,602	71,877
Interest	60,826	121,247
Advertising	49,393	45,698
Insurance	43,483	54,648
Professional fees and contract labor	40,321	57,296
Repairs and maintenance	38,571	34,398
Commissions	37,228	96
Supplies	35,889	39,541
Taxes	33,865	28,785
Automobile	31,625	32,727
Utilities	28,997	28,433
Travel	16,995	55,620
Technology	16,856	19,226
Dues and subscriptions	16,136	20,466
Bank fees	8,520	7,788
Shipping	5,855	6,455
Entertainment	5,364	2,740
Meals	5,318	12,038
Product testing and development	2,919	3,383
Development support	-	1,396
Licenses and permits	-	569
Total operating expenses	1,635,557	1,730,951
Other income		
Gain from insurance claims	18,839	-
Total other income	18,839	-
Net income before income taxes	158,507	107,171
Income tax provision	-	-
Net income	$ 158,507	$ 107,171

(The accompanying notes are an integral part of the consolidated financial statements.)

ELECTROSTEEL USA, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY

FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	Contributed Capital	Accumulated Deficit	Member's Equity
Balance at March 31, 2019	$ 3,000,000	$ (709,788)	$ 2,290,212
Net income	-	107,171	107,171
Balance at March 31, 2020	3,000,000	(602,617)	2,397,383
Net income	-	158,507	158,507
Balance at March 31, 2021	$ 3,000,000	$ (444,110)	$ 2,555,890

(The accompanying notes are an integral part of the consolidated financial statements.)

ELECTROSTEEL USA, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Net income	$ 158,507	$ 107,171
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	67,602	71,877
Bad debt	100,000	95,676
Changes in assets and liabilities:		
Decrease in accounts receivable, net	108,160	210,712
Decrease (increase) in inventory	202,543	(554,604)
Decrease in prepaid expenses	13,216	4,298
(Decrease) increase in accounts payable	(482,994)	528,906
(Decrease) increase in accrued expenses	(41,088)	32,769
Increase in deferred revenue	63,395	-
Net cash provided by operating activities	189,341	496,805
Cash flows from investing activities		
Purchases of property and equipment	(44,232)	(37,862)
Net cash used for investing activities	(44,232)	(37,862)
Cash flows from financing activities		
Borrowings from notes payable	40,000	-
Payments on finance lease liabilities	(16,672)	(19,312)
Payments on notes payable	(3,587)	(500,000)
Net cash provided by (used for) financing activities	19,741	(519,312)
Net increase (decrease) in cash	164,850	(60,369)
Cash - beginning of year	414,914	475,283
Cash - end of year	$ 579,764	$ 414,914
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	$ 64,840	$ 144,241
Income taxes	$ -	$ -

(The accompanying notes are an integral part of the consolidated financial statements.)

NOTE 1 - DESCRIPTION OF ORGANIZATION

Electrosteel USA, LLC ("the Company") is a wholly owned subsidiary of Electrosteel Castings, LTD ("the Parent") and is responsible for the exclusive distribution of their castings throughout North America. These castings include ductile iron pipe, fabricated ductile iron pipe, and ductile iron fittings used extensively in the waterworks industry. The Company unloads inventory and fabricates the castings in the United States of America while maintaining a sales team responsible for marketing to utilities and contractors. The Company was organized on September 30, 2008 as a limited liability company in the state of Delaware to engage principally in the business of providing ductile iron pipes and fittings. The liability of the member of the Company is limited to the member's total capital contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Company's consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Expenses are recognized when incurred, rather than when paid. Revenues are recognized when earned, rather than when received.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Electrosteel USA, LLC and its wholly owned subsidiary, Waterfab LLC, collectively referred to as "the Company". Upon consolidation, all material intercompany balances and transactions are eliminated. Effective March 31, 2014, operations of Waterfab, LLC were discontinued.

Cash and equivalents

For financial statement purposes, the Company considers cash and equivalents to include all investments with an original maturity of ninety days or less.

Accounts receivable

The Company maintains an insurance policy which insures the collectability of certain customer balances up to a preapproved credit limit. Based on management's analysis of receivables, experience, and the insurance policy, an allowance for uncollectible accounts of $100,000 and $0 is included in accounts receivable on the accompanying consolidated balance sheets as of March 31, 2021 and 2020, respectively.

Shipping income and related cost

Revenue derived from shipping charged to customers is included in sales, and shipping expenses incurred are reported in operating expenses in the accompanying consolidated statements of income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is stated at the lower of cost or net realizable value, with cost determined based on average cost of all similar items available during the period. As of March 31, 2021 and 2020, inventory consists of finished goods, including pipes, fittings, glands, and related products. Based on management's review of the net realizable value of certain inventory items, an impairment reserve for inventory of $3,200 is included in inventory on the accompanying consolidated balance sheets as of March 31, 2021 and 2020.

During the year ended March 31, 2021, certain Company sales involving large quantities of custom finished goods were fulfilled and shipped directly by the Parent to the customer. Since no such inventory items were on hand at March 31, 2021, they are not included in management's analysis of the lower of cost or net realizable value of inventory on hand.

Property and equipment

Property and equipment acquisitions are recorded at cost. Depreciation is calculated over the estimated useful lives of the related assets using the straight-line method. Estimated useful lives by asset class are as follows: machinery and equipment, three to ten years; office equipment, three to seven years; and land improvements, five to ten years. Depreciation expense totaled $67,602 and $71,877 for the years ended March 31, 2021 and 2020, respectively.

New accounting pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers" (Topic 606), or Accounting Standards Codification 606 (ASC 606). This guidance outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance issued by the FASB. Under the new revenue recognition standard, entities apply a five-step model that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, companies identify the performance obligations within their contracts with customers, allocate the transaction price received from customers to each performance obligation identified within their contracts, and recognize revenue as the performance obligations are satisfied. The new guidance requires enhanced disclosures, including revenue recognition policies to identify performance obligations to customers and significant judgments in measurement and recognition. On April 1, 2019, the Company adopted ASC 606 and all the related amendments to all contracts using the modified retrospective method.

The adoption of ASC 606 did not have a significant impact on the Company's consolidated financial statements. Most of the Company's revenue arrangements generally consist of a single performance obligation to transfer promised goods. Based on the Company's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously are consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues because of the adoption.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In February 2016, the FASB issued ASU 2016-02, "Leases" (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, "Leases." The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The Company elected to early adopt this ASU during the year ended March 31, 2021, due to the Company entering into two new long-term operating leases during the year. The adoption had a material impact on the Company's consolidated balance sheet but did not have a material impact on the consolidated income statement or the consolidated statement of cash flows. The accounting for finance leases remained substantially unchanged. Adopting FASB ASC 842 had no impact on prior year financial information.

Revenue recognition
The Company generates revenues primarily from the sales of pipes and fittings. Revenues are recognized when control of these products is transferred to customers (when goods are shipped), in an amount that reflects the consideration the Company expects to be entitled for exchanging those products. The Company does not have any significant financing components as payment is received at or shortly after the point of sale.

Product warranties
The Company provides a one-year warranty on all products sold, which covers defects in materials. The Company's warranty liability is based upon historical warranty cost experience. For each of the years ending March 31, 2021 and 2020, management determined an accrual related to estimated warranties was not deemed necessary.

Income taxes
The Company is organized as a limited liability company. For federal and state income tax purposes, the Company elected to be treated as a C-corporation and is subject to income taxes under Internal Revenue Service guidelines.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. Once this threshold is met, the amount recognized in the financial statements is the largest amount of tax benefit likely realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company does not expect the total amount of unrecognized tax benefit to significantly change in the next twelve months. The Company is no longer subject to examination by taxing authorities for the years before 2017.

If incurred, the Company recognizes interest and penalties related to income tax withholdings and unrecognized tax benefits in interest expense. The Company had $0 accrued for interest and penalties as of March 31, 2021 and 2020 which represents all related interest and penalties recorded for the years then ended.

Reclassification
Certain prior year amounts have been reclassified to conform with current year presentation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of credit risk
During the years ended March 31, 2021 and 2020, approximately 32% and 37%, respectively, of total sales were to two customers. At March 31, 2021 and 2020, approximately 48% and 62%, respectively, of total accounts receivable were from three customers.

During the years ended March 31, 2021 and 2020, the Company purchased substantially all inventory from the Parent.

The Company maintains cash at a commercial bank in deposit accounts. As of March 31, 2021 and 2020, the Federal Deposit Insurance Corporation (FDIC) insured deposits up to $250,000 per financial institution. At March 31, 2021 and 2020, the Company had uninsured cash of approximately $339,000 and $166,000, respectively.

Use of estimates
The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events
The Company has evaluated subsequent events through May 3, 2021, the date the consolidated financial statements were available to be issued.

NOTE 3 - RETIREMENT PLAN

In 2014, the Company began sponsoring a SIMPLE IRA retirement plan. Employees are eligible to participate immediately with no minimum service requirement. The SIMPLE IRA plan provides for an employer match of 100% of the first 3% of salary deferred by an employee. For the years ended March 31, 2021 and 2020, the Company's contributions into the retirement plan totaled $10,504 and $10,599, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2021 and 2020 consists of the following:

	2021	2020
Computer equipment	$ 14,984	$ 14,984
Land improvements	113,648	74,253
Machinery and equipment	616,728	611,891
	745,360	701,128
Accumulated depreciation	(507,487)	(439,885)
Total property and equipment	$ 237,873	$ 261,243

NOTE 5 - INCOME TAXES

The Company accounts for income taxes in accordance with U.S. GAAP which requires, among other things, the determination of deferred tax assets and liabilities based on the differences between the financial accounting and tax bases of assets and liabilities. Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rate to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be settled or realized. At March 31, 2021, the Company had a net long term deferred tax asset which was fully offset by a valuation allowance as detailed below:

Net operating loss carryforwards (NOLs)	$ 166,000
Accrual to cash operating difference	48,000
Depreciation difference	(51,000)
	163,000
Less valuation allowance	(163,000)
	$ -

During the year ended March 31, 2021, the Company experienced net operating income of approximately $285,000 for income tax purposes. The Company has accumulated NOLs of approximately $1,006,000 for the years ended March 31, 2020 and earlier, and they will be utilized to offset current year taxable income and carried forward to offset taxable income in future years. Because the NOLs fully offset the taxable income for the year ended March 31, 2021, no income tax provision is reflected on the consolidated statements of income. The NOLs will begin to expire in 2030.

NOTE 6 - NOTES PAYABLE

In August 2016, the Company entered into a short-term loan facility agreement with ICICI Bank UK for $2,250,000. Interest on the loan is charged at a rate of LIBOR plus 2% and is payable by the Company to ICICI Bank UK quarterly. Interest expense of $56,153 and $95,996 related to this note is included in the accompanying consolidated statements of income for the years ended March 31, 2021 and 2020, respectively. The loan originally matured on August 23, 2017, was renewed annually, and currently matures on August 19, 2021. The loan is included in current liabilities in the accompanying consolidated balance sheets. The loan is collateralized by a $2,500,000 line of credit maintained by the Parent. Fees paid and payable to the Parent for maintaining this line of credit as collateral, as well as other loan fees, totaled $86,553 and $80,571 for the years ended March 31, 2021 and 2020, respectively. These fees are included as financing fees in the accompanying consolidated statements of income.

NOTE 6 - NOTES PAYABLE (continued)

In September 2020, the Company entered into a commercial loan agreement with Coastal States Bank for $40,000. This loan bears a fixed interest rate of 4.95% and is payable in 60 monthly payments of $755, which includes principal and interest. The loan is scheduled to mature on September 22, 2025 and is secured by the Company's assets. The principal balance of this loan on March 31, 2021 was $36,413, of which, $7,401 is included in current liabilities in the accompanying consolidated balance sheets. Interest expense of $959 related to this loan is included in the accompanying consolidated statements of income for the year ended March 31, 2021.

Aggregate maturities of the loan with Coastal States Bank are as follows:

Year ending March 31,	
2022	$ 7,401
2023	7,781
2024	8,179
2025	8,601
2026	4,451
Thereafter	-
	$ 36,413

NOTE 7 - LEASE AGREEMENTS

The Company leases certain real estate under two operating leases and leases certain equipment under two finance leases. As discussed in Note 2, the Company elected to early adopt FASB ASC 842, due to the Company entering into new long-term operating leases during the year ended March 31, 2021. As part of this adoption, the Company recognized right-of-use assets and operating lease liabilities on the consolidated balance sheet at March 31, 2021.

The Company assesses whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term. Expenses related to these short-term leasing arrangements totaled $74,575 and $111,110 during the years ended March 31, 2021 and 2020, respectively.

There are no renewal options, no variable payment terms, and no material residual value or material restrictive covenants included in any of the operating and finance leases to which the Company is a party. The Company does not sublease any of the leased space or equipment. Certain finance leases include options to purchase the leased equipment. The depreciable life of this equipment is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

NOTE 7 - LEASE AGREEMENTS (continued)

When a lease does not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments.

The following summarizes the line items in the consolidated balance sheets which include amounts for operating and finance leases as of March 31:

	2021	2020
Operating Leases		
Operating lease right-of-use assets	$ 518,077	$ -
Current portion of operating lease liabilities	$ 101,190	$ -
Long-term operating lease liabilities	416,887	-
Total operating lease liabilities	$ 518,077	$ -
Finance Leases		
Property and equipment	$ 103,067	$ 103,067
Accumulated depreciation	(32,918)	(22,611)
Property and equipment, net	$ 70,149	$ 80,456
Current portion of finance lease liabilities	$ 18,130	$ 16,604
Long-term finance lease liabilities	21,770	39,968
Total finance lease liabilities	$ 39,900	$ 56,572

The following summarizes the weighted average remaining lease term and discount rate as of March 31:

	2021	2020
Weighted Average Remaining Lease Term		
Operating leases	4.7 years	-
Finance leases	2.5 years	3.4 years
Weighted Average Discount Rate		
Operating leases	4.95%	-
Finance leases	7.47%	7.86%

NOTE 7 - LEASE AGREEMENTS (continued)

The maturities of lease liabilities as of March 31, 2021 are as follows:

Year ending March 31,	Operating	Finance
2022	$ 124,560	$ 20,401
2023	124,560	12,442
2024	124,560	10,652
2025	124,560	-
2026	83,040	-
Thereafter	-	-
Total lease payments	581,280	43,495
Less: Interest	(63,203)	(3,595)
Present value of lease liabilities	$ 518,077	$ 39,900

The following summarizes the line items in the consolidated income statements which include the components of lease expense for the year ended March 31:

	2021	2020
Operating lease expense included in rent expense	$ 41,520	$ -
Finance lease costs:		
Amortization of lease assets included in depreciation expense	$ 10,307	$ 10,307
Interest on lease liabilities included in interest expense	3,796	5,237
Total finance lease costs	$ 14,103	$ 15,544

The following summarizes cash flow information related to leases for the year ended March 31:

	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 41,520	$ -
Operating cash flows from finance leases	3,796	5,237
Financing cash flows from finance leases	16,672	19,312
Lease assets obtained in exchange for lease obligations:		
Operating leases	550,712	-
Finance leases	103,067	103,067

NOTE 8 - RELATED PARTY TRANSACTIONS

For the years ended March 31, 2021 and 2020, the Company purchased inventory from the Parent totaling $3,332,727 and $4,038,042, respectively.

During the years ended March 31, 2021 and 2020, respectively, the Company expensed $75,303 and $80,571 for amounts paid and payable to the Parent in consideration of the line of credit maintained by the Parent and used as collateral for the Company's short-term loan facility with ICICI Bank UK, as described in Note 6. During the year ended March 31, 2021, an agreement renewal fee of $11,250 was paid by the Company directly to ICICI Bank UK.

The Company has an amount due to the Parent of $136,153 and $628,961 at March 31, 2021 and 2020, respectively, which is included in accounts payable and accrued expenses on the consolidated balance sheets.

NOTE 9 - COVID-19

In March 2020, there was a global outbreak of a new strain of coronavirus, COVID-19, which the World Health Organization declared to be a global pandemic. To date, COVID-19 has resulted in government-imposed quarantines, certain travel restrictions and other public health safety measures. The impact of the COVID-19 pandemic on the Company's financial condition and results of operations will depend on future developments, including the duration and spread of the pandemic and related advisories and restrictions that could impact the Company. The impact of the COVID-19 pandemic and associated effects on the Company and overall economy are uncertain and cannot be predicted.

NOTE 10 - SUBSEQUENT EVENTS

The Company has evaluated events that occurred subsequent to March 31, 2021 for potential recognition and disclosure in these consolidated financial statements. In April 2021, the Company entered into a settlement agreement with one of its customers that included converting outstanding receivables from the customer into a promissory note of $200,000 payable to the Company in seventeen monthly installments, with the final payment of all amounts due on September 1, 2022. The note bears no interest and is collateralized by assets of the customer through a commercial security agreement.