Consolidated Financial Statements

Mace Security International, Inc.

March 31, 2023 and 2022

Contents

Mace Security International, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share and per share information)

ASSETS	**March 31, 2023 (Unaudited)**	**December 31, 2022**
Current assets:		
Cash and cash equivalents	**$ 431**	$ 62
Accounts receivable, less allowance for doubtful accounts of $227 and $257 at March 31, 2023 and December 31, 2022, respectively	**1,119**	1,105
Inventories	**4,244**	4,138
Other current assets	**435**	502
Total current assets	**6,229**	5,807
Property and equipment:		
Buildings and leasehold improvements	**260**	260
Machinery and equipment	**2,406**	2,387
Furniture and fixtures	**111**	111
Total property and equipment	**2,777**	2,758
Accumulated depreciation and amortization	**(2,354)**	(2,297)
Total property and equipment, net	**423**	461
Operating lease - right-of-use asset, net of amortization	**1,283**	1,335
Finance lease - right-of-use asset, net of amortization	**45**	50
Goodwill	**1,031**	1,031
Intangible assets, net	**1,768**	1,833
Other non-current assets	**14**	14
Total other assets	**4,141**	4,263
Total assets	**$ 10,793**	$ 10,531

The accompanying notes are an integral part of these consolidated financial statements.

Mace Security International, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share and per share information)

LIABILITIES AND SHAREHOLDERS' EQUITY	**March 31, 2023 (Unaudited)**	**December 31, 2022**
Current liabilities:		
Line of credit	**$ 1,500**	$ 515
Current operating lease obligation	**206**	198
Current finance lease obligation	**15**	16
Accounts payable	**644**	520
Income taxes payable	**55**	55
Accrued expenses and other current liabilities	**279**	379
Total current liabilities	**2,699**	1,683
Non-current operating lease obligations	**1,088**	1,143
Non-current finance lease obligations	**30**	34
Total liabilities	**3,817**	2,860
Shareholders' equity:		
Preferred stock, $.01 par value; authorized 10,000,000 shares, no shares issued and outstanding at March 31, 2023 and December 31, 2022	**-**	-
Common stock, $.01 par value; authorized 100,000,000 shares, issued shares of 65,179,030 and 65,039,030, at March 31, 2023 and December 31, 2022, respectively	**652**	650
Additional paid-in capital	**104,068**	104,018
Accumulated deficit	**(97,722)**	(96,975)
	6,998	7,693
Less treasury stock at cost, 90,548 shares at March 31, 2023 and December 31, 2022	**(22)**	(22)
Total shareholders' equity	**6,976**	7,671
Total liabilities and shareholders' equity	**$ 10,793**	$ 10,531

The accompanying notes are an integral part of these consolidated financial statements.

Mace Security International, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Amounts in thousands)

	Three Months Ended	
	2023	**2022**
Net sales	**$ 1,662**	$ 2,156
Cost of goods sold	**1,252**	1,257
Gross profit	**410**	899
Selling, general, and administrative expenses	**1,068**	1,413
Amortization of intangible assets	**65**	65
Operating loss	**(723)**	(579)
Interest expense	**(24)**	(5)
Loss before income tax provision	**(747)**	(584)
Income tax provision	**-**	-
Net loss	**$ (747)**	$ (584)
Net loss per share		
Basic	**$ (0.01)**	$ (0.01)
Diluted	**$ (0.01)**	$ (0.01)
Weighted average number of common shares (basic)	**65,144,030**	64,741,268
Weighted average number of common shares (diluted)	**65,144,030**	64,741,268

The accompanying notes are an integral part of these consolidated financial statements.

Mace Security International, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(Amounts in thousands, except share information)

	Common Stock		Additional Paid-in	Accumulated	Treasury	
	Shares	Amount	Capital	Deficit	Stock	Total
Balance at January 1, 2022	64,703,965	$ 647	$ 103,822	$ (95,237)	$ (22)	$ 9,210
Stock-based compensation	335,065	3	196	-	-	199
Net loss	-	-	-	(1,738)	-	(1,738)
Balance at December 31, 2022	65,039,030	$ 650	$ 104,018	$ (96,975)	$ (22)	$ 7,671
Balance at December 31, 2022	**65,039,030**	**$ 650**	**$ 104,018**	**$ (96,975)**	**$ (22)**	**$ 7,671**
Stock-based compensation	**140,000**	**2**	**50**	**-**	**-**	**52**
Net loss	**-**	**-**	**-**	**(747)**	**-**	**(747)**
Balance at March 31, 2023	**65,179,030**	**$ 652**	**$ 104,068**	**$ (97,722)**	**$ (22)**	**$ 6,976**

The accompanying notes are an integral part of these consolidated financial statements.

Mace Security International, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Amounts in thousands)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash Flows from Operating Activities:		
Net loss	$ **(747)**	$ (584)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization, including right-of-use asset amortization	**179**	167
Stock-based compensation	**52**	60
Provision for losses on receivables	**7**	34
Changes in operating assets and liabilities:		
Accounts receivable	**(21)**	8
Inventories	**(106)**	(313)
Other current assets	**67**	(39)
Accounts payable	**123**	159
Accrued expenses and other current liabilities	**(100)**	(45)
Operating lease obligations	**(46)**	(55)
Income taxes payable	**-**	(3)
Net cash used in operating activities	**(592)**	(611)
Cash Flows from Investing Activities:		
Purchase of property and equipment	**(19)**	(89)
Net cash used in investing activities	**(19)**	(89)
Cash Flows from Financing Activities:		
Proceeds from line of credit	**985**	740
Repayment of line of credit	**-**	(250)
Repayment of debt	**-**	-
Payments on financing lease obligations	**(5)**	(5)
Net cash provided by financing activities	**980**	485
Net increase (decrease) in cash and cash equivalents	**369**	(215)
Cash and cash equivalents at beginning of year	**62**	239
Cash and cash equivalents at end of period	$ **431**	$ 24

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Amounts in thousands, except share and per share amounts)

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

The accompanying consolidated financial statements include accounts of Mace Security International, Inc. and its wholly owned subsidiaries (collectively, the "Company"). All significant intercompany transactions have been eliminated in consolidation. The Company's independent auditors have not performed an audit or review of these consolidated financial statements.

Mace Security International, Inc. operates in one business segment, the Security Segment, which sells personal safety and security products to retailers, distributors, and individual consumers. The Company also sells tactical spray products and systems to law enforcement, security professionals, correctional institutions, and military markets.

These unaudited consolidated financial statements should be read in conjunction with the Company's December 31, 2022 audited Consolidated Financial Statements. The results of operations for any interim period are not necessarily indicative of the results to be expected for other interim periods or the full year.

Going Concern

The accompanying consolidated financial statements of the Company have been prepared assuming the Company will continue as a going concern and in accordance with generally accepted accounting principles in the United States of America. The going concern basis of presentation assumes that the Company will continue in operations one year after the date these financial statements are issued and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Pursuant to the requirements of the Financial Accounting Standards Board's Accounting Standards Codification (the "ASC") Topic 250-40, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, management must evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year from the date these financial statements are issued. This evaluation does not take into consideration the potential mitigating effects of management's plans that have not yet been fully implemented or are not within control of the Company as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company's ability to continue as a going concern. The mitigating effect of management's plans , however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. The Company had cash and cash equivalents of $431 and accumulated deficit of $97,722 at March 31, 2023 and a net loss of $747 for the three months ended March 31, 2023. The Company has drawn $1,500 against its bank line of credit at March 31, 2023. The bank line of credit matures on May 30, 2023. The bank has advised the Company that the line of credit will not be renewed. The Company has been working with a commercial finance company since January 2023. The term sheet was approved, and the new line of credit was scheduled to close the week of May 1st. For reasons that were not disclosed, the commercial finance company declined to close the transaction. The Company is now working with another commercial lender to secure a line of credit to pay off the Company's bank line of credit. The Company is in negotiations with its bank for an extension and the bank has provided a term sheet providing for a 60-day extension of the line of credit. The absence of a replacement credit facility as of the filing date of these financial statements raises substantial doubt regarding the Company's ability to continue as a going concern for a period of at least one year from the date of issuance of these consolidated financial statements. Several members of the Company's Board of Directors have collectively pledged a $515 cash infusion in the aggregate via a convertible note agreement. Closing of these convertible notes as well as the offering of these notes to other qualified investors is contingent upon the Company being able to enter into a replacement line of credit and the bank granting an extension. There are no assurances that such financing would be available to the Company on favorable terms or at all. The Company's ability to obtain financing in the debt and equity capital markets is subject to several factors, including market and economic conditions, the Company's performance and investor sentiment with respect to the Company.

(Amounts in thousands, except share and per share amounts)

NOTE 2 – REVENUE

Virtually all the Company's net sales are generated from products sold at a point in time through ship-and-bill performance obligations. Revenue is recognized at a point in time when obligations under the terms of a contract with the Company's customer are satisfied. Generally, this occurs with the transfer of control of the Company's products at the time of shipment of products. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring product. In some cases, the nature of the Company's contracts give rise to variable revenue as defined in Accounting Standards Codification ("ASC") topic 606, including rebates, credits, allowances for returns or other similar items that decrease the transaction price. These variable amounts generally are credited to the customer based on achieving certain levels of sales activity, product returns and making payments with specific terms. Variable revenue is estimated at the most likely amount that is expected to be earned. Such estimated amounts are recognized when revenue is recorded. Estimates of variable revenue and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current, and forecasted) that is reasonably available.

Sales, value-added or other taxes collected by the Company concurrent with revenue producing activities are excluded from revenue. The Company allows some customers to return product when the product is defective as manufactured. The Company accrues for estimated future warranty cost in the period in which the sale is recorded. The expected cost associated with the Company's warranties is recognized in cost of goods sold in the consolidated statements of income. The Company calculates its warranty accrual based on its historic warranty loss experience. Amounts billed to customers in sales transactions related to shipping and handling represent revenue earned for the product provided and are included in net sales. Costs of shipping and handling are included in cost of goods sold.

The following table disaggregates the Company's net sales by type of customer.

	Three Months Ended March 31,	
Net Sales by Type of Customer	**2023**	**2022**
Consumer	**$ 1,420**	$ 1,649
Tactical	**70**	53
International	**33**	363
Other	**139**	91
Total	**$ 1,662**	$ 2,156

(Amounts in thousands, except share and per share amounts)

NOTE 3 – NET INCOME PER SHARE

The Company's net income (loss) per share was computed by dividing net income (loss) by the weighted-average number of common shares outstanding for each respective period. Diluted earnings (loss) per share was calculated by dividing net income (loss) by the weighted-average number of all potentially dilutive common shares that were outstanding during the periods presented using the treasury stock method.

The calculation of basic and diluted earnings (loss) per share were as follows:

	Three Months Ended March 31,	
	2023	**2022**
Numerator		
Net loss	**$ (747)**	$ (584)
Denominator		
Determination of shares		
Weighted-average common shares outstanding	**65,144,030**	64,741,268
Dilutive effect – share based awards	**-**	-
Diluted weighted-average common shares outstanding	**65,144,030**	64,741,268
Loss per common share		
Basic	**$ (0.01)**	$ (0.01)
Diluted	**$ (0.01)**	$ (0.01)

Outstanding stock options relating to approximately 3,310,708 and 2,417,250 weighted-average shares were excluded from the calculation of diluted earnings per share for the three months ended March 31, 2023 and 2022, respectively, as the impact of including such stock options in the calculation of diluted earnings per share would have an anti-dilutive effect.

NOTE 4 – ADOPTION OF NEW ACCOUNTING STANDARD

The Company adopted Accounting Standards Update No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), as amended effective January 1, 2023. ASU 2016-13 changed the impairment model for most financial assets and requires the use of an expected loss model in place of the previously used incurred loss method. Under this model, the Company now estimates the lifetime expected credit loss on such instruments and records an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of ASU 2016-13 did not have a material impact on the Company's consolidated financial statements.

There were no new accounting pronouncements in 2023 that had or are expected to have a material impact on the Company's Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Amounts in thousands, except share and per share amounts)

NOTE 5 - SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid on all indebtedness was $19 and $5 for the three months ended March 31, 2023 and 2022, respectively.

Income tax paid was $0 and $2 for the three months ended March 31, 2023 and 2022, respectively.

NOTE 6 – GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of:

March 31, 2023	Estimated Useful Life	Original Cost	Accumulated Amortization	Net Book Value
Goodwill		$ 1,031	$ -	$ 1,031
Non-competition agreement	4 years	20	(20)	-
Trademarks	15 years	630	(228)	402
Customer Relationships	9 years	1,936	(1,283)	653
License	3 years	150	(150)	-
Patents	15 years	39	(11)	28
Non-amortized trademarks		685	-	685
Total intangible assets		3,460	(1,692)	1,768
Total goodwill and intangible assets		$ 4,491	$ (1,692)	$ 2,799

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Amounts in thousands, except share and per share amounts)

	Estimated Useful Life	Original Cost	Accumulated Amortization	Net Book Value
December 31, 2022				
Goodwill		$ 1,031	$ -	$ 1,031
Non-competition agreement	4 years	20	(20)	-
Trademarks	15 years	630	(218)	412
Customer Relationships	9 years	1,936	(1,229)	707
License	3 years	150	(150)	-
Patents	15 years	39	(10)	29
Non-amortized trademarks		685	-	685
Total intangible assets		3,460	(1,627)	1,833
Total goodwill and intangible assets		$ 4,491	$ (1,627)	$ 2,864

Amortization of intangible asset expense was $65 in both the three months ended March 31, 2023 and 2022, respectively.

Future amortization of intangible asset expense is expected to be as follows:

	Amortization Expense
Fiscal year 2023 (remaining)	$ 195
Fiscal year 2024	260
Fiscal year 2025	260
Fiscal year 2026	101
Fiscal year 2027	49
Thereafter	218
	$ 1,083

All of the goodwill is expected to be deductible for income tax purposes. The Company's goodwill and non-amortized trademarks are not amortized, but instead are subject to an annual impairment test. The most recent evaluation was performed as of December 31, 2022. As a result of this evaluation, it was determined that there was no impairment of the Company's intangible assets as of December 31, 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Amounts in thousands, except share and per share amounts)

NOTE 7 – INVENTORIES

Inventories consist of the following:

	March 31, 2023	December 31, 2022
Raw materials	**$ 2,424**	$ 2,319
Finished goods	**1,820**	1,819
Total inventories	**$ 4,244**	**$** 4,138

NOTE 8 – LONG-TERM DEBT

Long-term debt consists of the following:

	March 31, 2023	December 31, 2022
Line of credit	**$ 1,500**	$ 515
Less: current portion of debt	**(1,500)**	(515)
Total long-term debt	**$ -**	$ -

The Company has a $3,000 line of credit agreement with a bank (the "2021 Credit Agreement"). The 2021 Credit Agreement is secured by substantially all the Company's assets. On July 29, 2022, the 2021 Credit Agreement was amended (the "2022 Amendment") to extend the maturity date to May 30, 2023. The bank will not renew the 2021 Credit Agreement. The Company is in negotiations with its bank for an extension and the bank has provided a term sheet providing for a 60-day extension of the line of credit. The 2022 Amendment provides for the increase in the interest rate effective December 1, 2022 to SOFR plus 2.5%, with a floor of 2.5%. Under the 2022 Amendment, the Company is subject to a minimum EBITDA level as defined measured quarterly and certain customary reporting requirements. The 2021 Credit Agreement requires monthly interest payments. The interest rate was 7.25% at March 31, 2023. The Company recognized $21 and $3 interest expense associated with the 2021 Credit Agreement for the three months ended March 31, 2023 and 2022, respectively. From time to time, the Company may draw against its line of credit as business conditions warrant. At March 31, 2023, $1,500 was drawn under the 2021 Credit Agreement. At March 31, 2023, the Company was not in compliance with the minimum EBITDA requirement under the 2022 Amendment.

(Amounts in thousands, except share and per share amounts)

NOTE 9 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	March 31, 2023	December 31, 2022
Accrued employee compensation	$ **55**	$ 75
Vendor provided financing	**37**	149
Warranty and returns reserves	**67**	66
Accrued commissions	**25**	14
Amounts due customers	**38**	16
Accrued non-income-based taxes	**17**	20
Other	**40**	39
Total accrued expenses and other current liabilities	$ **279**	$ 379

NOTE 10 – STOCK-BASED COMPENSATION

The Company's stock option plan is administered by the Compensation Committee (the "Committee") of the Board of Directors.

In 2012, the Company adopted, with shareholder approval, the 2012 Stock Option Plan (the "2012 Plan"). The 2012 Plan provides for the granting of incentive stock options or nonqualified stock options to directors, officers, employees, or vendors of the Company. Under the 2012 Plan, 15,000,000 shares of common stock are reserved for issuance. Incentive stock options and nonqualified options have terms which are determined by the Committee, with exercise prices not less than the market value of the shares on the date of grant. The options are exercisable no later than five (5) years after date of grant and vest either immediately or based upon graduated vesting schedules as determined by the Committee. The 2012 Plan terminated on June 21, 2022. On June 7, 2022, the Company's Board of Directors approved and adopted, by unanimous written consent, an extension of the termination date of the Company's 2012 Stock Incentive Plan for a period of one year, from June 21, 2022 to June 21, 2023. The Company's shareholders approved the extension of the termination date at the Company's 2022 annual meeting of shareholders on August 4, 2022.

As of March 31, 2023, 4,934,000 nonqualified stock options were outstanding under the 2012 Plan. Newly issued shares or, to the extent possible, shares of treasury stock are used to satisfy requirements resulting from the exercise of stock options.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Amounts in thousands, except share and per share amounts)

Activity with respect to this plan is as follows:

	Number	Weighted Average Exercise Price
Options outstanding at December 31, 2022	**4,934,000**	**$ 0.32**
Options outstanding at March 31, 2023	**4,934,000**	**$ 0.32**
Options exercisable	**3,345,666**	**$ 0.32**
Shares available for granting of options	**7,371,019**	

The Company recognizes compensation expense for all share-based awards on a straight-line basis over the vesting period of the instruments, based upon the grant date fair value of the stock options and stock-based awards issued. Total stock compensation expense was $52 and $60 for the three months ended March 31, 2023 and 2022, respectively. No tax benefit was recognized for this compensation expense. At March 31, 2023, total unrecognized stock-based compensation expense is $270, which has a weighted average period to be recognized of approximately 2.6 years. The Company has elected to recognize forfeitures as they occur.

The following table provides additional information regarding options outstanding as of March 31, 2023:

	Options Exercisable		Options Outstanding		Options Vested or Expected to Vest	
Option Exercise Price Range	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
$0.01 to $0.39	**2,947,000**	**$ 0.31**	**4,232,000**	**$ 0.28**	**4,232,000**	**$ 0.28**
$0.40 to $1.00	**398,666**	**$ 0.52**	**702,000**	**$ 0.55**	**702,000**	**$ 0.55**
	3,345,666		**4,934,000**		**4,934,000**	

	Options Exercisable	Options Outstanding	Options Vested or Expected to Vest
Weighted average years remaining term	**1.3**	**1.9**	**1.9**
Aggregate intrinsic value	**$ -**	**$ -**	**$ -**

There were no stock options exercised in the first three months of 2023 and 2022.

(Amounts in thousands, except share and per share amounts)

NOTE 11 – LEASES

The Company determines whether an arrangement is a lease at inception and whether that lease meets the classification criteria of a finance or operating lease. Some of the Company's lease arrangements contain lease components (e.g., minimum rent payments) and non-lease components (real estate tax, maintenance, etc.). The Company leases its facility and certain office/plant equipment. The Company's facility lease has been determined to be an operating lease. For its facility lease, the Company accounts for lease components together with non-lease components.

Whenever the Company's leases do not provide an implicit interest rate, the Company uses its incremental borrowing rate, which is based on the lease term and adjusted for impacts of collateral, in determining the present value of lease payments.

At March 31, 2023, the Company's leases have remaining lease terms of .2 to 5.25 years, some of which include options to extend the lease for an additional 5-year term. The exercise of the lease renewal option is at the Company's discretion. Renewals to extend the lease term are not included in the Company's Right-of-use asset and Lease obligations as they are not reasonably certain of exercise. On October 13, 2022, the Company exercised its renewal option to extend the lease of its facility for an additional five (5) years for the period July 1, 2023 to June 30, 2028 at a base rent of $17 per month. The Company's leases do not contain any material residual value guarantees or material restrictive covenants. Short-term lease expense is recognized on a straight-line basis over the term of the lease.

The following table presents information about the amount, timing and cash flows arising from the Company's operating leases:

	Three Months Ended March 31,	
	2023	**2022**
Components of lease cost:		
Operating lease cost	**$ 58**	$ 61
Variable lease cost	**-**	1
Short-term lease cost	**3**	3
Finance lease cost:		
Amortization of right-of-use asset	**5**	5
Interest	**1**	1
Total	**$ 67**	$ 71

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Amounts in thousands, except share and per share amounts)

	Three Months Ended March 31, 2023	2022
Operating cash flow information		
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 52**	$ 60
Financing cash flow information:		
Cash paid for amounts included in the measurement of finance lease liabilities	**$ 6**	$ 6
Non-cash activity:		
Right-of-use asset obtained in exchange for finance lease liability	**$ -**	$ -

	March 31, 2023	2022
Operating lease information:		
Weighted-average remaining operating lease term	**63 months**	15 months
Weighted-average operating lease discount rate	**5.63%**	4.26%
Operating lease amortization of right-of-use asset	**$ 52**	$ 54
Finance lease information:		
Weighted-average remaining finance lease term	**25 months**	36 months
Weighted-average finance lease discount rate	**3.49%**	3.28%
Finance lease amortization of right-of-use asset	**$ 5**	$ 5

	March 31, 2023 Operating leases	Finance leases
Maturity of lease obligations:		
2023 (remaining)	**$ 204**	**$ 15**
2024	**281**	**20**
2025	**285**	**11**
2026	**289**	**1**
Thereafter	**442**	**1**
Total undiscounted lease payments	**1,501**	**48**
Less imputed interest	**(207)**	**(3)**
Present value of lease obligations	**$ 1,294**	**$ 45**

NOTE 12 – INCOME TAXES

For each interim reporting period, the Company makes an estimate of the effective tax rate it expects to be applicable for the full fiscal year for its operations. This estimated effective tax rate is used in providing for income taxes on a year-to-date basis. The Company's estimated effective tax rate through the first three months of fiscal 2023 and 2022 was 3.6% and differs from U.S. federal statutory rate due primarily to (i) the impact of valuation allowances against the Company's deferred tax assets and (ii) U.S. state and local income taxes.

NOTE 13 – SUBSEQUENT EVENTS

The Company evaluated its March 31, 2023 financial statements for subsequent events through May 22, 2023, the date the financial statements were available to be issued. Other than the discussions in Note 1 and 8 regarding going concern and extension of the bank line of credit, the Company is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.