BUTLER AMERICA AEROSPACE, LLC

Financial Statements

Years Ended March 31, 2022 and 2021

With Report of Independent Auditors

BUTLER AMERICA AEROSPACE, LLC

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Independent Auditor's Report

Board of Directors,
Butler America Aerospace, LLC

Opinion
We have audited the accompanying financial statements of Butler America Aerospace, LLC ('the Company') which comprise the balance sheet as of March 31, 2022, and the related statements of income, member's equity and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter
The financial statements of the Company for the year ended March 31, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on March 25, 2022.

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

In preparing the financial statements, management is required to 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 a period of twelve months from the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

KNAV P.A.
Certified Public Accountants
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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies usWed and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, 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 a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KNAV P.A.

Atlanta, Georgia
August 12, 2022

Financial Statements

BUTLER AMERICA AEROSPACE, LLC
Balance Sheets
March 31, 2022 and 2021

Assets		2022	2021
Current assets:			
Cash and cash equivalents		6,500,413	8,430,830
Accounts receivable, net		7,120,410	10,225,812
Unbilled revenue		2,234,918	2,538,266
Prepaid expenses and other current assets		724,694	720,730
Total current assets		**16,580,435**	**21,915,638**
Property and equipment, net		651,364	1,138,197
Deferred compensation plan assets		1,081,309	1,888,091
Deferred taxes, net		588,853	763,212
Other noncurrent assets		14,013	22,206
Total assets		**18,915,974**	**25,727,343**
Liabilities and member's equity			
Current liabilities:			
Line of credit with Parent		-	266,569
Accounts payable		99,426	110,363
Accrued employee cost		1,386,716	2,290,539
Payable to Parent		1,844,521	4,438,894
Accrued liabilities		630,769	1,364,075
Total current liabilities		**3,961,432**	**8,470,440**
Other noncurrent liabilities		922,294	1,706,237
Total liabilities		**4,883,726**	**10,176,677**
Member's equity		14,032,248	15,550,666
Total liabilities and member's equity	$	**18,915,974**	**25,727,343**

See notes to financial statements

BUTLER AMERICA AEROSPACE, LLC
Statements of Income
For the years ended March 31, 2022 and 2021

	2022	2021
Revenue, net of allowances	51,667,927	69,036,516
Cost of revenue	41,659,684	54,814,105
Gross profit	**10,008,243**	**14,222,411**
Selling, general and administration expenses	10,784,737	9,576,690
Depreciation and amortization	493,847	631,844
Other expense, net	72,758	318,655
Operating (loss) income	**(1,343,099)**	**3,695,221**
Interest (income) expense, net	(689)	28,904
Other income	1,998,352	-
Income before income taxes	**655,942**	**3,666,317**
Provision for income tax	174,360	987,204
Net income	**481,582**	**2,679,113**

See notes to financial statements

BUTLER AMERICA AEROSPACE, LLC

Statements of Member's Equity

For the Years Ended March 31, 2022 and 2021

Balance at March 31, 2020	$	12,871,553
Net income		2,679,113
Balance at March 31, 2021		**15,550,666**
Net income		481,582
Dividend distributed to Parent Company		(2,000,000)
Balance at March 31, 2022	$	**14,032,248**

See notes to financial statements

BUTLER AMERICA AEROSPACE, LLC
Statements of Cash Flows
For the Years Ended March 31, 2022 and 2021

	2022	2021
Operating activities:		
Net income	481,582	2,679,113
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	493,847	631,844
Deferred taxes	174,360	(310,403)
Allowance on doubtful debts	922,243	-
Loss on asset disposal	6,471	-
Changes in assets and liabilities:		
Accounts receivables and unbilled revenue	2,486,507	2,752,433
Prepaid expenses and other current assets	(3,965)	41,776
Other noncurrent assets	8,193	10,558
Accrued employee costs	(924,208)	623,990
Accounts payable	(10,937)	(139,822)
Payable to Parent	(2,594,373)	1,391,664
Accrued liabilities	(999,875)	262,344
Other noncurrent liabilities	(783,943)	189,274
Net cash (used in) provided by operating activities	**(744,099)**	**8,132,771**
Investing activities:		
Purchase of property and equipment	(13,485)	(248,492)
Investments in deferred compensation plan assets	(699,056)	(147,002)
Proceeds from sale of deferred compensation plan assets	1,526,223	-
Net cash used in investing activities	**813,682**	**(395,494)**
Financing activities:		
Repayment of Borrowing from Parent	-	(2,540,000)
Dividend distributed to Parent	(2,000,000)	-
Net cash used by financing activities	**(2,000,000)**	**(2,540,000)**
Net change in cash and cash equivalents	**(1,930,417)**	**5,197,277**
Cash and cash equivalents, at the beginning of the year	8,430,830	3,233,553
Cash and cash equivalents, at the end of year	**6,500,413**	**8,430,830**

(1) Organization and Nature of Operations

Butler America Aerospace, LLC (hereinafter referred to as the “Company”) serves customers primarily in the aerospace and defense industries in the USA, to whom it provides engineering and design services in the areas of mechanical and structural design, electrical design, tool design and aftermarket engineering services. The Company was incorporated on June 22, 2016 in Delaware.

The Company was acquired by HCL America Inc. on January 3, 2017 and it is a wholly–owned subsidiary of HCL America Inc. (the “Parent” or “Member”).

(2) Summary of Significant Accounting Policies

(a) Basis of Preparation and Principles of Consolidation

The accompanying financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (‘US GAAP’) to reflect the financial position, results of operation and cash flows.

The financial statements presented are for the years ended March 31, 2022, and March 31, 2021. All amounts are stated in United States Dollars, except as otherwise specified.

Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported results or member’s equity.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The management’s estimates for realization of deferred tax assets, useful life of property and equipment, revenue recognition, accrued liabilities and allowance for doubtful debts at the balance sheet dates represent certain of these particularly sensitive estimates. These estimates are based on management’s best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

(c) Revenue Recognition and Trade Accounts Receivable

The Company only has revenue from customers. The Company recognizes revenue when it satisfies performance obligations under the terms of its contracts, and control is transferred to its customers in an amount that reflects the consideration the Company expects to receive from its customers in exchange for those services or goods. This process involves identifying the customer contract, determining the performance obligations in the contract, determining the transaction price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when or as the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it (a) provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and (b) is separately identified in the contract. The Company considers a performance obligation satisfied once it has transferred control of a good or service to a customer, meaning the customer has the ability to use and obtain the benefit of the good or service.

The Company’s revenue is generated from engineering and design services provided through time-and-material or fixed price contracts with its customers. The Company does not act as an agent in any of its revenue arrangements. Contracts with customers include the price, which is either fixed or represents the hourly billing rate for time-and-material arrangements. Payment terms and conditions vary by contract, although terms generally include a requirement of payment within 30 to 90 days once invoiced. As a result, the contracts do not include a significant financing component.

Revenue from time-and-materials service arrangements is recognized as invoiced on the basis of the price multiplied by the labor hours incurred for the project.

Fixed price contracts range from single or multi-year, subject to termination clauses. Revenue from fixed price contracts is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Company's performance as the entity performs engineering labor services, or as the Company's performance creates or enhances a work product that the customer controls as the product is created or enhanced. Revenue is recognized based on a time elapsed or labor hours expended measure of progress based on the Company's efforts toward satisfying the performance obligation, relative to the total expected efforts or inputs to satisfaction of the performance obligation. These methods correspond with and best depict the transfer of services to the customer.

Contract assets primarily represent revenue earnings over time that are not yet billable based on the terms of the contracts. As the Company has an unconditional right to consideration, it does not recognize contract assets. Revenue recognized but not billed to customers is classified as unbilled revenue on the balance sheet.

Contract liabilities consist of fees invoiced or paid by the Company's customers for which the associated performance obligations have not been satisfied and revenue has not been recognized based on the Company's revenue recognition criteria described above. The Company does not receive upfront consideration for its arrangements nor have an unconditional right to consideration based on customer contract terms and accordingly has not recognized contract liabilities.

Accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on accounts receivable are included in net cash provided by operating activities in the statements of cash flows. The Company makes judgments as to the collectability of accounts receivable based on historical trends and future expectations. Management estimates an allowance for doubtful accounts, which represents the collectability of accounts receivable. The allowance adjusts gross accounts receivable downward to its estimated net realizable value. To determine the allowance for doubtful accounts, management reviews customer specific risks and the Company's accounts receivable aging. Management considers accounts past due on a customer-by-customer basis. The resulting provision for doubtful accounts is recorded within selling, general and administrative expenses on the statements of operations. The write-offs were immaterial for the years ended March 31, 2022 and 2021.

(d) Property and Equipment

Property and equipment is recorded at historical cost less accumulated depreciation. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in the statements of income. Depreciation is provided using the straight-line method, based on useful lives of the assets, which are as follows:

Asset Description	Asset Life (Years)
Hardware	5 to 7
Office Equipment	3 to 5
Software	3 to 7
Furniture and Fixtures	5 to 7

Leasehold improvements are amortized on a straight-line basis over the shorter of the lease period or the estimated useful life of the asset.

(e) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity, when purchased, of three months or less to be cash equivalents. Cash and cash equivalents comprise cash at bank and in hand, which are subject to an insignificant risk of changes in value.

(f) Impairment of long-lived assets

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at March 31, 2022 and 2021.

(g) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by valuation allowances when in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company is a single-member limited liability company and is disregarded for federal income tax Purposes. The Company's results of operations as a disregarded entity are included in the HCL America Inc’s federal, state and local tax returns which are then included in a consolidated/combined return. Current and deferred taxes are allocated to the Company under the "separate-return" method. Under this method, the Company is assumed to file a separate return with the taxing authority, thereby reporting their taxable income or loss and paying the applicable tax to, or receiving the appropriate refund from, HCL America Inc. as if the Company was a separate taxpayer.

The Company recognizes tax positions in the statements of income only when it is more likely than not that the position will be sustained upon examination by relevant taxing authorities based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized upon settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the balance sheet including related interest and penalties. Interest and penalties are included in operating expenses.

(h) Compensated Absences

The employees of the Company are entitled to compensated absences. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

(i) Corporate owned life insurance

The Company maintained corporate owned life insurance on a group of executives, which are recorded at their cash surrender value as determined by the insurance carrier. These policies were utilized as a funding source for nonqualified deferred compensation plan. As of March 31, 2022, and 2021, the carrying values associated with these policies are $ 1,081,309 and $1,698,510, respectively, and are recorded as deferred compensation plan assets in the balance sheet as per ASC 325-30-35 "Accounting for Purchases of Life Insurance".

(j) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rent expenses on operating leases are charged to expense over the lease term.

(k) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

(l) Recently Issued Accounting Standards

Leases
In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which supersedes FASB Accounting Standards Codification (ASC) Topic 840, *Leases*, and makes other conforming amendments to U.S. GAAP. ASU No. 2016-02 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on balance sheet via a right-of-use asset and a lease liability, and additional qualitative and quantitative disclosures. This standard will be implemented by the Company as of April 01, 2022**.**

(3) Accounts receivables, net

Accounts receivables, net consist of the following:

	March 31, 2022	March 31, 2021
Due from customers	$ 8,042,653	$ 10,225,812
Less: allowances for doubtful debts	(922,243)	-
Accounts receivable, net	**$ 7,120,410**	**$ 10,225,812**

The movement in allowance for doubtful debts during the year is as under:

	March 31, 2022	March 31, 2021
Beginning balance	$ -	$ -
Add: allowance for doubtful debts	922,243	-
Closing balance	**$ 922,243**	**$ -**

(4) Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition. Subsequently, the FASB issued various updates related to ASC Topic in 2016. The Company adopted ASC Topic 606 in the prior fiscal year using the cumulative-effect method for those contracts with customers which were not completed as of April 1, 2020. Revenue recognition policies under ASC Topic 606 are described in Note 2(c).

The disaggregated revenue from contracts with customers for the year ended March 31, 2022 and 2021 by contract type is presented below. In reconciling to the revenue amount presented in the statements of operations, the difference pertains to immaterial other adjustments.

	March 31, 2022	March 31, 2021
Fixed Price	8,403,378	10,627,845
Time & Material	43,264,549	58,408,671
	51,667,927	**69,036,516**

The following table presents revenue disaggregated by timing of recognition:

	March 31, 2022	March 31, 2021
Service transferred overtime	$ 51,667,927	$ 69,036,516
	$ 51,667,927	**$ 69,036,516**

<u>Contract balances</u>
The following table provides information about contract assets and liability balances as follows:

	March 31, 2022	March 31, 2021
Accounts receivable	$ 7,120,410	$ 10,225,812
Unbilled receivables	2,234,918	2,538,266
	$ 9,355,328	**$ 12,764,078**

(5) Income Taxes

The components of the provision for income taxes are as follows:

	March 31, 2022	March 31, 2021
Current taxes	$ -	$ 1,297,606
Deferred taxes	174,360	(310,402)
	$ 174,360	**$ 987,204**

For the year ended March 31, 2022 and 2021, the difference between the actual tax expense and the expected tax expense computed by applying the applicable U.S. corporate tax rate of 21% to income before income taxes is primarily attributable to state taxes.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31 are presented below:

	March 31, 2022	March 31, 2021
Deferred tax assets:		
Accrued payroll and vacation	$ 248,957	$ 536,388
Net operating losses	226,858	-
Accrued expenses	170,497	352,495
Total deferred tax assets	**646,312**	**888,883**
Deferred tax liabilities		
Properly and equipment	(57,459)	(125,670)
Total deferred tax liabilities	(57,459)	(125,670)
Net deferred tax assets	**$ 588,853**	**$ 763,213**

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that all or a portion of deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the expected availability of future taxable income during the periods in which those temporary differences become deductible and prior to the expiration of the deferred tax assets as governed by the Internal Revenue Code. The Company has not recorded any valuation allowances as of March 31, 2022 and 2021.

(6) Concentration of Credit Risk

The Company's customers are concentrated in the aerospace and defense industry. The Company's largest customer accounted for approximately 51% and 59% of revenues for the years ended March 31, 2022 and 2021, respectively, and approximately 36% and 31% of accounts receivable at March 31, 2022 and 2021, respectively.

(7) Property and Equipment

Property and equipment consist of the following:

	March 31, 2022	March 31, 2021
Leasehold Improvements	$ 402,326	$ 448,673
Computer hardware	2,004,084	2,360,861
Computer software	1,375,558	2,401,960
Office equipment	86,507	97,128
Furniture and fixtures	524,501	544,171
	4,392,976	5,852,794
Less: accumulated depreciation and amortization	(3,741,612)	(4,714,596)
Property and equipment, net	**$ 651,364**	**$ 1,138,197**

Depreciation expense for the years ended March 31, 2022 and March 31, 2021 was $ 493,847 and $ 631,844, respectively. During the years ended March 31, 2022 and March 31, 2021, the Company has written off fixed assets with a gross block value of $ 1,473,303 and $ 1,562,458, respectively, and recorded a loss amounting to $6,471 and $ NIL, respectively.

(8) Other Income

Other income consists of the following:

	March 31, 2022	March 31, 2021
Recovery of written off bad debts	$ 1,998,352	$ -
Other income	**$ 1,998,352**	**$ -**

(9) Lease Commitments

The Company has entered into operating lease agreements for office spaces that expire at various times through 2025. Rent expense was $1,379,920 and $1,470,494 during the years ended March 31, 2022 and 2021, respectively, and is included as a component of selling, general and administration expenses on the statements of income.

The future minimum lease payments under operating leases are as follows:

	Amount
Year ending March 31:	
2023	1,024,444
2024	931,945
2025	186,410
Thereafter	-
Total minimum lease payments	**$ 2,142,799**

(10) Fair Value Measurements

The Company's financial instruments include cash and cash equivalents and investments. These financial instruments potentially subject the Company to concentrations of credit risk. To minimize the risk of credit loss, these financial instruments are primarily held with accredited financial institutions. The carrying value of the Company's financial instruments approximate fair value. The fair value of financial instruments is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques.

Investments include investments in a trading asset portfolio maintained to generate returns to offset changes in certain liabilities related to deferred compensation arrangements. The Company assesses declines in the value of individual investments to determine whether such decline is other than temporary and thus the investment is impaired by considering available evidence. No impairment charge was recorded for the years ended March 31, 2022 and 2021.

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, the Company considers the principal or most advantageous market in which the Company would transact, and also considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3: Pricing inputs that are generally unobservable and may not be corroborated by market data.

Financial Assets and Liabilities Measured on a Recurring Basis

The Company's financial assets and liabilities are measured and recorded at fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The following table summarizes the valuation of the Company's financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2022 and 2021:

	March 31, 2022	**Level 1**	**Level 2**	**Level 3**
Assets				
Plan assets for deferred compensation plan (Mutual funds)	**-**	-	-	-

	March 31, 2021	**Level 1**	**Level 2**	**Level 3**
Assets				
Plan assets for deferred compensation plan (Mutual funds	**$ 189,580**	189,580	-	-

(11) Related Party Transactions

On February 10, 2017, the Company entered into a line of credit facility with the Parent, with a capacity of $2,000,000. Under the terms of this line of credit, base rate borrowings are subject to an interest rate of LIBOR plus 1.0%. In addition, the Company entered into another line of credit with the Parent with a capacity of $1,000,000 on June 28, 2017. Under the terms of this line of credit, base rate borrowings are subject to an interest rate of LIBOR plus 1.0%. On March 30, 2021, the Company paid off both lines of credit in the amount of $2,540,000. The remaining interest was paid on April 06, 2021. The outstanding balances on both lines of credit, including related interest payable, were Nil and $266,569 as of March 31, 2022 and 2021, respectively and is reported on the balance sheets under 'Line of Credit with Parent'.

The Company also provides and obtains certain sub-contracting consulting services with its Parent. During the years ended March 31, 2022 and March 31, 2022, the Company provided sub-contracting services to its Parent amounting to $678,593 and $ NIL respectively. During the years ended March 31, 2022 and March 31, 2021, the Company obtained sub-contracting services from its Parent amounting to $ 239,082 and $ 208,644. The net outstanding balance receivable / (payable) from Parent as of March 31, 2022 and March 31, 2021 was $2,247,018 and ($347,355), respectively.

As of March 31, 2022 and March 31, 2021, the Company has to pay $ 4,091,539 ad $ 4,091,539, respectively towards income taxes (Refer note 2(g) for further information).

(12) Employee benefit plans

401(k) Defined Contribution Plan.

The Company maintains a 401 (k) retirement plan for eligible employees and also maintains a deferred compensation plan for certain management employees or independent contractors in order to provide retirement and other benefits. Eligible employees may elect to have up to the maximum amount allowable out of their compensation deferred under the terms of the Plan which is consistent with current law. The Company may make a discretionary matching contribution. The Company did not make any matching contributions for the years ended March 31, 2022 and March 31, 2021.

Deferred Compensation Plan.

The Company maintains a deferred compensation plan under the name of "Butler America Aerospace, LLC Deferred Compensation Plan" ("DCP") for certain management and highly compensated employees in order to provide retirement and other benefits.

DCP, a nonqualified deferred compensation plan, became effective January 1, 2017. Under DCP, deferred compensation account means the account maintained with respect to each participant under the plan. The deferred compensation account shall be credited with participant deferral credits and employer contributions, credited or debited for deemed investment gains or losses and adjusted for payments in accordance with the rules of the plan document. Under DCP, the participant shall elect to defer maximum of 50% of its base salary and defer maximum of 100% of all other types of compensation during the Plan Year. Employer credits are discretionary credits as determined by the employer. Employer credits are vested after 1 year of service. Notwithstanding any other vesting schedule, all employer credits shall become 100% vested upon the first to occur of the following events while the participant is actively employed:

A) Death of the participant while actively employed
B) Disability of the participant
C) Change in control event

The Company has a Rabbi trust, with the intention of making contributions to this trust to provide with a source of funds to assist in meeting the liabilities under the plan.

During the years ended March 31, 2022 and 2021, contributions were made to the extent of $ Nil and $ Nil, respectively, to the life insurance contract and $ 53,827 and $ 147,002 to mutual fund plan assets.

The cash surrender value of the of the life insurance contract and mutual fund assets as of March 31, 2022 amounts to $ 1,081,309 and $ Nil respectively. (March 31, 2021: $1,698,511 and $189,580) Correspondingly, a deferred compensation liability as of March 31, 2022 and March 31, 2021 payable amounted to $ 922,294 and $ 1,706,237, respectively.

(13) Risk and uncertainties

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to: deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in sales; competitive factors, including but not limited to pricing pressures; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

Impact of COVID-19 Pandemic
The extent of the impact of coronavirus (COVID 19) outbreak on operations of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, government actions, the impact on financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. While many countries have begun the process of vaccinating their residents against COVID-19, the large scale and challenging logistics of distributing the vaccines, as well as uncertainty over the efficacy of the vaccines against new variants of the virus, may contribute to delays in economic recovery. Overall, the full duration and total impact of COVID-19 remains uncertain, and it is difficult to predict how the recovery will unfold for the business, going forward.

(14) Subsequent Events

The Company has evaluated subsequent events through August 12, 2022, the date the Company's financial statements were available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.