Financial Statements

HGS Digital, LLC

As of March 31, 2020 and 2019, for the year ended March 31, 2020, and for the period from April 3, 2018 to March 31, 2019 with Report of Independent Auditors

HOLTZMAN PARTNERS

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Report of Independent Auditors

To the Members of
HGS Digital, LLC

We have audited the accompanying financial statements of HGS Digital, LLC, which comprise the balance sheets as of March 31, 2020 and 2019, and the related statements of operations, changes in members' equity, and cash flows for the year ended March 31, 2020 and the period from April 3, 2018 to March 31, 2019, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HGS Digital, LLC as of March 31, 2020 and 2019, and the results of its operations and its cash flows for the year ended March 31, 2020 and the period from April 3, 2018 to March 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 8 to the financial statements, HGS Digital, LLC changed its method for accounting for revenue recognition as of April 1, 2019 due to the adoption of new accounting guidance regarding recognition of revenue with customers. Our opinion is not modified with respect to this matter.

As discussed in Note 10 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigations measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Holtzman Partners, LLP

Austin, Texas
May 21, 2020

HGS Digital, LLC

Balance Sheets

	March 31, 2020	2019
Assets		
Current assets:		
Cash and cash equivalents	**$ 3,114,827**	$ 593,969
Accounts receivable, net of allowance of $10,000 and $32,948 at March 31, 2020 and 2019, respectively	**2,276,008**	3,253,246
Related party receivables	**1,304,578**	91,920
Unbilled receivables	**482,516**	969,766
Other receivables	**50,381**	11,953
Prepaid expenses and other assets	**89,511**	102,557
Total current assets	**7,317,821**	5,023,411
Property and equipment, net	**91,060**	79,971
Total assets	**$ 7,408,881**	$ 5,103,382
Liabilities and members' equity		
Current liabilities:		
Accounts payable	**$ 911,617**	$ 1,097,484
Accrued expenses and other	**1,387,789**	1,133,196
Customer deposits	**550,510**	707,081
Deferred revenue	**363,958**	181,791
Line of credit	**288,180**	360,238
Total current liabilities	**3,502,054**	3,479,790
Total liabilities	**3,502,054**	3,479,790
Members' equity	**3,906,827**	1,623,592
Total liabilities and members' equity	**$ 7,408,881**	$ 5,103,382

See accompanying notes to the financial statements.

HGS Digital, LLC

Statements of Operations

	Year ended March 31, 2020	Period from April 3, 2018 to March 31, 2019
Revenue	**$ 18,436,430**	$ 15,542,280
Cost of revenues	**(10,616,642)**	(10,204,948)
Gross profit	**7,819,788**	5,337,332
Operating expenses:		
Sales and marketing	**99,507**	26,992
General and administrative	**4,445,482**	3,713,252
Total operating expenses	**4,544,989**	3,740,244
Income from operations	**3,274,799**	1,597,088
Interest expense	**14,140**	22,241
Net income before taxes	**3,260,659**	1,574,847
Income tax expense	**977,424**	388,199
Net income	**$ 2,283,235**	$ 1,186,648

See accompanying notes to financial statements.

HGS Digital, LLC

Statements of Changes in Members' Equity

		Members' Equity
Balance at April 3, 2018 (unaudited)	$	436,944
Net income		1,186,648
Balance at March 31, 2019	$	1,623,592
Net income		**2,283,235**
Balance at March 31, 2020	**$**	**3,906,827**

See accompanying notes to financial statements.

HGS Digital, LLC

Statements of Cash Flows

	Year ended March 31, 2020	Period from April 3, 2018 to March 31, 2019
Cash flows from operating activities:		
Net income	**$ 2,283,235**	**$ 1,186,648**
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	**31,085**	**28,900**
Bad debt expense	**3,537**	**22,948**
Changes in operating assets and liabilities:		
Accounts receivable	**973,701**	**(2,148,233)**
Related party receivables	**(1,212,658)**	**(91,920)**
Unbilled receivables	**487,250**	**(493,243)**
Other receivables	**(38,428)**	**(3,996)**
Prepaid expenses and other assets	**13,046**	**7,165**
Accounts payable	**(185,867)**	**776,677**
Accrued expenses and other	**254,593**	**770,376**
Customer deposits	**(156,571)**	**294,933**
Deferred revenue	**182,167**	**(200,355)**
Net cash provided by operating activities	**2,635,090**	**149,900**
Cash flows from investing activities:		
Purchase of property and equipment	**(42,174)**	**(34,825)**
Net cash used in investing activities	**(42,174)**	**(34,825)**
Cash flows from financing activities:		
Proceeds from line of credit	**288,180**	**106,880**
Principal payments on line of credit	**(360,238)**	**(150,000)**
Principal payments on related party debt	**–**	**(21,750)**
Net cash used in financing activities	**(72,058)**	**(64,870)**
Net change in cash and cash equivalents	**2,520,858**	**50,205**
Cash and cash equivalents, beginning of year	**593,969**	**543,764**
Cash and cash equivalents, end of year	**$ 3,114,827**	**$ 593,969**
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	**$ 853,046**	**$ 474,200**
Cash paid for interest	**$ 14,140**	**$ 22,922**

See accompanying notes to financial statements.

1. Organization and Business Description

HGS Digital, LLC (the "Company") provides strategic consulting as well as design and technology solutions that help its customers generate more revenue, reduce operational costs, and streamline information. The Company was originally formed October 22, 2003 as Element 115 LLC, was renamed on October 30, 2012 as Element Solutions LLC, and was renamed again on January 27, 2020 as HGS Digital, LLC.

On April 3, 2018, the Company's majority membership interest was transferred to Hinduja Global Solutions UK Limited ("HGS"). The Company elected not to apply pushdown accounting as a result of this acquisition. Consequently, no change in basis is reflected in the accompanying financial statements.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments acquired with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates market value, because of the short maturity of these instruments.

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are recorded at net realizable value. The Company continually assesses the collectability of outstanding customer invoices and if deemed necessary, maintains an allowance for estimated losses resulting from the non-collection of customer receivables. In estimating this allowance, the Company considers factors such as: historical collection experience, a customer's current credit-worthiness, age of the receivable balance – both individually and in the aggregate – and general economic conditions that may affect a customer's ability to pay. Actual customer collections could differ from the Company's estimates. The Company provided for an allowance for doubtful accounts of $10,000 and $32,948 at March 31, 2020 and March 31, 2019, respectively.

Other Receivables

Other receivables represent employee advances due to the Company.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, trade accounts receivable, and unbilled receivables. The Company maintains its cash and cash equivalent balances in highly rated financial institutions, which at times may exceed federally insured limits or be held in foreign jurisdictions. The Company has not experienced any loss relating to cash and cash equivalents in these accounts.

The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. Customers representing more than 10% of the Company's total accounts receivable at March 31, 2020 are as follows:

Customer A	**37%**
Customer B	**25%**
Customer C	**17%**

2. Summary of Significant Accounting Policies (continued)

Customers representing more than 10% of the Company's total revenue for the year ended March 31, 2020 are as follows:

Customer A	**27%**
Customer B	**34%**
Customer C	**16%**

Loss of these customers could have a material adverse impact on the results of operations and financial position of the Company.

Fair Value of Financial Instruments

The Company's financial instruments consist principally of cash and cash equivalents, accounts receivable, related party receivables, unbilled receivables, other receivables, accounts payable, accrued expenses, and customer deposits. The carrying amounts of these financial instruments are considered to approximate their respective fair values due to the short-term nature of such financial instruments.

Property and Equipment, net

Property and equipment are carried at cost less accumulated depreciation. Major additions and betterments are capitalized. Repairs, maintenance, and minor replacements that do not materially improve or extend the lives of the respective assets are charged to operating expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally 5 to 7 years. Leasehold improvements are amortized over the shorter of the remaining terms of the respective leases or the remaining useful lives of the improvements.

Long-Lived Assets

Long-lived assets, which consist primarily of property and equipment, are reviewed for impairment whenever events or circumstances indicate their carrying value may not be recoverable. When such events or circumstances arise, an estimate of future undiscounted cash flows produced by the asset, or the appropriate grouping of assets, is compared to the asset's carrying value to determine if impairment exists. If the asset is determined to be impaired, the impairment loss is measured based on the excess of its carrying value over its fair value. Assets to be disposed of are reported at the lower of carrying value or net realizable value. No indicators of impairment were identified during the year ended March 31, 2020 or the period from April 3, 2018 to March 31, 2019.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

On April 1, 2019, the Company adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* ("ASC 606"). Refer to Note 8, Revenue Recognition, for a detailed discussion of accounting policies related to revenue recognition, including deferred revenue and deferred commissions.

Cost of Revenues

Cost of revenues primarily consists of personnel costs and related expenses for employees and contractors who provide professional services. Hosting provided by third parties is also a significant portion of cost of revenues.

Advertising

The Company expenses advertising costs as incurred. Advertising expenses were approximately $99,507 and $19,099 for the year ended March 31, 2020 and the period from April 3, 2018 to March 31, 2019, respectively, and are included in sales and marketing expenses in the statements of operations.

Income Taxes

As a limited liability corporation, the Company has elected to be treated as a C-corporation under the provisions of the Internal Revenue Code. Accordingly, the taxable income of the Company will not flow through to members. The Company uses the asset and liability method of accounting for income taxes as set forth in the applicable guidance. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

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 of a change in tax rates on deferred tax assets and liabilities will be recognized in the period that includes the enactment date. A valuation allowance is established against the deferred tax assets to reduce their carrying value to an amount that is more likely than not to be realized.

2. Summary of Significant Accounting Policies (continued)

The Company accounts for uncertainty in income taxes based on a “more-likely-than-not” threshold for the recognition and de-recognition of tax positions, which includes the accounting for interest and penalties relating to tax positions. At March 31, 2020 and 2019, the Company does not have any unrecognized tax benefits resulting from its tax positions.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense. No such interest or penalties were recognized during the periods presented. The Company had no accruals for interest or penalties at March 31, 2020 or 2019.

Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This standard requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The standard also expands the required quantitative and qualitative disclosures surrounding leases. In July 2018 this standard was updated and improved through ASU 2018-10 and ASU 2018-11. In November 2019, the FASB issued ASU 2019-10, which changed the effective date for entities other than public business entities to annual periods beginning after December 15, 2020. Early adoption is permitted. This standard will be applied using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. However, per ASU 2018-11, the Company can elect to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption rather than in the earliest period presented. Management is currently evaluating the effect of these provisions on the Company’s financial position and results of operations.

2. Summary of Significant Accounting Policies (continued)

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowances for losses. In November 2019, the FASB issued ASU 2019-10, which changed the effective date for entities other than public business entities to annual periods beginning after December 15, 2022. Early adoption is permitted. This standard will be applied as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. Management is currently evaluating the effect of these provisions on the Company's financial position and results of operations.

Subsequent Events

Subsequent events have been evaluated through May 21, 2020, which represents the date the financial statements were available to be issued. See specific subsequent events disclosed in Note 10.

3. Property and Equipment

Property and equipment consist of the following:

	March 31, 2020	March 31, 2019
Furniture and fixtures	**$ 66,524**	$ 66,524
Machinery and equipment	**218,481**	176,307
	285,005	242,831
Less: Accumulated depreciation	**(193,945)**	(162,860)
Property and equipment, net	**$ 91,060**	$ 79,971

Depreciation expense relating to the Company's property and equipment was $31,085 and $28,900 for the year ended March 31, 2020 and the period from April 3, 2018 to March 31, 2019, respectively, and was included in operating expenses in the accompanying statements of operations.

4. Debt

At March 31, 2019, the Company had available a revolving line of credit with a financial institution for $1,000,000. The line of credit had a maturity date of June 30, 2019, as extended. On May 6, 2019, the Company entered into an additional line of credit agreement with a different financial institution for $2,000,000. During the year, the Company used proceeds from the new line of credit to pay off the outstanding balance on the existing line of credit in full. Borrowings under the new line of credit bear interest at LIBOR plus 2.75% (4.5% at March 31, 2020). Borrowings on the new line of credit are collateralized by substantially all assets of the Company. The outstanding balance on the line of credit was $288,180 and $360,238 at March 31, 2020 and 2019, respectively. Borrowings under the line of credit are subject to certain financial covenants and restrictions on indebtedness, financial guarantees, business combinations, and other related items.

5. Commitments and Contingencies

The Company has operating leases for office facilities expiring between 2020 and 2026. The term of the lease is considered its initial obligation period, which does not include option periods. The office lease has an optional renewal periods and rent escalation clauses. The Company recognizes expense on a straight-line basis and records the difference between the recognized rental expense and amounts payable under the lease as deferred rent. Total rent expense for the leases approximated $202,000 and $157,000 for the year ended March 31, 2020 and the period from April 3, 2018 to March 31, 2019, respectively. Future minimum payments required under operating leases, by fiscal year and in aggregate, that have initial or remaining non-cancellable lease terms in excess of one year as of March 31, 2020, are as follows:

2021	$ 201,552
2022	176,200
2023	178,600
2024	181,000
2025	183,400
Thereafter	201,300
Total minimum lease payments	$ 1,122,052

6. Incentive Plans

The Company maintains an incentive plan: the Value Sharing Plan ("VSP"). Under the VSP plan, employees may participate upon a liquidity event of the Company by receiving awards known as Value Sharing Units ("VSUs"). The purpose of this plan is to provide financial incentives to employees, thereby promoting the long-term growth and financial success of the Company.

As part of the membership purchase agreement between the previous majority share owner, Elementium Inc., and HGS, the Company's VSP was amended. The amended VSP states that all beneficiaries of VSUs will be paid only after the third residual period after the purchase date of March 29, 2018. The value of such payment is based on the last residual purchase by HGS of the Company's shares and fiscal year 2021 (April 1, 2020 to March 31, 2021) earnings. Additionally, the employees must remain employed to receive payment. The value of the units is not currently probable or estimable and no compensation expense was recorded for these awards during the year ended March 31, 2020 or the period from April 3, 2018 to March 31, 2019.

7. Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. Income taxes are accounted for under the liability method whereby deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Due to the Company electing not to apply pushdown accounting, temporary differences arising from the acquisition are carried on the majority owner's books. Any temporary differences not related to the acquisition are not significant to record at the Company level. The Company is subject to income tax in various states. Accruals related to state taxes are included in "Accrued expenses and other" on the accompanying balance sheets.

The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the relevant taxing authority based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Management evaluated the Company's tax positions for all open tax years and believes the Company has no material uncertain tax positions and has recorded no related interest or penalties for the year ended March 31, 2020 or the period from April 3, 2018 to March 31, 2019.

7. Income Taxes (continued)

For the year ended March 31, 2020 and the period from April 3, 2018 to March 31, 2019, the Company recognized income tax expense of $977,424 and $388,199, respectively. The difference between the Company's provision for income taxes and the amounts computed by applying the statutory federal income tax rate of 21% to income before income taxes is primarily attributable to state income taxes and various permanent differences.

8. Revenue Recognition

For revenue recorded during the period from April 3, 2018 through March 31, 2019, the Company recognizes revenue when persuasive evidence of an agreement exists, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. Revenue for professional services is recognized in the month in which services are provided. All other revenues such as hosting arrangements and consulting services are recognized over the contract term.

After adoption of ASC 606 on April 1, 2019, revenues are recognized when control of the promised goods or services is transferred to a customer in an amount that reflects the consideration the Company is expected to be entitled to in exchange for those goods or services over the term of the agreement. Executed contracts include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenues are recognized net of sales credits and allowances. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

Revenue is recognized based on the following five-step model in accordance with ASC 606, *Revenue from Contracts with Customers*:

1. Identification of the contract with a customer
2. Identification of the performance obligations in the contract
3. Determination of the transaction price
4. Allocation of the transaction price to the performance obligations in the contract
5. Recognition of revenue when, or as, the Company satisfies a performance obligation

Revenue-generating activities consist of professional services, cloud reseller services, and hosting and application monitoring.

8. Revenue Recognition (continued)

Professional services
The Company's professional services are billed based on time and materials consumed. For each defined skill set or designation of service that is performed, there is a defined rate per hour in the customer contract and the customer is liable for all efforts incurred by the Company. Revenue for professional services is recognized over time in the month in which the service is delivered based on a labor hours input method.

Cloud reseller services
The Company's cloud reseller and cloud managed monitoring services revenue is driven by the actual usage by the customer based on the third-party hosting provider's confirmation. Cloud resales are normally billed based on the actual cost, plus a margin for administrative support. Cloud managed monitoring services are billed based on the number of cloud server hours consumed. Revenue is recognized over time based on actual consumption or usage by the customer in the month incurred.

Hosting and application monitoring
All other revenue, such as hosting and application monitoring, is recognized ratably over time. Hosting and application monitoring services are invoiced in advance for either a quarter or annual period. Such prepayment by the customer is recognized over the contract period on a straight-line basis or based on consumption of support hours, as applicable.

Disaggregation of Revenue from Contracts with Customers
The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended March 31, 2020:

Major Contracts		
Professional services	$	12,876,963
Cloud reseller services		4,099,523
Hosting and application monitoring		1,459,944
Total	$	18,436,430
Timing of Revenue Recognition		
Performance obligations satisfied at a point in time	$	–
Performance obligations satisfied over time		18,436,430
Total	$	18,436,430

8. Revenue Recognition (continued)

Significant Judgments

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of accounting. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

Standalone Selling Price

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied, based on its standalone selling price (SSP). The Company determines SSP based on the average price of actual historical sales of services sold, as well as other factors including, but not limited to, market factors, management's pricing practices, and growth strategies.

Variable Consideration

Certain customers receive cash-based incentives or credits, which are accounted for as variable consideration. The Company estimates these amounts based on the expected amount to be provided to customers and reduces revenues. The Company believes that there will not be significant changes to the estimates of variable consideration.

Payment Terms

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days and include no general rights of return. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined that contracts do not include a significant financing component.

Contract Balances

The timing of revenue recognition, billings, and cash collections can result in billed accounts receivable, unbilled receivables (contract assets), and deferred revenues (contract liabilities). Billings scheduled to occur after the performance obligation has been satisfied and revenue recognition has occurred result in contract assets. Contract assets that are expected to be billed during the succeeding twelve-month period are recorded in unbilled receivables on the accompanying balance sheets at the end of each reporting period. A contract liability results when payments from customers are received in advance for services provided, including prepayments due upon signing of contracts for professional services and cloud hosting services. The Company recognizes contract liabilities as revenues upon satisfaction of the underlying performance obligations. Contract liabilities that are expected to be recognized as revenues during the

8. Revenue Recognition (continued)

succeeding twelve-month period are recorded in deferred revenue or customer deposits on the accompanying balance sheets at the end of each reporting period.

Below are the receivables, contract assets, and contract liabilities at March 31:

	2020	2019
Receivables, net	$ 3,580,586	$ 3,345,166
Contract assets	$ 482,516	$ 969,766
Contract liabilities	$ 914,468	$ 888,872

There were no impairment losses recognized on receivables and contract assets arising from contracts with customers as of March 31, 2020 and 2019, respectively.

Deferred Contract Costs
The Company generally expenses sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within sales and marketing expenses.

9. Related Party Transactions

In April 2018, HGS purchased a majority membership interest in Element Solutions, LLC. HGS operates multiple associated entities that provide services to and purchase services from the Company. During the year ended March 31, 2020 and the period from April 3, 2018 to March 31, 2019, the Company recognized $5,039,220 and $93,878, respectively, in revenue from HGS affiliates. The amount owed to the Company as of March 31, 2020 and 2019 was $1,304,578 and $91,920, respectively.

During the year ended March 31, 2020 and the period from April 3, 2018 to March 31, 2019, the Company incurred $1,584,948 and $1,104,835, respectively, in subcontracting expenses included in cost of revenues from HGS affiliates. As of March 31, 2020 and 2019, $660,550 and $659,240, respectively, of these costs remain in accounts payable and accrued expenses.

10. Subsequent Events

Subsequent to year-end, events continue to evolve related to the ongoing pandemic related to the novel strain of coronavirus ("COVID-19") and the declaration by the President of the United States of COVID-19 as a national emergency, invoking powers under the Stafford Act, the legislation that directs federal emergency disaster response. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, additional government restrictions, and the impact of COVID-19 on the Company's operations, all of which are highly uncertain and cannot be predicted.