

September 25, 2020

Dear Partners,

Your Company reported sales for the fiscal year ending March 31, 2020 of \$14,803,024 compared to \$17,588,040 for the fiscal year ended March 31, 2019. For the fiscal year ended March 31, 2020 the Company reported a net loss of \$5,813,891 or \$2.51 per basic and diluted share, compared to a net loss of \$1,347,986 or \$0.58 per basic and diluted share for the prior fiscal year. Included in our results were the losses from the operations of the Hong Kong Joint Venture, and our fourth quarter sale of the Company's fifty percent ownership Hong Kong Joint Venture effective March 31, 2020. Sales were impacted by the COVID-19 pandemic, especially in the 4th quarter of fiscal year 2020, which ended March 31, 2020. This reduction in sales has continued through the June 30, 2020 quarter. However, we are optimistic that the current quarter ending September 30, 2020, will see sales increase, as our customers return to full operations and we add new retail customers.

We are expecting our fiscal year ending March 31, 2021 to be a transition year for the Company. We have reduced our debt substantially as a result of the sale of the Hong Kong Joint Venture and will no longer have to record our equity in their operating losses. The impact of these changes is evidenced by our results for the first quarter ended June 30, 2020. Additionally, we were able to obtain a Paycheck Protection Program loan under the provisions of the CARES Act (Act), in the amount of \$221,400. The Act provides for forgiveness of this debt if certain conditions are complied with, and the Company expects that the PPP loan will be forgiven. We have introduced a new line of 10-year sealed smoke and smoke/carbon monoxide alarms which have met the new UL 217 8th Edition Standards that goes into effect in the summer of 2021. We anticipate the introduction of these alarms to increase retail sales in the second half of fiscal 2022.

We thank our loyal shareholders, sales agents, and our dedicated associates for their continued support. We look forward to sharing more news with you during the coming year.

Respectfully,



Harvey Grossblatt
President and CEO