

Indo-MIM, Inc. and Subsidiary
San Antonio, TX
Consolidated Financial Statements
March 31, 2024



CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Income	4
Consolidated Statements of Changes in Shareholder's Equity	5
Consolidated Statements of Cash Flows	6
Notes to the Financial Statements	7 - 15

Independent Auditors' Report

To the Shareholder
Indo-MIM, Inc. and Subsidiary
San Antonio, TX

Opinion

We have audited the accompanying consolidated financial statements of Indo-MIM, Inc. and its subsidiary, which comprise the consolidated balance sheets as of March 31, 2024 and 2023, and the related consolidated statements of income, consolidated statements of changes in shareholder's equity, and consolidated statements of cash flows for the fiscal years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Indo-MIM, Inc. and its subsidiary as of March 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Indo-MIM, Inc. and its subsidiary and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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 consolidated financial statements, management is required to evaluate whether there are conditions of events, considered in the aggregate, that raise substantial doubt about Indo-MIM, Inc.'s ability to continue as a going concern within one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 the 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 Indo-MIM, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indo-MIM, Inc.'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.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
May 31, 2024

INDO-MIM, INC.
Consolidated Balance Sheets
March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 18,701,125	\$ 21,273,558
Accounts receivable, net	5,240,813	4,774,880
Due from related parties	4,607,671	5,281,443
Other receivables	542,986	287,393
Inventory	9,783,384	5,956,662
Prepaid income taxes	110,000	-
Prepaid expenses	<u>261,530</u>	<u>277,266</u>
Total current assets	<u>39,247,509</u>	<u>37,851,202</u>
Property and equipment, net	<u>49,139,130</u>	<u>44,701,949</u>
Other Assets:		
Deposits	45,605	45,605
Right of use, net	10,431,564	9,640,133
Prepaid airplane lease	<u>160,000</u>	<u>800,000</u>
Total other assets	<u>10,637,169</u>	<u>10,485,738</u>
	<u><u>\$ 99,023,808</u></u>	<u><u>\$ 93,038,889</u></u>
Liabilities and Shareholder's Equity		
Current Liabilities:		
Accounts payable	\$ 2,395,457	\$ 3,702,239
Due to related parties	522,952	581,080
Accrued expenses	930,178	1,158,667
Accrued income taxes	-	380,000
Lease liabilities, current portion	<u>260,410</u>	<u>32,164</u>
Total current liabilities	<u>4,108,997</u>	<u>5,854,150</u>
Long-Term Liabilities:		
Deferred income tax liability	3,100,000	2,965,000
Lease liabilities	<u>15,429,866</u>	<u>14,259,673</u>
Total long-term liabilities	<u>18,529,866</u>	<u>17,224,673</u>
Total liabilities	<u>22,638,863</u>	<u>23,078,823</u>
Shareholder's Equity:		
Common stock	100,000	100,000
Additional paid in capital	32,900,000	32,900,000
Retained earnings	<u>43,384,945</u>	<u>36,960,066</u>
Total shareholder's equity	<u>76,384,945</u>	<u>69,960,066</u>
	<u><u>\$ 99,023,808</u></u>	<u><u>\$ 93,038,889</u></u>

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

INDO-MIM, INC
Consolidated Statements of Income
For the fiscal years ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Sales	\$ 43,669,192	\$ 39,109,058
Cost of goods sold	<u>28,269,342</u>	<u>25,587,900</u>
Gross profit	15,399,850	13,521,158
Operating expenses	<u>18,690,969</u>	<u>15,139,866</u>
Operating loss	<u>(3,291,119)</u>	<u>(1,618,708)</u>
Other income (expense):		
Sales commissions - related party	11,559,494	12,037,489
Gain (loss) on disposal of fixed assets	-	3,730
Interest income	399,935	-
Interest income - related party	227,576	90,308
Miscellaneous income	57,779	154,110
Interest expense - ASC 842	(857,161)	(843,021)
Gain (loss) on foreign currency exchange	(227,012)	(56,632)
Start up costs - Indo-MIM, Mexico	692,252	(628,566)
Charitable contributions	<u>(10,065)</u>	<u>(1,000)</u>
Total other income (expense)	<u>11,842,798</u>	<u>10,756,418</u>
Income before taxes	<u>8,551,679</u>	<u>9,137,710</u>
Provision for/(benefit from) income taxes:		
Current - Federal	1,991,800	1,700,000
Current - States	-	50,000
Deferred	<u>135,000</u>	<u>(65,000)</u>
Total provision for income taxes	<u>2,126,800</u>	<u>1,685,000</u>
Net income	<u>\$ 6,424,879</u>	<u>\$ 7,452,710</u>

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

INDO-MIM, INC.

Consolidated Statements of Changes in Shareholder's Equity
For the fiscal years ended March 31, 2024 and 2023

	Number of Shares	Common Stock	Additional Paid- In Capital	Retained Earnings	Total Shareholder's Equity
Balance at March 31, 2022	1,000	\$ 100,000	\$ 32,900,000	\$ 29,507,356	\$ 62,507,356
Net income (year ended March 31, 2023)	-	-	-	7,452,710	7,452,710
Balance at March 31, 2023	1,000	100,000	32,900,000	36,960,066	69,960,066
Net income (year ended March 31, 2024)	-	-	-	6,424,879	6,424,879
Balance at March 31, 2024	1,000	\$ 100,000	\$ 32,900,000	\$ 43,384,945	\$ 76,384,945

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

INDO-MIM, INC
Consolidated Statements of Cash Flows
For the fiscal years ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Net income	\$ 6,424,879	\$ 7,452,710
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,785,670	2,222,273
Amortization	389,300	389,300
Accretion of finance lease liability	168,864	267,560
Right of use assets - ASC 842	(1,180,732)	(46,696)
Operating lease liability - ASC 842	1,377,810	81,055
Bad debt expense	-	400,418
Gain on disposal of assets	-	(3,730)
Provision for (benefit from) deferred income tax	135,000	(65,000)
Changes in operating assets and liabilities:		
Accounts receivable	(465,933)	3,067,738
Due from related parties	673,772	(3,795,487)
Other receivables	(255,593)	(80,036)
Inventory	(3,826,722)	(2,771,191)
Prepaid expenses	15,736	(234,820)
Prepaid income taxes	(110,000)	1,150,000
Prepaid airplane lease	640,000	640,000
Accounts payable	(1,306,782)	1,366,515
Due to related parties	(58,128)	83,898
Accrued expenses	(228,489)	7,402
Accrued income taxes	<u>(380,000)</u>	<u>380,000</u>
Net cash provided by operating activities	<u>4,798,652</u>	<u>10,511,909</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(7,222,851)	(10,503,274)
Proceeds from sale of equipment	<u>-</u>	<u>61,731</u>
Net cash used for investing activities	<u>(7,222,851)</u>	<u>(10,441,543)</u>
Cash Flows from Financing Activities:		
Reduction of operating lease liability	(148,234)	(34,369)
Payments on note payable to bank	<u>-</u>	<u>(3,034)</u>
Net cash used by financing activities	<u>(148,234)</u>	<u>(37,403)</u>
Increase (decrease) in cash	(2,572,433)	32,963
Cash, beginning of year	<u>21,273,558</u>	<u>21,240,595</u>
Cash, end of year	<u>\$ 18,701,125</u>	<u>\$ 21,273,558</u>

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

INDO-MIM, INC. AND SUBSIDIARY

Notes to the Consolidated Financial Statements March 31, 2024 and 2023

Note 1 - Nature of Business and Summary of Significant Accounting Policies

Nature of Business

The Company is a manufacturer of metal injection molded products. They provide services primarily to customers in the firearm industry, and more recently, the medical device industry. The Company's manufacturing facilities are located in San Antonio, TX and Reynosa, Mexico. They are a wholly owned subsidiary of Indo-MIM Pvt. Ltd. based in Bangalore, India.

Principles of Consolidation

The consolidated financial statements include the accounts of Indo-MIM, Inc. and its subsidiary, Indo-MIM Mexico, S. de R.L. de C.V. All material intercompany transactions and balances have been eliminated in consolidating these financial statements.

Basis of Accounting

The Company's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

The Company receives revenues from the sale of manufactured products. Sales revenue is recognized when title to the products has been passed to the customer, which is the date the products are shipped, and the price is fixed or determinable, no other significant obligations of the Company exist, and collectability is reasonably assured.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers." This standard, along with its related amendments, requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This update was effective for the Company beginning in April 2019.

The Company applies the five-step approach outlined in the revenue standard as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognize revenue when the Company satisfies a performance obligation at a point in time.

Cash and Cash Equivalents

The Company considers all demand deposits, money market funds, and short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable, Net

Accounts receivable are stated at cost, net of an allowance for doubtful accounts if required. The Company maintains an allowance for doubtful accounts for estimated losses, when necessary, resulting from customer returns and rejections. The Company also reviews the accounts receivable on a periodic basis and makes allowances where there is doubt as to the collectability of individual balances. At March 31, 2024 and 2023, the Company recorded an allowance for doubtful accounts of \$976,199 and \$1,080,418, respectively.

Other Receivables

Other receivables consists primarily of Value Added Taxes (VAT) paid in Mexico which the Company expects to be refunded.

Inventories

Inventories are stated at cost, utilizing first-in, first-out, or market, whichever is lower. For the year ending March 31, 2024 and 2023, inventories consisting principally of raw materials and work in progress.

	2024	2023
Raw materials	\$ 3,609,678	\$ 2,258,410
Work in progress	2,704,836	2,795,532
Finished goods	3,578,870	1,012,720
Provision for obsolescence	(110,000)	(110,000)
	<u>\$ 9,783,384</u>	<u>\$ 5,956,662</u>

Leases

Effective January 1, 2022, the Company adopted FASB ASC 842, Leases. The Company determines if an arrangement contains a lease at inception based on whether the Company has the right to control the asset during the contract period and other facts and circumstances. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Company elected to adopt FASB ASC 842, Leases, using the optional transition method that allows the Company to initially apply the new leases standard at the beginning of the earliest comparative period and recognize a cumulative effect adjustment to the opening balance of retained earnings in the earliest comparative period.

Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Management has determined the lease on the Company's San Antonio manufacturing facility to be a financing lease. The Company also has

numerous vehicle leases and a facility lease in Mexico which management has determined to be operating leases.

Property and Equipment

Property and equipment are stated at cost and are being depreciated over their estimated service lives using the straight-line method for financial reporting and accelerated methods and statutory lives for income tax reporting purposes. Estimated service lives of the properties are as follows:

	<u>No. Years</u>
Leasehold improvements	30
Plant machinery and equipment	15
Furniture and fixtures	10
Vehicles	5
Computers and software	3

Repairs and maintenance are charged to operations as incurred. Additions and betterments, which extend the useful lives of the assets, are capitalized. Upon retirement or disposal of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in operations.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740, Income Taxes, which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate principally to depreciation of equipment. Deferred tax assets and liabilities represent the future tax consequences for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. A deferred tax asset is also recognized for operating losses that are available to offset future taxable income.

A valuation allowance, when necessary, is established to reduce deferred tax assets to the amount expected to be realized.

The Company follows the provisions of FASB ASC 740-10-25, which prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. FASB ASC 740-10-25 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions.

Currently, the 2023, 2022, 2021, and 2020 tax years are open and subject to examination by the taxing authorities. However, the Company is not currently under audit nor has the Company been contacted by any of the taxing authorities.

Concentrations of Credit Risk

The Company maintains its cash accounts at commercial banks. The Federal Deposit Insurance Corporation ("FDIC") insures up to \$250,000 of the total cash balances in each financial institution. As of March 31, 2024 and 2023, the amount in excess of insured limits was approximately \$18,457,000 and \$21,024,000, respectively. The Company performs ongoing evaluations of the commercial banks to limit its concentration of risk exposure.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Freight Costs

The Company includes freight costs to and from outside service providers in cost of goods sold. Total freight expense included in cost of goods sold during the fiscal years ending March 31, 2024 and 2023 was approximately \$909,000 and \$1,184,000, respectively.

Start-Up Costs

Start-up costs consist of organizational, regulatory, and pre-operating expenses for Indo MIM, Mexico. Total start-up costs incurred during the fiscal years ending March 31, 2024 and 2023 were \$692,252 and \$628,566, respectively.

Fair Value of Financial Instruments

FASB ASC 820, Fair Value Measurement, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs—Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

Level 2 Inputs—Inputs, other than quoted prices in level 1, that are observable either directly or indirectly.

Level 3 Inputs—Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

As of March 31, 2024, none of the assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, accounts receivable, advances to vendors, inventory, accounts payable, accrued expenses, amounts due to/from related parties, and loans payable approximate fair values due to the short-term nature of these financial instruments.

Subsequent Events

Management has evaluated subsequent events through May 31, 2024, the date the financial statements were available to be issued.

Note 2 - Leases

The Company has entered into several lease agreements.

The Company leases its primary manufacturing facility in San Antonio, TX under a noncancelable lease which Management has determined to be a financing lease. The initial term of the lease agreement ends in 2037. Three consecutive renewals of 10 years each are available to extend the lease out to 2067. The Company is responsible for their share of their common area maintenance, insurance, management fee, and property taxes. The lease also includes an option to purchase the building during years 15-25 at the fair market value provided certain conditions are met related to the size of operating facility and number of employees. Management anticipates exercising this option in October 2032 and believes the fair market value of the building will be \$15,000,000. Since the lease agreement does not state an implicit interest rate, management's estimate of the incremental borrowing rate of the Company of 6% is being used as the discount rate.

As of March 31, 2024, the Company's finance lease liability was \$14,390,852 and the corresponding right-of-use asset was \$9,180,983, net of amortization.

Interest expense for the financing lease was \$857,161 and \$843,021 in 2024 and 2023, respectively.

Amortization expense for the right-of-use asset was \$389,300 and \$389,300 in 2024 and 2023, respectively.

The anticipated future payments due under the finance lease as of March 31, 2024, assuming the purchase option is exercised, are as follows:

For the fiscal year ending March 31

2025	\$ 702,026
2026	716,030
2027	759,555
2028	832,606
2029	847,467
2030-2033	3,074,238
2033 - purchase option	<u>15,000,000</u>
Total lease payments	21,931,922
Less: effects of discounting	<u>(7,541,070)</u>
	<u><u>\$ 14,390,852</u></u>

The Company leases several automobiles which are used by employees who have recently moved from India to the United States. The lease agreements end at various times through early 2026. These leases are all classified as operating leases under ASC 842. Since the lease agreements do not state an implicit interest rate, management's estimate of the incremental borrowing rate of the Company of 6% is being used as the discount rate.

The Company leases a facility in Mexico for its subsidiary company, Indo-MIM Mexico, S. de R.L. de C.V. The lease was entered into effective September 1, 2023 and ends on November 30, 2028. The lease is classified as an operating lease under ASC 842. Since the lease agreement does not state an implicit interest rate, management's estimate of the incremental borrowing rate of the Company of 6% is being used as the discount rate.

As of March 31, 2024, the Company's operating lease liabilities were \$1,299,424 and the corresponding right-of-use assets were \$1,250,581, net of amortization. Of the lease liabilities, \$260,410 is reported as current and \$1,069,014 is reported as long-term.

Operating lease expense reported as part of operating expenses was \$148,234 for the year ending March 31, 2024.

The future maturities of operating lease liabilities as of March 31, 2024 are as follows:

Mexico Facility Lease

For the fiscal year ending March 31

2025	\$ 267,695
2026	279,205
2027	291,211
2028	303,733
2029	209,350
Total lease payments	1,351,194
Less: effects of discounting	(175,147)
	<u>\$ 1,176,047</u>

Vehicle Leases

For the fiscal year ending March 31

2025	\$ 71,075
2026	56,135
2027	26,639
Total lease payments	153,849
Less: effects of discounting	(30,472)
	<u>\$ 123,377</u>

Note 3 - Property and Equipment

Major classifications of property and equipment at March 31, 2024 and 2023 are summarized as follows:

	2024	2023
Leasehold improvements	\$ 22,125,221	\$ 10,675,512
Construction in process	4,786,365	12,524,280
Land	400,000	400,000
Buildings	2,151,135	2,151,135
Office equipment	6,962	6,962
Furniture and fixtures	1,060,830	849,750
Computer equipment	1,333,478	1,229,793
Vehicles	62,456	18,027
Plant equipment	28,690,476	25,538,330
	<u>60,616,923</u>	<u>53,393,789</u>
Accumulated depreciation	<u>(11,477,793)</u>	<u>(8,691,840)</u>
Property and equipment, net	<u>\$ 49,139,130</u>	<u>\$ 44,701,949</u>

Depreciation expense during the fiscal years ending March 31, 2024 and 2023 was \$2,785,670 and \$2,222,273, respectively.

Note 4 - Prepaid Airplane Lease

In June 2019, the Company paid \$3,200,000 to NetJets to participate in its Fractional Ownership and Usage Program. For the consideration paid, the Company gains the right to use a Textron Aviation, Inc. 680A aircraft, or other comparable model, for 200 hours per year for 5 years. The initial payment was recorded as an asset and it is being amortized at a rate of \$53,333 per month for the duration of the term.

Other fees include a monthly management fee, an hourly fee based on flight hours used during any given month, and a fuel fee based on flight usage in a given month. Additionally, the Company initially paid a maintenance deposit in the amount of \$29,858 which will be refunded at the end of the term.

Note 5 - Employee Benefit Plans

The Company sponsors a defined contribution 401(k) plan covering employees who have completed six months of service and who have reached the age of 21. Employees may contribute to the plan an amount ranging from 1% to 100% of their compensation up to a maximum of \$19,500 for 2021. Employees aged fifty and older can make an additional “catch-up” contribution of \$6,500. Company contributions represent a match of employee contributions into the 401(k) plan up to 4% of the employee’s salary. Contributions are invested at the direction of the employee in one or more funds. Company contributions charged to expense were approximately \$288,000 and \$260,000 for the years ended March 31, 2024 and 2023, respectively.

Note 6 - Major Customers

The Company had two major customers comprising approximately 66% of total sales during the fiscal year ending March 31, 2024 and 65% of the total accounts receivable balance as of March 31, 2023.

The Company had two major customers comprising approximately 77% of total sales during the fiscal year ending March 31, 2023 and 62% of the total accounts receivable balance as of March 31, 2023.

A major customer is one who individually represented greater than 10% of total sales during the reporting period.

Note 7 - Related Party Transactions

The Company is wholly owned by Indo-MIM Pvt. Ltd. The Company also has a subsidiary, Indo-MIM, Mexico, which became operational during the last quarter of the fiscal year. Numerous transactions occur each year between the Company and its parent, its subsidiary, as well as other entities related by common ownership. Related party transactions and balances for the fiscal years ended March 31, 2024 and 2023 are summarized as follows:

	2024	2023
Sales commissions paid to the Company by the parent	\$ 11,559,494	\$ 12,037,489
Commissions and tooling receivable at March 31 from the parent	4,607,671	5,281,443
Intracompany receivable/payable recorded on books of the Company and its subsidiary	4,864,267	3,090,603
Interest income received on short-term loan to an entity related via common ownership	227,576	90,308
Inventory and equipment purchased by the Company from its parent	4,053,823	2,251,361
Amounts due to parent and other related entities as of March 31	522,952	581,080

Note 8 - Deferred Income Taxes

As of March 31, 2024, the Company has recorded a deferred tax liability in the amount of \$3,100,000. This is primarily related to differences in accelerated or bonus depreciation taken for tax purposes in excess of the straight line depreciation used for financial reporting purposes offset by expenses recorded on the books for estimated uncollectable accounts receivable, and ASC 842 lease interest expense that cannot be deducted on the tax return until such expenses are realized.

As of March 31, 2023, the Company has recorded a deferred tax liability in the amount of \$2,965,000. This is primarily related to differences in accelerated or bonus depreciation taken for tax purposes in excess of the straight line depreciation used for financial reporting purposes offset by expenses recorded on the books for estimated uncollectable accounts receivable, and ASC 842 lease interest expense that cannot be deducted on the tax return until such expenses are realized.

Note 9 - Contingencies

The Company has the potential to be involved in various claims and lawsuits arising in the normal course of business. Management believes that any potential uninsured liability that may be incurred in settlement of such claims and lawsuits would not be material to the Company's financial position.