# Indo-MIM, Inc. and Subsidiary
# San Antonio, TX

# Consolidated Financial Statements

# March 31, 2025

**CONTENTS**

*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, 2025 and 2024, 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, 2025 and 2024, 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.



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**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.

Gould Killian CPA Group, P.A.

Asheville, North Carolina
August 5, 2025

**INDO-MIM, INC.**
Consolidated Balance Sheets
March 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 10,819,860 | $ 18,701,125 |
| Accounts receivable, net | 6,537,054 | 5,240,813 |
| Due from related parties | 4,859,647 | 4,607,671 |
| Other receivables | 613,145 | 542,986 |
| Note receivable - related party | 10,801,447 | - |
| Inventory | 14,262,700 | 9,783,384 |
| Prepaid income taxes | - | 110,000 |
| Prepaid expenses | 549,067 | 261,530 |
| Total current assets | 48,442,920 | 39,247,509 |
| Property and equipment, net | 49,937,200 | 49,139,130 |
| Other Assets: | | |
| Deposits | 45,605 | 45,605 |
| Right of use, net | 9,769,812 | 10,431,564 |
| Prepaid airplane lease | - | 160,000 |
| Total other assets | 9,815,417 | 10,637,169 |
| | $ 108,195,537 | $ 99,023,808 |
| **Liabilities and Shareholder's Equity** | | |
| Current Liabilities: | | |
| Accounts payable | $ 2,461,555 | $ 2,395,457 |
| Due to related parties | 630,800 | 522,952 |
| Accrued expenses | 1,272,615 | 930,178 |
| Accrued income taxes | 160,000 | - |
| Lease liabilities, current portion | 276,757 | 260,410 |
| Total current liabilities | 4,801,727 | 4,108,997 |
| Long-Term Liabilities: | | |
| Deferred income tax liability | 3,000,000 | 3,100,000 |
| Lease liabilities | 15,316,080 | 15,429,866 |
| Total long-term liabilities | 18,316,080 | 18,529,866 |
| Total liabilities | 23,117,807 | 22,638,863 |
| **Shareholder's Equity:** | | |
| Common stock | 100,000 | 100,000 |
| Additional paid in capital | 33,484,149 | 32,900,000 |
| Retained earnings | 51,493,581 | 43,384,945 |
| Total shareholder's equity | 85,077,730 | 76,384,945 |
| | $ 108,195,537 | $ 99,023,808 |

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

**INDO-MIM, INC**

Consolidated Statements of Income

For the fiscal years ended Mach 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Sales | $ 44,043,614 | $ 43,669,192 |
| Cost of goods sold | 30,985,742 | 28,269,342 |
| Gross profit | 13,057,872 | 15,399,850 |
| Operating expenses | 16,967,011 | 17,306,465 |
| Operating loss | (3,909,139) | (1,906,615) |
| Other income (expense): | | |
| Sales commissions - related party | 12,751,823 | 11,559,494 |
| Gain on sale of fractional ownership of jet | 1,666,502 | - |
| Gain (loss) on disposal of fixed assets | 16,761 | - |
| Interest income | 385,936 | 399,935 |
| Interest income - related party | 401,447 | 227,576 |
| Miscellaneous income | 292,991 | 57,779 |
| Interest expense - ASC 842 | (864,766) | (857,161) |
| Gain (loss) on foreign currency exchange | (99,453) | (227,012) |
| Start up costs - Indo-MIM, Mexico | - | (692,252) |
| Charitable contributions | (14,065) | (10,065) |
| Total other income (expense) | 14,537,176 | 10,458,294 |
| Income before taxes | 10,628,037 | 8,551,679 |
| Provision for/(benefit from) income taxes: | | |
| Current - Federal | 2,619,401 | 1,991,800 |
| Deferred | (100,000) | 135,000 |
| Total provision for income taxes | 2,519,401 | 2,126,800 |
| Net income | $ 8,108,636 | $ 6,424,879 |

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, 2025 and 2024

| | Number of Shares | Common Stock | Additional Paid-In Capital | Retained Earnings | Total Shareholder's Equity |
|---|---|---|---|---|---|
| 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 |
| Additional Paid-In Capital | - | - | 584,149 | - | 584,149 |
| Net income (year ended March 31, 2025) | - | - | - | 8,108,636 | 8,108,636 |
| Balance at March 31, 2025 | 1,000 | $ 100,000 | $ 33,484,149 | $ 51,493,581 | $ 85,077,730 |

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, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Net income | $ 8,108,636 | $ 6,424,879 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 3,221,875 | 2,785,670 |
| Amortization | 389,300 | 389,300 |
| Accretion of finance lease liability | 162,739 | 168,864 |
| Right of use asets - ASC 842 | 272,451 | (1,180,732) |
| Operating lease liability - ASC 842 | - | 1,377,810 |
| Gain on sale of fractional ownership of jet | (1,666,502) | - |
| Gain on disposal of assets | (16,761) | - |
| Provision for (benefit from) deferred income tax | (100,000) | 135,000 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (1,296,241) | (465,933) |
| Due from related parties | (251,976) | 673,772 |
| Other receivables | (70,159) | (255,593) |
| Inventory | (4,479,316) | (3,826,722) |
| Prepaid expenses | (287,537) | 15,736 |
| Prepaid income taxes | 110,000 | (110,000) |
| Prepaid airplane lease | 160,000 | 640,000 |
| Accounts payable | 66,099 | (1,306,782) |
| Due to related parties | 107,848 | (58,128) |
| Accrued expenses | 342,437 | (228,489) |
| Accrued income taxes | 160,000 | (380,000) |
| Net cash provided by operating activities | 4,932,893 | 4,798,652 |
| **Cash Flows from Investing Activities:** | | |
| Purchases of property and equipment | (4,250,976) | (7,222,851) |
| Proceeds from sale of fractional ownership of jet | 1,666,502 | - |
| Proceeds from sale of equipment | 247,792 | - |
| Note receivable - affiliate | (10,801,447) | - |
| Net cash used for investing activities | (13,138,129) | (7,222,851) |
| **Cash Flows from Financing Activities:** | | |
| Reduction of operating lease liability | (260,178) | (148,234) |
| Additional paid in capital | 584,149 | - |
| Net cash used by financing activities | 323,971 | (148,234) |
| Decrease in cash | (7,881,265) | (2,572,433) |
| Cash, beginning of year | 18,701,125 | 21,273,558 |
| Cash, end of year | $ 10,819,860 | $ 18,701,125 |

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

## 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, 2025 and 2024, the Company recorded an allowance for doubtful accounts of $976,199 and $976,199, 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, 2025 and 2024, inventories consisting principally of raw materials and work in progress.

| | 2025 | 2024 |
|---|---|---|
| Raw materials | $ 6,289,102 | $ 3,609,678 |
| Work in progress | 4,226,167 | 2,704,836 |
| Finished goods | 3,857,431 | 3,578,870 |
| Provision for obsolescence | (110,000) | (110,000) |
| | $ 14,262,700 | $ 9,783,384 |

*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:

| | No.Years |
|---|---|
| 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 2024, 2023, 2022, and 2021 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, 2025 and 2024, the amount in excess of insured limits was approximately $10,570,000 and $18,457,000, 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, 2025 and 2024 was approximately $960,000 and $909,000, 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, 2025 and 2024 were $0 and $692,252, 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, 2025, 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 August 5, 2025, 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, 2025, the Company's finance lease liability was $14,553,590 and the corresponding right-of-use asset was $8,791,703, net of amortization.

Interest expense for the financing lease was $864,766 and $857,161 in 2025 and 2024, respectively.

Amortization expense for the right-of-use asset was $389,300 and $389,300 in 2025 and 2024, respectively.

The anticipated future payments due under the finance lease as of March 31, 2025, assuming the purchase option is exercised, are as follows:

| For the fiscal year ending March 31 | |
|---|---|
| 2026 | $ 716,030 |
| 2027 | 759,555 |
| 2028 | 832,606 |
| 2029 | 847,467 |
| 2030 | 861,894 |
| 2031-2033 | 2,212,344 |
| 2033 - purchase option | 15,000,000 |
| Total lease payments | 21,229,896 |
| Less: effects of discounting | (6,676,306) |
| | $ 14,553,590 |

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, 2025, the Company's operating lease liabilities were $1,039,247 and the corresponding right-of-use assets were $978,109, net of amortization. Of the lease liabilities, $276,757 is reported as current and $762,490 is reported as long-term.

Operating lease expense reported as part of operating expenses was $260,178 and $148,234 for the years ending March 31, 2025 and 2024, respectively.

The future maturities of operating lease liabilities as of March 31, 2025 are as follows:

| | | |
|---|---|---|
| Mexico Facility Lease | | |
| For the fiscal year ending March 31 | | |
| 2026 | $ | 279,205 |
| 2027 | | 291,211 |
| 2028 | | 303,733 |
| 2029 | | 209,350 |
| Total lease payments | | 1,083,499 |
| Less: effects of discounting | | (111,311) |
| | $ | 972,188 |

| | | |
|---|---|---|
| Vehicle Leases | | |
| For the fiscal year ending March 31 | | |
| 2026 | $ | 49,254 |
| 2027 | | 22,341 |
| Total lease payments | | 71,595 |
| Less: effects of discounting | | (4,536) |
| | $ | 67,059 |

## Note 3 - Property and Equipment

Major classifications of property and equipment at March 31, 2025 and 2024 are summarized as follows:

| | 2025 | 2024 |
|---|---|---|
| Leasehold improvements | $ 22,338,515 | $ 22,125,221 |
| Construction in process | 5,821,541 | 4,786,365 |
| Land | 400,000 | 400,000 |
| Buildings | 2,151,135 | 2,151,135 |
| Office equipment | 6,962 | 6,962 |
| Furniture and fixtures | 1,072,519 | 1,060,830 |
| Computer equipment | 1,530,784 | 1,333,478 |
| Vehicles | 62,456 | 62,456 |
| Plant equipment | 31,224,842 | 28,690,476 |
| | 64,608,754 | 60,616,923 |
| Accumulated depreciation | (14,671,554) | (11,477,793) |
| Property and equipment, net | $ 49,937,200 | $ 49,139,130 |

Depreciation expense during the fiscal years ending March 31, 2025 and 2024 was $3,221,875 and $2,785,670, 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.

The balance remaining to be amortized as of March 31, 2025 and 2024 was $0 and $160,000, respectively.

Management opted against renewing the lease with NetJets. As a result, the Company recorded a gain on sale of fractional ownership of jet in the amount of $1,666,502.

## 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 $284,000 and $288,000 for the years ended March 31, 2025 and 2024, respectively.

**Note 6 - Major Customers**

The Company had two major customers comprising approximately 70% of total sales during the fiscal year ending March 31, 2025 and 68% of the total accounts receivable balance as of March 31, 2025.

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, 2024.

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, 2025 and 2024 are summarized as follows:

| | 2025 | 2024 |
|---|---|---|
| Sales commissions paid to the Company by the parent | $ 12,751,823 | $ 11,559,494 |
| Commissions and tooling receivable at March 31 from the parent | 4,859,647 | 4,607,671 |
| Advance payment of tooling expenses from parent | 840,000 | - |
| Intracompany receivable/payable recorded on books of the Company and its subsidiary | 6,390,374 | 4,864,267 |
| Note receivable from another entity related via common ownership | 10,801,447 | - |
| Interest income received on short-term loan to an entity related via common ownership | - | 227,576 |
| Inventory and equipment purchased by the Company from its parent | 4,263,317 | 4,053,823 |
| Amounts due to parent and other related entities as of March 31 | 630,800 | 522,952 |

**Note 8 - Deferred Income Taxes**

As of March 31, 2025, the Company has recorded a deferred tax liability in the amount of \$3,000,000. 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, 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.

**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.