Indo-MIM, Inc.
San Antonio, TX

Financial Statements

March 31, 2026 and 2025

INDO-MIM®
COMPLEXITY SIMPLIFIED

CONTENTS

GOULD KILLIAN
CPA GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Indo-MIM, Inc., which comprises the balance sheets as of March 31, 2026 and 2025, and the related statements of income, statements of changes in shareholder's equity, and statements of cash flows for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of not consolidating a variable interest entity of which the Company is the primary beneficiary as described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Indo-MIM, Inc. as of March 31, 2026 and 2025, 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 Qualified Opinion

As more fully described in Note 10 to the financial statements, the Company reports its investment in Indo-MIM Mexico, S. de R.L. de C.V., a subsidiary of which the Company is the primary beneficiary, on the equity method of accounting. In our opinion, accounting principles generally accepted in the United State of America require that all subsidiaries of which the Company is the primary beneficiary be accounted for as consolidated subsidiaries. If the financial statements of Indo-MIM Mexico, S. de R.L. de C.V. had been consolidated with those of Indo-MIM, Inc., total assets would be decreased by $4,387,738 and $3,110,661 as of March 31, 2026 and 2025, respectively; total liabilities would be increased by $735,756 and $1,180,459 as of March 31, 2026 and 2025, respectively; total sales would be unchanged for the years then ended; and expenses would be increased by $832,374 and $732,283 for the years then ended.

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 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.

100 Coxe Avenue | Asheville, NC 28801 | P 828.258.0363 | F 828.252.0528 | www.gk-cpa.com

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions 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 financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 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 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
June 3, 2026

INDO-MIM, INC.
Balance Sheets
March 31, 2026 and 2025

	2026	2025
Assets		
Current Assets:		
Cash and cash equivalents	$ 5,447,017	$ 10,080,829
Accounts receivable, net	7,564,583	6,537,054
Due from related parties	5,240,718	4,859,647
Due from subsidiary	7,760,810	5,905,458
Other receivables	-	15,547
Note receivable - related party	13,206,087	10,801,447
Inventory	16,025,086	14,262,700
Prepaid income taxes	2,566,074	-
Prepaid expenses	423,748	402,133
Total current assets	58,234,123	52,864,815
Property and equipment, net	50,197,284	49,532,856
Other Assets:		
Deposits	61,624	45,605
Operating lease right-of-use assets	22,994	71,239
Finance lease right-of-use assets	8,040,384	8,791,683
Total other assets	8,125,002	8,908,527
	$ 116,556,409	$ 111,306,198
Liabilities and Shareholder's Equity		
Current Liabilities:		
Accounts payable	$ 2,642,183	$ 2,334,330
Due to related parties	1,090,122	630,800
Accrued expenses	1,158,520	1,191,569
Accrued income taxes	-	160,000
Current portion of operating lease liabilities	18,815	48,437
Total current liabilities	4,909,640	4,365,136
Long-Term Liabilities:		
Deferred income tax liability	3,690,000	3,000,000
Operating lease liabilities, net of current portion	-	18,622
Finance lease liabilities (current portion of $0)	14,711,904	14,553,590
Total long-term liabilities	18,401,904	17,572,212
Total liabilities	23,311,544	21,937,348
Shareholder's Equity:		
Common stock	100,000	100,000
Additional paid in capital	33,484,149	33,484,149
Retained earnings	59,660,716	55,784,701
Total shareholder's equity	93,244,865	89,368,850
	$ 116,556,409	$ 111,306,198

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

INDO-MIM, INC.
Statements of Income
For the fiscal years ended March 31, 2026 and 2025

	2026	2025
Sales	$ 42,363,957	$ 44,043,614
Cost of goods sold	34,072,474	31,640,772
Gross profit	8,291,483	12,402,842
Operating expenses	15,619,328	15,432,973
Operating loss	(7,327,845)	(3,030,131)
Other income (expense):		
Sales commissions - related party	12,444,866	12,751,823
Gain (loss) on disposal of fixed assets	(418,760)	16,761
Gain on sale of fractional ownership of jet	-	1,666,502
Interest income	197,539	385,936
Interest income - related party	791,259	401,447
Miscellaneous income	111,322	145,611
Interest expense - ASC 842	(874,344)	(864,766)
Gain (loss) on foreign currency exchange	96,978	(98,798)
Charitable contributions	(5,000)	(14,065)
Total other income (expense)	12,343,860	14,390,451
Income before taxes	5,016,015	11,360,320
Provision for/(benefit from) income taxes:		
Current - Federal	450,000	2,619,401
Deferred	690,000	(100,000)
Total provision for income taxes	1,140,000	2,519,401
Net income	$ 3,876,015	$ 8,840,919

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

INDO-MIM, INC.

Statements of Changes in Shareholder's Equity
For the fiscal years ended March 31, 2026 and 2025

	Number of Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Shareholder's Equity
Balance at March 31, 2024	1,000	100,000	32,900,000	46,943,782	79,943,782
Additional Paid-In Capital	-	-	584,149	-	584,149
Net income (year ended March 31, 2025)	-	-	-	8,840,919	8,840,919
Balance at March 31, 2025	1,000	100,000	33,484,149	55,784,701	89,368,850
Net income (year ended March 31, 2026)	-	-	-	3,876,015	3,876,015
Balance at March 31, 2026	1,000	$ 100,000	$ 33,484,149	$ 59,660,716	$ 93,244,865

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

INDO-MIM, INC.
Statements of Cash Flows
For the fiscal years ended March 31, 2026 and 2025

	2026	2025
Cash Flows from Operating Activities:		
Net income	$ 3,876,015	$ 8,840,919
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,437,064	3,068,971
Amortization of finance lease ROU assets	389,300	389,300
Accretion of finance lease liability	158,315	162,739
Gain on disposal of assets	418,760	(16,761)
Gain of sale of fractional ownership of jet	-	(1,666,502)
Provision for (benefit from) deferred income tax	690,000	(100,000)
Changes in operating assets and liabilities:		
Accounts receivable	(1,027,529)	(1,296,241)
Due from related parties	(381,071)	(251,976)
Due from subsidiary	(1,855,352)	(1,390,219)
Other receivables	15,547	(9,556)
Inventory	(1,762,386)	(4,479,316)
Prepaid expenses	(21,615)	(155,114)
Prepaid income taxes	(2,566,074)	110,000
Deposits	(16,019)	-
Prepaid airplane lease	-	160,000
Accounts payable	307,854	52,875
Due to related parties	459,322	(88,705)
Operating lease liabilities (payments on)	-	2,277
Accrued expenses	(33,051)	358,242
Accrued income taxes	(160,000)	160,000
Net cash provided by operating activities	1,929,080	3,850,933
Cash Flows from Investing Activities:		
Purchases of property and equipment	(4,527,252)	(4,034,385)
Proceeds from sale of fractional ownership of jet	-	1,666,502
Reimbursement for tenant allowance - San Antonio plant	362,000	-
Note receivable - affiliate	(2,404,640)	(10,801,447)
Proceeds from sale of equipment	7,000	247,792
Net cash used for investing activities	(6,562,892)	(12,921,538)
Cash Flows from Financing Activities:		
Additional paid in capital	-	584,149
Decrease in cash	(4,633,812)	(8,486,456)
Cash, beginning of year	10,080,829	18,567,285
Cash, end of year	$ 5,447,017	$ 10,080,829
Supplemental Non-Cash Investing Activities:		
Capital assets transferred from Indo-MIM, Mexico	$ -	$ 349,028
Supplemental Cash Flow Information		
Cash paid for income taxes	$ 2,515,000	$ 2,007,280
Cash paid for interest (financing lease interest)	$ 874,344	$ 864,766

The accompanying notes are an integral part of these 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. They are a wholly owned subsidiary of Indo-MIM Pvt. Ltd. based in Bangalore, India.

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 and Allowance for Credit Losses

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for credit losses representing management's estimate of expected credit losses over the contractual life of the receivables, measured in accordance with FASB ASC 326, Financial Instruments – Credit Losses. The allowance is determined using a combination of a collective (pool) evaluation and an individual evaluation of specific accounts.

Receivables that share similar risk characteristics are evaluated collectively. The Company estimates expected credit losses on these balances using historical loss experience, adjusted for current conditions and reasonable and supportable forecasts of factors expected to affect collectability, including the financial condition of its customers, the aging of balances, and general economic conditions in the industries it serves. Receivables that no longer share similar risk characteristics with the pool—such as accounts where specific collectability concerns have been identified—are removed from the pool and evaluated individually.

Account balances are written off against the allowance when management determines the receivable is no longer collectible. Subsequent recoveries, if any, are credited to the allowance. Expected credit losses are recognized in operating expenses.

Accounts receivable consisted of the following at March 31:

	2026	2025
Accounts receivable, gross	$ 8,540,782	$ 7,513,253
Less: allowance for credit losses	(976,199)	(976,199)
	$ 7,564,583	$ 6,537,054

At March 31, 2026, the allowance for credit losses includes $901,199 related to two customer accounts that have been individually identified as presenting specific collectability concerns. The remaining $75,000 represents an allowance estimated on a collective basis for the Company's remaining receivable balances. Based on its assessment of customer creditworthiness, historical collection experience, the relative stability of its customer base, and current economic conditions, management does not expect significant credit losses on its remaining receivables.

Note Receivable – Related Party

The Company also evaluates its note receivable from entities related through common ownership for expected credit losses under FASB ASC 326. Based on the financial condition of the related borrowers, the continuing support of the common parent, and the demand nature of the note, management has concluded that no allowance for credit losses on the related-party note receivable was required at March 31, 2026 and 2025.

Due From Subsidiary

The Company owns a 49% interest in a subsidiary of which the Company is the primary beneficiary, Indo-MIM Mexico, S. de R.L. de C.V, located in Reynosa, Mexico. The amount due from subsidiary consists primarily of organizational, regulatory, and pre-operating expenses paid for by the Company to start-up operations in Mexico. See Note 10 for further discussion regarding this subsidiary not being accounted for as a consolidated subsidiary.

Inventories

For the fiscal year ending March 31, 2026, inventories are stated at cost, utilizing the perpetual weighted-average method, or net realizable value, whichever is lower. For the fiscal year ending March 31, 2025, inventories are stated at cost, utilizing the first in-first out (FIFO) method, or net realizable value, whichever is lower. For the years ending March 31, 2026 and 2025, inventories consist of the following:

	2026	2025
Raw materials	$ 5,988,091	$ 6,289,102
Work in progress	7,345,747	4,226,167
Finished goods	2,796,216	3,857,431
Provision for obsolescence	(104,968)	(110,000)
	$ 16,025,086	$ 14,262,700

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 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 2026, 2025, 2024, and 2023 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, 2026 and 2025, the amount in excess of insured limits was approximately $5,035,000 and $10,570,000, 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, 2026 and 2025 was approximately $1,268,000 and $960,000, 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, 2026 and 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.

Foreign Currency

The functional currency of the Company and its Mexican subsidiary, Indo-MIM Mexico, S. de R.L. de C.V., is the U.S. dollar. In accordance with FASB ASC 830, Foreign Currency Matters, management determined the U.S. dollar to be the functional currency of the subsidiary based on an assessment of the economic factors that influence its operations. The subsidiary operates as an integral component of the Company's operations, performing manufacturing and related services exclusively for the Company, and is funded by the Company; accordingly, the U.S. dollar is the currency that primarily determines the economic results of its activities.

Because the U.S. dollar is the functional currency, the accounts of the Mexican subsidiary, which are maintained in Mexican pesos, are remeasured into U.S. dollars. Monetary assets and liabilities are remeasured at the exchange rates in effect at the balance sheet date, and non-monetary assets and liabilities are remeasured at historical exchange rates. Revenues and expenses are remeasured at the average exchange rates prevailing during the period, except for amounts related to non-monetary assets and liabilities, which are remeasured at historical rates. Remeasurement gains and losses, together with gains and losses on transactions denominated in currencies other than the functional currency, are included in the consolidated statements of income as gain (loss) on foreign currency exchange

Subsequent Events

Management has evaluated subsequent events through June 3, 2026, 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, 2026, the Company's finance lease liability was $14,711,904 and the corresponding right-of-use asset was $8,040,384, net of amortization.

Interest expense for the financing lease was $874,344 and $864,766 in 2026 and 2025, respectively.

Amortization expense for the right-of-use asset was $389,300 and $389,300 in 2026 and 2025, respectively.

The anticipated future payments due under the finance lease as of March 31, 2026, assuming the purchase option is exercised, are as follows:

For the fiscal year ending March 31	
2027	$ 759,555
2028	832,606
2029	847,467
2030	861,894
2031	875,101
2032-2033	1,337,242
2033 - purchase option	15,000,000
Total lease payments	20,513,865
Less: effects of discounting	(5,801,961)
	$ 14,711,904

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.

As of March 31, 2026, the Company's operating lease liabilities were $18,815 and right-of-use assets were $22,994. Of the lease liabilities, $18,815 is reported as current and $0 is reported as long-term.

Operating lease expense reported as part of operating expenses was approximately $70,000 for the years ending March 31, 2026 and 2025.

The future maturities of operating lease liabilities as of March 31, 2026 are as follows:

For the fiscal year ending March 31		
2027	$	22,342
Less: effects of discounting		(3,527)
	$	18,815

Note 3 - Property and Equipment

Major classifications of property and equipment at March 31, 2026 and 2025 are summarized as follows:

	2026	2025
Leasehold improvements	$ 22,671,315	$ 22,274,949
Construction in process	2,684,736	5,821,541
Land	400,000	400,000
Buildings	2,151,135	2,151,135
Office equipment	6,962	6,962
Furniture and fixtures	1,072,518	1,072,518
Computer equipment	1,781,859	1,530,784
Vehicles	40,242	62,456
Plant equipment	37,326,308	30,734,068
	68,135,075	64,054,413
Accumulated depreciation	(17,937,791)	(14,521,557)
Property and equipment, net	$ 50,197,284	$ 49,532,856

Depreciation expense during the fiscal years ending March 31, 2026 and 2025 was $3,437,064 and $3,068,971, 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.

The lease was fully amortized as of March 31, 2025.

Management opted against renewing the lease with NetJets. As a result, during the fiscal year ending March 31, 2025, 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 $24,500 for 2026. Employees aged fifty and older can make an additional "catch-up" contribution of $8,000. 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 $327,000 and $284,000 for the years ended March 31, 2026 and 2025, respectively.

Note 6 - Major Customers

The Company had two major customers comprising approximately 57% of total sales during the fiscal year ending March 31, 2026 and 57% of the total accounts receivable balance as of March 31, 2026.

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.

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. 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, 2026 and 2025 are summarized as follows:

	2026	2025
Sales commissions paid to the Company by the parent	$ 12,444,866	$ 12,751,823
Commissions and tooling receivable at March 31 from the parent	4,448,801	4,859,647
Intracompany receivable/payable recorded on books of the Company and its subsidiary. The intracompany balances are eliminated in consolidation and not separately presented	7,760,810	5,905,458
Amounts due from other entity related via common ownership as of March 31	791,917	-
Note receivable from another entity related via common ownership. Note carries interest at 8% per annum with all principal and interest due on demand. Balance cannot exceed $20,000,000 at any time.	10,848,619	10,801,447
Note receivable from another entity related via common ownership. Note carries interest at 8% per annum with all principal and interest due on demand. Balance cannot exceed $1,000,000 at any time.	2,357,468	-
Amounts due to the subsidiary as of March 31	253,122	-
Amounts due to the parent as of March 31	342,134	630,800
Amounts due to other entities related via common ownership as of March 31	494,866	-
Inventory and equipment purchased by the Company from its parent	3,493,999	4,263,317
Equipment and consulting services purchased by the Company from other entities related via common ownership	494,866	-
Machining services performed for other entity related via common ownership	1,039,555	-

`

Note 8 - Deferred Income Taxes

As of March 31, 2026, the Company has recorded a deferred tax liability in the amount of $3,690,000. 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, 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.

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.

Note 10 - Subsidiary Accounted for Using the Equity Method

As discussed in Note 1, the Company is the primary beneficiary of its 49% owned subsidiary, Indo-MIM Mexico, S. de R.L. de C.V, located in Reynosa, Mexico which is being accounted for in these financial statements using the equity method due to regulatory requirements in India that require non-consolidated statements for the Company. The Company also prepares separate financial statements where the accounts of the subsidiary are consolidated into the Company as required by accounting principles generally accepted in the United States of America. The audit report of those consolidated statements, dated June 3, 2026, expresses an unmodified opinion on the consolidated financial statements of Indo-MIM, Inc.

Note 11 – Change in Inventory Costing Method

Effective September 1, 2025, the Company changed its method of determining the cost of inventories from the first-in, first-out (FIFO) method to the perpetual weighted-average, or rolling average, method. Management believes the new method provides a more consistent measure of inventory costs in light of current purchasing and production patterns.

The Company’s inventory system is not capable of computing both FIFO and perpetual weighted-average valuations for the same date. FIFO information is available through August 31, 2025, and weighted-average valuations are first available as of September 30, 2025. Because it is impracticable to determine the cumulative effect of the change, the Company has applied the new method prospectively beginning September 1, 2025, in accordance with ASC 250-10-45-9.

No adjustment has been recorded to retained earnings, and prior-period financial statements have not been restated. The change did not have a material effect on the results of operations for the fiscal year ended March 31, 2026.