ELECTROSTEEL USA, LLC
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2026 AND 2025

Holland, Bromley, Barnhill & Brett LLP
Certified Public Accountants and Business Advisors

ELECTROSTEEL USA, LLC AND SUBSIDIARY

TABLE OF CONTENTS

MARCH 31, 2026 AND 2025

Holland, Bromley, Barnhill & Brett LLP
Certified Public Accountants and Business Advisors

Christopher H. Holland, CPA
S. Stewart Bromley, CPA
Ronnie A. Barnhill, Jr., CPA
Shannon L. Brett, CPA, CFE
Taylor A. Mongin, CPA

Independent Auditor's Report

April 30, 2026

To the Board of Directors and Member of
Electrosteel USA, LLC and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Electrosteel USA, LLC (a Delaware corporation) and subsidiary (the Company), which comprise the consolidated balance sheets as of March 31, 2026 and 2025, and the related consolidated statements of income, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Electrosteel USA, LLC and subsidiary as of March 31, 2026 and 2025, and the results of their operations and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated 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 or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

530 Stephenson Avenue, Suite 200
Savannah, GA 31405

PHONE 912.235.3410
FAX 912.235.3414

HBBBCPA.com

Auditor's Responsibilities for the Audit of the 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 auditor's 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 judgment 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 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 the Company’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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Holland, Bromley, Barnhill & Brett, LLP

Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia

ELECTROSTEEL USA, LLC AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2026 AND 2025

	2026	2025
ASSETS		
Current assets		
Cash and equivalents	$ 1,027,531	$ 392,765
Accounts receivable, net	4,705,098	3,314,674
Income taxes receivable, net	-	274,355
Inventory	13,084,385	15,604,881
Prepaid expenses	89,143	104,284
Total current assets	18,906,157	19,690,959
Operating lease right-of-use assets	1,602,643	2,154,182
Deferred tax asset	236,000	-
Security deposit	76,549	76,549
Property and equipment, net	749,289	774,812
Total assets	$ 21,570,638	$ 22,696,502
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	$ 7,367,782	$ 9,054,652
Income taxes payable	77,983	-
Accrued expenses	243,951	189,813
Finance lease liabilities	110,111	94,705
Operating lease liabilities	634,011	678,297
Notes payable	5,656,491	5,659,572
Total current liabilities	14,090,329	15,677,039
Long-term liabilities		
Finance lease liabilities	233,722	246,307
Operating lease liabilities	1,516,376	2,150,387
Notes payable	5,306	11,777
Deferred tax liability	-	65,746
Total long-term liabilities	1,755,404	2,474,217
Total liabilities	15,845,733	18,151,256
Member's equity		
Contributed capital	3,000,000	3,000,000
Retained earnings	2,724,905	1,545,246
Total member's equity	5,724,905	4,545,246
Total liabilities and member's equity	$ 21,570,638	$ 22,696,502

(The accompanying notes are an integral part of the consolidated financial statements.)

ELECTROSTEEL USA, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED MARCH 31, 2026 AND 2025

	2026	2025
Net sales	$ 20,715,442	$ 13,597,689
Cost of goods sold	(14,537,038)	(9,927,190)
Gross profit	6,178,404	3,670,499
Operating expenses		
Payroll, related taxes, and benefits	2,564,334	2,258,905
Leases	849,219	857,520
Interest	335,329	205,879
Travel	192,989	219,162
Professional fees and contract labor	186,714	207,224
Depreciation	184,163	153,962
Taxes	154,051	100,589
Financing fees	114,478	81,865
Advertising	103,811	97,422
Supplies	96,981	116,207
Insurance	93,605	106,822
Utilities	90,881	82,382
Technology	70,107	36,566
Repairs and maintenance	51,753	81,722
Meals	43,125	33,278
Product testing and development	39,701	81,456
Dues and subscriptions	17,169	15,046
Entertainment	9,495	12,094
Licenses and permits	8,878	2,054
Donations	7,853	11,320
Shipping	6,264	3,605
Bank fees	3,684	15,958
Relocation	-	197,505
Automobile	-	8,579
Total operating expenses	5,224,584	4,987,122
Loss on disposal of assets	-	(56,778)
Net income (loss) before income taxes	953,820	(1,373,401)
Income tax benefit (expense)	225,839	(145,638)
Net income (loss)	$ 1,179,659	$ (1,519,039)

(The accompanying notes are an integral part of the consolidated financial statements.)

ELECTROSTEEL USA, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY

FOR THE YEARS ENDED MARCH 31, 2026 AND 2025

	Contributed Capital	Retained Earnings	Member's Equity
Balance at March 31, 2024	$ 3,000,000	$ 3,064,285	$ 6,064,285
Net loss	-	(1,519,039)	(1,519,039)
Balance at March 31, 2025	3,000,000	1,545,246	4,545,246
Net income	-	1,179,659	1,179,659
Balance at March 31, 2026	$ 3,000,000	$ 2,724,905	$ 5,724,905

(The accompanying notes are an integral part of the consolidated financial statements.)

ELECTROSTEEL USA, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2026 AND 2025

		2026		2025
Cash flows from operating activities				
Net income (loss)	$	1,179,659	$	(1,519,039)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:				
Depreciation		184,163		153,962
Loss on disposal of equipment		-		56,778
Changes in:				
Accounts receivable, net		(1,390,424)		(2,031,980)
Income taxes receivable, net		274,355		13,045
Inventory		2,520,496		3,085,456
Prepaid expenses		15,141		(68,971)
Security deposit		-		350
Accounts payable		(1,686,870)		(3,575,297)
Accrued expenses		54,138		(241)
Income taxes payable		77,983		-
Operating lease liabilities and right-of-use assets		(126,758)		603,641
Deferred tax asset and liability		(301,746)		143,464
Net cash provided by (used for) operating activities		800,137		(3,138,832)
Cash flows from investing activities				
Proceeds from sale of equipment		-		4,500
Purchases of property and equipment		(158,640)		(325,136)
Net cash used for investing activities		(158,640)		(320,636)
Cash flows from financing activities				
Borrowings from finance lease liabilities		108,452		132,654
Borrowings from notes payable		-		3,400,000
Payments on finance lease liabilities		(108,712)		(91,307)
Payments on notes payable		(6,471)		(14,153)
Net cash (used for) provided by financing activities		(6,731)		3,427,194
Net increase (decrease) in cash		634,766		(32,274)
Cash - beginning of year		392,765		425,039
Cash - end of year	$	1,027,531	$	392,765
Cash paid (received) during the year for:				
Interest	$	326,007	$	222,234
Net income taxes refunded	$	(276,511)	$	(11,381)

(The accompanying notes are an integral part of the consolidated financial statements.)

NOTE 1 - DESCRIPTION OF ORGANIZATION

Electrosteel USA, LLC (the Company) is a wholly owned subsidiary of Electrosteel Castings, LTD (the Parent) and is responsible for the exclusive distribution of their castings throughout North America. These castings include ductile iron pipe, fabricated ductile iron pipe, and ductile iron fittings used extensively in the waterworks industry. The Company unloads and stocks ductile iron pipes and fittings and fabricates pipes in the United States of America while maintaining a sales team responsible for marketing to distributors, utilities, and contractors. The Company was organized on September 30, 2008, as a limited liability company in the state of Delaware to engage principally in the business of providing ductile iron pipes and fittings. The liability of the member of the Company is limited to the member's total capital contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Company's consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Expenses are recognized when incurred, rather than when paid. Revenues are recognized when earned, rather than when received.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Electrosteel USA, LLC and its wholly owned subsidiary, Waterfab LLC, collectively referred to as the Company. Upon consolidation, all material intercompany balances and transactions are eliminated. Effective March 31, 2014, operations of Waterfab, LLC were discontinued.

Cash and equivalents

For financial statement purposes, the Company considers cash and equivalents to include all investments with an original maturity of ninety days or less.

Accounts receivable

The Company maintains an insurance policy which insures the collectability of certain customer balances up to a preapproved credit limit. Based on management's analysis of receivables, historical experience, forecasted information, and the insurance policy, an allowance for credit losses of $50,000 is included in accounts receivable on the accompanying consolidated balance sheets as of March 31, 2026 and 2025.

Shipping income and related cost

Revenue derived from shipping costs charged to customers is recorded as a reduction to cost of goods sold in the accompanying consolidated statements of income. Shipping and tariff costs incurred by the Company are recorded as increases to cost of goods sold.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is stated at the lower of cost or net realizable value, with cost determined based on average cost of all similar items available during the period. As of March 31, 2026 and 2025, inventory consists of finished goods, including pipes, fittings, glands, and related products. Based on management's review of the net realizable value of certain inventory items, an impairment reserve for inventory on the accompanying consolidated balance sheets was not deemed necessary as of March 31, 2026 and 2025.

During the years ended March 31, 2026 and 2025, certain Company sales involving large quantities of custom finished goods were fulfilled and shipped directly by the Parent to the customer. Since no such inventory items were on hand at March 31, 2026 and 2025, they are not included in management's analysis of the lower of cost or net realizable value of inventory on hand.

Property and equipment

Property and equipment acquisitions are recorded at cost. The Company capitalizes all purchases of property and equipment valued at $2,500 and greater which are expected to provide benefits for multiple years. Depreciation is calculated over the estimated useful lives of the related assets using the straight-line method. Estimated useful lives by asset class are as follows: machinery and equipment, three to ten years; furniture and fixtures, five to seven years; computer equipment, three years; and land and leasehold improvements, five to ten years. Depreciation expense totaled $184,163 and $153,962 for the years ended March 31, 2026 and 2025, respectively.

Revenue recognition

The Company generates revenues primarily from sales of pipes and fittings. Revenues are recognized when control of these products is transferred to customers, in an amount that reflects the consideration the Company expects to receive for providing the products, net of discounts. This typically takes place at the time the product is shipped and there are no related contract assets or liabilities recorded. Certain sales of custom, fabricated pipe require customer deposits, resulting in the recognition of contract liabilities. Contract liabilities are included in deferred revenue on the accompanying consolidated statements of income. No such deferred revenue was recorded as of March 31, 2026 and 2025. Prices of pipe and fittings are fixed and do not include any variable consideration. Purchase order modifications and estimations are minimal, and each purchase order is tracked separately. The Company does not have any significant financing components as payment is received at or shortly after the point of sale.

Product warranties

The Company provides a one-year warranty on all products sold, which covers defects in materials. The Company's warranty liability is based upon historical warranty cost experience. For each of the years ended March 31, 2026 and 2025, management determined an accrual related to estimated warranties was not deemed necessary.

Advertising

Advertising costs are expensed as incurred and presented separately on the accompanying consolidated statements of income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

Estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Estimates are developed to achieve the objectives set out by accounting policies and involve selection of measurement technique (estimation or valuation) and selection of inputs to be used when applying the chosen measurement technique. The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

The Company is organized as a limited liability company. For federal and state income tax purposes, the Company elected to be treated as a C-corporation and is subject to income taxes under Internal Revenue Service and state guidelines.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. Once this threshold is met, the amount recognized in the financial statements is the largest amount of tax benefit likely realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company does not expect the total amount of unrecognized tax benefit to significantly change in the next twelve months. The Company is no longer subject to examination by taxing authorities for the years before 2022.

If incurred, the Company would recognize interest and penalties related to income tax withholdings and unrecognized tax benefits in interest expense. The Company had $0 accrued for interest and penalties as of March 31, 2026 and 2025, and no such expenses were recorded for the years then ended.

Reclassification

Certain prior year amounts have been reclassified to conform with current year presentation.

Concentration of credit risk

During the years ended March 31, 2026 and 2025, approximately 31% of total sales were to three customers and 26% of total sales were to two customers, respectively. At March 31, 2026 and 2025, approximately 68% and 63%, respectively, of total accounts receivable were from five and three customers, respectively.

During the years ended March 31, 2026 and 2025, the Company purchased substantially all inventory from the Parent.

The Company maintains cash at a commercial bank in deposit accounts. As of March 31, 2026 and 2025, the Federal Deposit Insurance Corporation (FDIC) insured deposits up to $250,000 per financial institution. At March 31, 2026 and 2025, the Company had uninsured cash of approximately $640,000 and $156,000, respectively.

Subsequent events

The Company has evaluated subsequent events through April 30, 2026, the date the consolidated financial statements were available to be issued.

NOTE 3 - RETIREMENT PLAN

The Company sponsors a SIMPLE IRA retirement plan, and employees are eligible to participate immediately with no minimum service requirement. The SIMPLE IRA plan provides for an employer match of 100% of the first 3% of salary deferred by an employee. For the years ended March 31, 2026 and 2025, the Company's contributions into the retirement plan totaled $23,716 and $28,015, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2026 and 2025 consists of the following:

	2026	2025
Computer equipment	$ 22,591	$ 22,591
Land and leasehold improvements	197,277	187,577
Furniture and fixtures	17,646	17,646
Machinery and equipment	1,256,315	1,154,064
	1,493,829	1,381,878
Accumulated depreciation	(884,608)	(700,445)
Property and equipment in service, net	609,221	681,433
Construction in process	140,068	93,379
Total property and equipment, net	$ 749,289	$ 774,812

NOTE 5 - INCOME TAXES

The Company elected a C-Corporation status for income tax purposes. The provision for income taxes includes current federal and state income taxes and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes.

Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rate to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be settled or realized. At March 31, 2026 and 2025, the Company recorded a net long term deferred tax asset (liability) of $236,000 and $(65,746), respectively, related to differences between financial accounting and tax basis accounting for net operating loss (NOL) carry forward balances, depreciation, allowance for credit losses, and certain assets and liabilities. At March 31, 2026, the net deferred tax asset included gross deferred tax assets of $832,000 and liabilities of $596,000. At March 31, 2025, the net deferred tax liability included gross deferred tax liabilities of $746,000 and assets of $680,000.

For federal income tax purposes, $788,000 of the $1,898,000 NOL carried forward from the year ended March 31, 2025 will be utilized to offset taxable income for the year ended March 31, 2026. The remaining federal NOL of $1,110,000 will be carried forward to offset taxable income in future years. Federal NOLs are limited to offsetting 80% of taxable income in future years. A corresponding deferred tax asset of $233,000 has been included in gross deferred tax assets as of March 31, 2026, representing the federal NOL carryforward benefit.

NOTE 5 - INCOME TAXES (continued)

For state income tax purposes, the Company recorded NOLs for Georgia, Alabama, and California which can be utilized to offset taxable income in future years. A corresponding deferred tax asset of $64,000 has been included in gross deferred tax assets as of March 31, 2026, representing the state NOL carryforward benefit.

As of March 31, 2025, federal and state NOL carryforward assets were fully offset by a valuation allowance. No such allowance was deemed necessary as of March 31, 2026.

At March 31, 2026, the Company recorded federal income taxes payable of $41,500 and state income taxes payable of $36,483 on the accompanying consolidated balance sheets. At March 31, 2025, the Company recorded federal income taxes receivable of $282,300 and state income taxes payable of $7,945 on the accompanying consolidated balance sheets.

The Company's income tax benefit shown on the consolidated statements of income for the year ended March 31, 2026, consists of $75,907 in current tax expense and $301,746 in deferred tax benefit. The Company's income tax expense shown on the consolidated statements of income for the year ended March 31, 2025, consists of $2,174 in current tax expense and $143,464 in deferred tax expense.

NOTE 6 - NOTES PAYABLE

CTBC Bank Co, Ltd. (CTBC)

In February 2025, the Company entered into a short-term revolving line of credit agreement with CTBC for $4,000,000, bearing interest at the Wall Street Prime Rate minus 1.80%. This agreement matures on August 17, 2026, and is secured by an irrevocable standby letter of credit issued by the New Delhi Branch of CTBC. Fees paid and payable to the Parent for maintaining this standby letter of credit guarantee, as well as other bank loan fees, totaled $0 and $43,773 for the years ended March 31, 2026 and 2025, respectively. These fees are included as financing fees in the accompanying consolidated statements of income with a portion also included in prepaid expenses.

Interest expense of $170,170 and $18,842 related to this revolving line of credit agreement was incurred for the years ended March 31, 2026 and 2025, respectively, and is included in the accompanying consolidated statements of income.

The $3,400,000 outstanding loan balance as of March 31, 2026 and 2025, is included in current liabilities on the accompanying consolidated balance sheets.

Also under this agreement, a $600,000 standby letter of credit was issued by CTBC for the Company to the owner of the Telfair Road property in Savannah, Georgia related to the Company's operating lease agreement. This standby letter of credit is not reflected on the accompanying consolidated balance sheets.

ICICI Bank UK

In August 2016, the Company entered into a short-term loan facility agreement with ICICI Bank UK for $2,250,000. Interest on the loan is charged at a rate of LIBOR plus 2% and is payable by the Company to ICICI Bank UK quarterly. Interest expense of $138,236 and $159,711 related to this note is included in the accompanying consolidated statements of income for the years ended March 31, 2026 and 2025, respectively. The loan originally matured on August 23, 2017, was renewed annually, and currently matures on June 17, 2026. The loan is included in current liabilities on the

NOTE 6 - NOTES PAYABLE (continued)

accompanying consolidated balance sheets. The loan is collateralized by a $2,500,000 line of credit maintained by the Parent. Fees paid and payable to the Parent for maintaining this line of credit as collateral, as well as other bank loan fees, totaled $99,570 and $77,604 for the years ended March 31, 2026 and 2025, respectively. These fees are included as financing fees in the accompanying consolidated statements of income with a portion also included in prepaid expenses.

Coastal States Bank

Long-term debt with Coastal States Bank consists of the following:

	March 31, 2026	March 31, 2025
Note payable dated February 1, 2023 originally totaling $29,520, payable in 60 monthly principal and interest payments of $600 bearing interest of 8% through February 1, 2028, when outstanding principal and interest are due.	$ 11,797	$ 17,772
Note payable dated September 22, 2020 originally totaling $40,000, payable in 60 monthly principal and interest payments of $755 bearing interest at 4.95% through September 22, 2025, when outstanding principal and interest were due.	-	3,577
	11,797	21,349
Less amounts due within one year	(6,491)	(9,572)
Balance due after one year	$ 5,306	$ 11,777

Aggregate maturities of the loans with Coastal States Bank are as follows:

Year ending March 31,	
2027	$ 6,491
2028	5,306
Thereafter	-
	$ 11,797

Interest expense of $1,248 and $2,105 related to loans with Coastal States Bank are included in the accompanying consolidated statements of income for the years ended March 31, 2026 and 2025, respectively.

NOTE 7 - LEASE AGREEMENTS

The Company leases certain real estate under one long-term operating lease agreement and certain equipment under six finance lease agreements. The Company assesses whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term. Expenses related to these short-term leasing arrangements totaled $111,466 and $91,715 during the years ended March 31, 2026 and 2025, respectively.

The Company made an accounting policy election not to separate lease and non-lease components of contracts for its real estate and equipment. As such, lease payments may represent payments on both lease and non-lease components. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the Company's incremental borrowing rate when an implicit rate is not provided in the lease agreement. Right-of-use assets initially equal the lease liability, adjusted for any lease payments made prior to lease commencement and for any lease incentives. The Company's lessee arrangements predominantly consist of noncancelable operating leases for depot space and noncancelable finance leases for equipment, expiring at various times through 2029. Lease terms may contain renewal and extension options and early termination features. Generally, these options do not impact the lease term because the Company is not reasonably certain that they will exercise the options. There are no variable payment terms, and no material residual value or material restrictive covenants included in any of the operating and finance leases to which the Company is a party.

The Company does not sublease any of the leased space or equipment. Certain finance leases include options to purchase the leased equipment. The depreciable life of this equipment is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The following summarizes the line items in the consolidated balance sheets which include amounts for operating and finance leases as of March 31:

	2026	2025
Operating Leases		
Operating lease right-of-use assets	$ 1,602,643	$ 2,154,182
Current portion of operating lease liabilities	$ 634,011	$ 678,297
Long-term operating lease liabilities	1,516,376	2,150,387
Total operating lease liabilities	$ 2,150,387	$ 2,828,684
Finance Leases		
Property and equipment	$ 588,861	$ 507,480
Accumulated depreciation	(247,510)	(169,811)
Property and equipment, net	$ 341,351	$ 337,669
Current portion of finance lease liabilities	$ 110,111	$ 94,705
Long-term finance lease liabilities	233,722	246,307
Total finance lease liabilities	$ 343,833	$ 341,012

NOTE 7 - LEASE AGREEMENTS (continued)

The following summarizes the weighted average remaining lease term and discount rate as of March 31:

	2026	2025
Weighted Average Remaining Lease Term		
Operating leases	3.0 years	3.9 years
Finance leases	3.3 years	3.5 years
Weighted Average Discount Rate		
Operating leases	7.40%	7.40%
Finance leases	6.96%	6.93%

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

Year ending March 31,	Operating	Finance
2027	$ 771,662	$ 130,540
2028	802,528	130,540
2029	834,630	73,928
2030	-	31,603
2031	-	19,906
Thereafter	-	-
Total lease payments	2,408,820	386,517
Less: Interest	(258,433)	(42,684)
Present value of lease liabilities	$ 2,150,387	$ 343,833

The following summarizes the line items in the consolidated income statements which include the components of lease expense for the year ended March 31:

	2026	2025
Operating lease expense included in lease expense	$ 737,753	$ 765,805
Finance lease costs:		
Amortization of lease assets included in depreciation expense	$ 104,770	$ 91,284
Interest on lease liabilities included in interest expense	25,676	25,221
Total finance lease costs	$ 130,446	$ 116,505

NOTE 7 - LEASE AGREEMENTS (continued)

The following summarizes cash flow information related to leases for the year ended March 31:

	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 864,512	$ 742,809
Operating cash flows from finance leases (interest)	25,676	25,221
Financing cash flows from finance leases (principal)	108,712	91,307
Lease assets obtained in exchange for lease obligations:		
Operating leases	-	-
Finance leases	108,452	132,654

NOTE 8 - RELATED PARTY TRANSACTIONS

For the years ended March 31, 2026 and 2025, the Company purchased inventory from the Parent totaling $8,563,387 and $5,603,117, respectively.

The Company has an amount due to the Parent of $7,063,558 and $8,836,770 at March 31, 2026 and 2025, respectively, which is included in accounts payable on the consolidated balance sheets.

During the years ended March 31, 2026 and 2025, respectively, the Company paid $88,320 and $66,354 to the Parent in consideration of the line of credit maintained by the Parent and used as collateral for the Company's short-term loan facility with ICICI Bank UK, as described in Note 6.

During the years ended March 31, 2026 and 2025, the Company paid $0 and $35,943, respectively, to the Parent in consideration of the standby letter of credit maintained by the Parent and used as guarantee for the Company's short-term loan facility with CTBC, as described in Note 6.