



Suprajit USA, Inc.

Independent Auditor's Report and Consolidated Financial Statements

March 31, 2025 and 2024



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Independent Auditor's Report

Board of Directors
Suprajit USA, Inc.

Opinion

We have audited the consolidated financial statements of Suprajit USA, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2025 and 2024, and the related consolidated statements of operations and comprehensive loss, stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Suprajit USA, Inc. and its subsidiaries as of March 31, 2025 and 2024, 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 (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of Suprajit USA, Inc. 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 Consolidated 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 Suprajit USA, Inc.'s ability to continue as a going concern within one year after the date that these consolidated financial statements are issued.

Auditor's Responsibilities 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 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 GAAS 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 GAAS, 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 Suprajit USA, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Suprajit USA, 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.

Supplementary Information

Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Forvis Mazars, LLP

**Wichita, Kansas
May 23, 2025**

Suprajit USA, Inc.
Consolidated Balance Sheets
March 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	\$ 7,458,560	\$ 4,796,838
Restricted cash	1,632,152	-
Accounts receivable, net of allowance; 2025 - \$241,346; 2024 - \$133,280	27,815,991	24,356,928
Other receivables	-	2,293,830
Inventories, net	25,776,680	20,687,966
Prepaid expenses and other	5,034,061	1,698,907
Total Current Assets	67,717,444	53,834,469
Property and Equipment, at Cost		
Land and land improvements	1,006,555	545,836
Buildings and leasehold improvements	3,878,515	3,354,814
Machinery and equipment	19,438,623	17,043,044
Office equipment	6,049,787	1,839,473
Transportation equipment	101,348	92,161
Software	416,285	-
Construction in progress	352,849	646,445
	31,243,962	23,521,773
Less accumulated depreciation and amortization	(13,055,711)	(10,124,139)
	18,188,251	13,397,634
Other Assets		
Right-of-use asset - operating leases	16,741,762	8,063,411
Deferred tax assets	1,425,741	1,645,503
Goodwill, net	2,432,372	4,126,093
Definite-lived intangible assets, net	16,132,737	12,777,744
Indefinite-lived intangible assets	1,420,000	1,420,000
Other assets	1,549,728	1,283,109
	39,702,340	29,315,860
Total Assets	\$ 125,608,035	\$ 96,547,963

Suprajit USA, Inc.
Consolidated Balance Sheets
March 31, 2025 and 2024

	2025	2024
Liabilities and Stockholder's Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 4,395,694	\$ 6,000,000
Line of credit	14,001,151	15,079,500
Accounts payable	16,886,217	15,659,127
Accrued interest	1,195,198	227,723
Accrued salaries, wages and commissions	6,075,618	2,010,310
Accrued vacation	499,971	844,470
Accrued warranty	213,792	-
Operating lease liabilities	2,849,441	2,007,716
Income taxes payable	444,190	188,526
Accrued other	3,817,958	2,038,158
Total Current Liabilities	50,379,230	44,055,530
Long-term Liabilities		
Note payable to parent	38,000,000	15,000,000
Long-term debt, less current maturities	13,500,000	19,500,000
Deferred income taxes	1,004,014	146,577
Other long-term liabilities	2,469,005	2,205,863
Operating lease liabilities, less current maturities	14,364,207	6,391,588
Total Long-term Liabilities	69,337,226	43,244,028
Stockholder's Equity		
Preferred stock, \$10.00 par value; authorized 1,000,000 shares, issued - none	-	-
Common stock, \$1.00 par value; 10,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000
Additional paid-in capital	44,999,000	29,999,000
Accumulated other comprehensive loss	(1,869,517)	(732,309)
Retained deficit	(37,238,904)	(20,019,286)
Total Stockholder's Equity	5,891,579	9,248,405
Total Liabilities and Stockholder's Equity	\$ 125,608,035	\$ 96,547,963

Suprajit USA, Inc.**Consolidated Statements of Operations and Comprehensive Loss****Years Ended March 31, 2025 and 2024**

	2025	2024
Net Sales	\$ 143,274,685	\$ 126,096,519
Cost of Goods Sold	131,074,225	120,816,885
Gross Profit	12,200,460	5,279,634
Selling, general and administrative expenses	23,642,272	13,911,041
Business acquisition expenses	658,209	-
Operating Loss	(12,100,021)	(8,631,407)
Other Income (Expense)		
Interest expense	(5,220,257)	(3,845,421)
Interest income	112,819	-
Other	851,552	(87,601)
	(4,255,886)	(3,933,022)
Loss Before Income Taxes	(16,355,907)	(12,564,429)
Income Tax Benefit (Expense)	(863,711)	980,450
Net Loss	(17,219,618)	(11,583,979)
Other Comprehensive Loss		
Change in foreign currency translation adjustments	(1,137,208)	(155,545)
Comprehensive Loss	\$ (18,356,826)	\$ (11,739,524)

Suprajit USA, Inc.
Consolidated Statements of Stockholder's Equity
Years Ended March 31, 2025 and 2024

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total
Balance, April 1, 2023	1,000	\$ 29,999,000	\$ (576,764)	\$ (8,435,307)	\$ 20,987,929
Foreign currency translation adjustment	-	-	(155,545)	-	(155,545)
Net loss	-	-	-	(11,583,979)	(11,583,979)
Balance, March 31, 2024	1,000	29,999,000	(732,309)	(20,019,286)	9,248,405
Foreign currency translation adjustment	-	-	(1,137,208)	-	(1,137,208)
Parent debt forgiveness converted to equity	-	15,000,000	-	-	15,000,000
Net loss	-	-	-	(17,219,618)	(17,219,618)
Balance, March 31, 2025	1,000	\$ 44,999,000	\$ (1,869,517)	\$ (37,238,904)	\$ 5,891,579

Suprajit USA, Inc.
Consolidated Statements of Cash Flows
Years Ended March 31, 2025 and 2024

	2025	2024
Operating Activities		
Net loss	\$ (17,219,618)	\$ (11,583,979)
Items not requiring (providing) cash		
Depreciation and amortization	7,655,259	6,086,656
(Gain) loss on disposal of property and equipment	443,179	(34,596)
Deferred income taxes	148,673	(2,913,676)
Changes in operating assets and liabilities:		
Accounts receivable	(8,821,801)	(4,879,248)
Inventories	(41,726)	4,932,602
Prepaid expenses and other	3,951,883	(3,168,869)
Income taxes refundable/payable	255,664	3,156,174
Accounts payable	(5,339,008)	4,225,665
Operating lease liabilities	(197,783)	184,341
Accrued liabilities	970,102	419,115
Net Cash Used in Operating Activities	(18,195,176)	(3,575,815)
Investing Activities		
Business acquisition, net of cash acquired	(3,509,147)	-
Purchase of property and equipment	(2,181,940)	(697,231)
Proceeds on sale of property and equipment	-	218,174
Net Cash Used in Investing Activities	(5,691,087)	(479,057)
Financing Activities		
Borrowings under line-of-credit agreement	38,423,409	27,947,000
Payments under line-of-credit agreement	(39,501,758)	(28,320,000)
Principal payments on long-term debt	(7,604,306)	(4,500,000)
Borrowing from parent company	38,000,000	10,000,000
Net Cash Provided by Financing Activities	29,317,345	5,127,000
Increase in Cash	5,431,082	1,072,128
Effect of Exchange Rate Changes on Cash	(1,137,208)	(155,545)
Cash, Beginning of Year	4,796,838	3,880,255
Cash, End of Year	\$ 9,090,712	\$ 4,796,838

Supplemental Cash Flows Information

Interest paid	\$ 5,150,291	\$ 3,983,241
Income taxes paid, net of refunds		
Right-of-use assets obtained in exchange for new	732,021	592,669
Operating lease liabilities	-	2,500,251
Liabilities assumed in business combination	25,780,661	-
Parent debt forgiveness converted to equity	15,000,000	-

Cash at year end is included in the following lines:

Cash	\$ 7,458,560	\$ 4,796,838
Restricted cash	<u>1,632,152</u>	<u>-</u>
Total Cash and Restricted Cash	<u>\$ 9,090,712</u>	<u>\$ 4,796,838</u>

Suprajit USA, Inc.
Notes to Consolidated Financial Statements
March 31, 2025 and 2024

Note 1. Nature of Operations

Suprajit USA, Inc. (the “Company”), through its wholly-owned subsidiaries, earns revenues predominately from the manufacturing of high performance mechanical controls for the automotive, outdoor power equipment, recreational vehicle, agricultural and construction equipment markets. Products are sold primarily to manufacturers internationally.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Wescon Controls LLC, Suprajit Brownsville, LLC, Suprajit Mexico S de RLde CV, Suprajit Hungary Kft., Shanghai Lone Star Cable Co. Ltd, Suprajit Germany GmbH, Suprajit Morocco SARL, SCS Polska Sp. z o.o., Suprajit (Jiaxing) Automotive Systems Co. Ltd and Suprajit Canada Limited (see Note 11). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation

The functional currency of the Company is the U.S. dollar. The local currencies of certain of the Company’s foreign operation are the Mexican Peso, the Hungarian Forint, the Chinese Yuan, the Euro, the Moroccan Dirham, and the Polish zloty. Transactions denominated in currencies other than the functional currency are recorded based on the exchange rates at the time such transactions arise. Subsequent changes in the exchange rates result in transaction gains and losses that are reflected in the consolidated statement of operations and comprehensive loss.

Cash

As of March 31, 2025, the Company had cash balances of \$252,000 that were in excess of U.S. federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts.

Accounts receivable are ordinarily due 30 days after the issuance of the invoice and up to 120 days for certain customers. Accounts outstanding longer than the agreed payment terms are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

During the years ended March 31, 2025 and 2024, credit loss expense related to doubtful accounts receivable, where collectability is not reasonably assured, was \$351,865 and \$66,062, respectively.

Suprajit USA, Inc.**Notes to Consolidated Financial Statements****Inventories**

Inventories consist of raw materials, work in process and finished goods. Inventories are stated at the lower of standard cost or net realizable value using the FIFO (first-in, first-out) method.

Property and Equipment

Property and equipment acquisitions are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements and right-of-use assets under operating leases are amortized over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land improvements	20 years
Buildings and leasehold improvements	10-20 years
Machinery and equipment	2-10 years
Office equipment	3-10 years
Transportation equipment	3-5 years

Depreciation and amortization expense totaled \$2,972,965 and \$2,500,632 for the years ended March 31, 2025 and 2024, respectively.

Goodwill

The Company has elected the private company accounting alternative for the subsequent measurement of goodwill. Under this alternative, goodwill is amortized on a straight-line basis over 10 years. The Company evaluates the recoverability of the carrying value of goodwill at the entity level whenever events or circumstances indicate the carrying amount may not be recoverable.

In testing goodwill for impairment, the Company has the option first to perform a qualitative assessment to determine whether it is more likely than not that goodwill is impaired or the entity can bypass the qualitative assessment and proceed directly to the quantitative test by comparing the carrying amount, including goodwill, of the entity with its fair value. The goodwill impairment loss, if any, is measured as the amount by which the carrying amount of an entity, including goodwill, exceeds its fair value. Subsequent increases in goodwill value are not recognized in the financial statements.

Intangible Assets

Intangible assets with finite lives are being amortized on the straight-line basis over periods ranging from 10 to 13

Indefinite-lived intangibles include trade names. Certain trade names are not subject to amortization, but are tested for impairment on an annual basis or whenever an impairment indicator is identified. The Company performs its annual impairment testing in the fourth quarter for all indefinite-lived intangibles.

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during 2025 or 2024.

Suprajit USA, Inc.**Notes to Consolidated Financial Statements****Income Taxes**

The Company accounts for income taxes in accordance with income tax accounting guidance (Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to the management's judgment.

The Company recognizes interest and penalties on income taxes as a component of income tax expense. The Company files consolidated income tax returns with its subsidiary.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. See Note 7 for additional information about the Company's revenue.

Shipping and Handling Costs

Shipping and handling costs of \$4,223,715 and \$2,442,949 for 2025 and 2024, respectively, are included in cost of goods sold and operating expenses.

Comprehensive Loss

Comprehensive income consists of net loss and other comprehensive loss, net of applicable income taxes. Other comprehensive loss includes foreign currency translations adjustments in 2025 and 2024.

Suprajit USA, Inc.**Notes to Consolidated Financial Statements****Derivative Financial Instruments and Hedge Accounting**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are included in Other expenses on the consolidated statement of operations and comprehensive income (loss). Total realized loss on derivative contracts as of March 31, 2025 and 2024, was \$1,626,017 and \$40,700, respectively. Unrealized gain (loss) on derivative contracts as of March 31, 2025 and 2024 was \$(57,205) and \$548,339, respectively.

Suprajit USA, Inc.
Notes to Consolidated Financial Statements
March 31, 2025 and 2024

Note 2. Inventories

Inventory consisted of the following at March 31:

	<u>2025</u>	<u>2024</u>
Manufacturing inventories		
Raw materials	\$ 23,006,455	\$ 20,454,357
Work-in-process and finished goods	9,605,718	5,619,041
Reserve for obsolete inventory	<u>(6,835,493)</u>	<u>(5,385,432)</u>
	<u>\$ 25,776,680</u>	<u>\$ 20,687,966</u>

Note 3. Acquired Intangible Assets and Goodwill

The carrying basis and accumulated amortization of recognized intangible assets at March 31, 2025 and 2024:

	<u>2025</u>			<u>2024</u>	
	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Goodwill	10 Years	\$ 16,937,212	\$ 14,504,840	\$ 16,937,212	\$ 12,811,119
Definite-lived intangible assets					
Tradenames	10 Years	1,957,500	376,062	1,957,500	376,062
Patents	10 Years	5,220,000	1,566,000	5,220,000	1,002,824
Customer relationships	11 Years	<u>22,473,800</u>	<u>11,576,501</u>	<u>16,850,000</u>	<u>9,870,870</u>
		<u>\$ 46,588,512</u>	<u>\$ 28,023,403</u>	<u>\$ 40,964,712</u>	<u>\$ 24,060,875</u>
Indefinite-lived intangible assets		<u>\$ 1,420,000</u>		<u>\$ 1,420,000</u>	

Amortization expense for the years ended March 31, 2025 and 2024, was \$4,187,915 and \$2,896,585, respectively. Estimated amortization expense for each of the following five years is:

2026	\$ 4,313,587
2027	3,358,517
2028	2,619,866
2029	2,619,866
2030	1,895,920

Suprajit USA, Inc.
Notes to Consolidated Financial Statements
March 31, 2025 and 2024

Note 4. Line of Credit

The Company has a \$20,000,000 revolving line of credit which is due on demand. At March 31, 2025 and 2024, there was \$14,001,151 and \$15,079,500 borrowed against this line, respectively. The line is collateralized by substantially all of the Company's assets and is guaranteed by the Parent, Suprajit Engineering Limited. Interest on the line varies with the SOFR rate plus 1.5%, which was 5.93% and 6.94% at March 31, 2025 and 2024, respectively.

In connection with the new line of credit and term loan commitment (see Note 5), the Company's Parent, Suprajit Engineering Limited, is required, among other things, to maintain certain financial conditions, including maintaining a consolidated debt service coverage ratio, and a consolidated leverage ratio.

Note 5. Long-term Debt

	2025	2024
Note payable, Parent (A)	\$ -	\$ 15,000,000
Note payable, Bank (B)	17,895,694	25,500,000
Note payable, Parent (C)	10,000,000	-
Note payable, Parent (D)	5,000,000	-
Note payable, Parent (E)	5,000,000	-
Note payable, Parent (F)	18,000,000	-
	55,895,694	40,500,000
	(4,395,694)	(6,000,000)
Less current maturities	\$ 51,500,000	\$ 34,500,000

(A) Unsecured term loan with Parent, Suprajit Engineering Limited, with a total commitment of \$20,000,000. Due December 1, 2031; principal payments beginning April 1, 2027, payable \$1,000,000 per quarter. Interest payable quarterly at the rate of interest of the line of credit, see Note 4. During fiscal year 2025, this loan was forgiven by the Parent and was subsequently converted to equity.

(B) Originally for \$30,000,000 maturing in March 2028, requiring monthly interest payments at SOFR rate plus 1.50 percent (5.93 percent as of March 31, 2025). Quarterly principal payments of \$1,500,000 are due until maturity. The loan is secured by substantially all of the Company's assets. The loan is guaranteed by the Parent company, Suprajit Engineering Limited.

(C) Unsecured term loan with Parent, Suprajit Engineering Limited, with a total commitment of \$10,000,000. Due June 10, 2034; principal payments beginning April 1, 2029, payable \$250,000 per quarter. Interest payable quarterly at the rate of interest of the line of credit, see Note 4.

(D) Unsecured term loan with Parent, Suprajit Engineering Limited, with a total commitment of \$5,000,000. Due June 27, 2034; principal payments beginning April 1, 2029, payable \$250,000 per quarter. Interest payable quarterly at the rate of interest of the line of credit, see Note 4.

(E) Unsecured term loan with Parent, Suprajit Engineering Limited, with a total commitment of \$5,000,000. Due November 15, 2034; principal payments beginning April 1, 2029, payable \$250,000 per quarter. Interest payable quarterly at the rate of interest of the line of credit, see Note 4.

(F) Unsecured term loan with Parent, Suprajit Engineering Limited, with a total commitment of \$18,000,000. Due December 10, 2034; principal payments beginning April 1, 2029, payable \$250,000 per quarter. Interest payable quarterly at the rate of interest of the line of credit, see Note 4.

Aggregate annual maturities of long-term debt payments at March 31, 2025, are:

2026	\$	4,395,694
2027		6,000,000
2028		6,000,000
2029		10,000,000
2030		5,500,000
Thereafter		<u>24,000,000</u>
	\$	<u>55,895,694</u>

Suprajit USA, Inc.
Notes to Consolidated Financial Statements
March 31, 2025 and 2024

Note 6. Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

The Company combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its manufacturing and warehouse space.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. As the leases did not provide an implicit rate, the Company used its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Company has elected not to record leases with an initial term of 12 months or less on the consolidated balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Company has entered into the following lease arrangements:

Operating Leases

Wescon leases two facilities for manufacturing and warehouse space that expire on January 1, 2026. There are no remaining lease renewal options under the agreement.

Suprajit Brownsville, LLC leases three facilities for warehouse space that expire on various dates through March 2029. There are remaining lease renewal options that can be executed. The entity also three leases for machinery and equipment that expire in February 2024.

Suprajit Mexico S de RLde CV leases facilities for manufacturing and warehouse space that expire through March 2028. There are remaining lease renewal options that can be executed under the agreement.

Suprajit Hungary Kft. leases a facility for manufacturing and warehouse space that expires in December 2029. There are no remaining lease renewal options under the agreement. The entity also leases certain office and transportation equipment that expire on various dates through September 2028.

Shanghai Lone Star Cable Co. Ltd leases a facility for manufacturing and warehouse space that expires in June 2033. There are remaining lease renewal options that can be executed under the agreement. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Suprajit Morocco Sarl leases facilities for manufacturing space that expire through March 2036. There are remaining lease renewal options that can be executed under the agreement. The entity also leases certain Equipment and transportation equipment that expire on various dates through September 2028.

Suprajit Germany GmbH leases facilities for Equipment and transportation equipment that expire on various dates through September 2027.

Suprajit USA, Inc.**Notes to Consolidated Financial Statements****All Leases**

The Company has no material related-party leases.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The ROU assets obtained in exchange for operating lease liabilities are classified within buildings and leasehold improvements, machinery and equipment, office equipment or transportation equipment in the consolidated balance sheets.

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 612,931	\$ 1,311,125
Other Information:		
Cash paid for amounts included in the measurement of operating lease liabilities		
Right-of-use assets obtained in exchange for new	1,698,295	1,684,742
Operating lease liabilities	2,933,174	2,933,174
Weighted-average remaining lease term - operating leases	8.20 years	6.58 years
Weighted-average discount rate - operating leases	4.97%	4.84%

Future minimum lease payments and reconciliation to the consolidated balance sheet at March 31, 2025, are as follows:

	<u>Operating Leases</u>
2026	\$ 2,985,322
2027	2,592,103
2028	5,544,390
2029	1,668,245
2030	836,716
Thereafter	10,304,200
Total future undiscounted lease payments	23,930,976
Less interest	<u>(6,717,328)</u>
Lease liabilities	<u>\$ 17,213,648</u>

Suprajit USA, Inc.
Notes to Consolidated Financial Statements
March 31, 2025 and 2024

Note 7. Revenue from Contracts with Customers

Performance Obligations

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring distinct goods or providing services to customers.

The Company's revenue consists substantially of mechanical controls sales and is reported net of sales discounts, rebates, incentives, returns and other allowances offered to customers. The Company recognizes revenue when performance obligations under the terms of contracts with its customers are satisfied, which occurs when control passes to a customer to enable them to direct the use of and obtain benefit from a product. This typically occurs when a customer obtains legal title, obtains the risks and rewards of ownership, has received the goods according to the contractual shipping terms either at the shipping point or destination and is obligated to pay for the product.

All of the Company's revenue is recognized at a point in time. Customary terms require payment within 30 days, and for certain customers, deposits may be required in advance of shipment.

Accounting Policies and Practical Expedients Elected

For shipping and handling activities, the Company is applying an accounting policy election, which allows an entity to account for shipping and handling activities as fulfillment activities rather than a promised good or service when the activities are performed, even if those activities are performed after the control of the good has been transferred to the customer. Therefore, the Company expenses shipping and handling costs at the time revenue is recognized. The Company classifies shipping and handling expenses in operating expenses in the consolidated statements of income and comprehensive loss.

The Company is also applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes the Company collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

For incremental costs of obtaining a contract, the Company elected a practical expedient, which permits an entity to recognize incremental costs to obtain a contract as an expense when incurred if the amortization period is less than one year. This election had an immaterial effect on the Company's consolidated financial statements.

Suprajit USA, Inc.
Notes to Consolidated Financial Statements
March 31, 2025 and 2024

Note 8. Income Taxes

The benefit for income taxes includes these components:

	2025	2024
Taxes currently payable	\$ 734,624	\$ 1,933,226
Deferred income taxes	129,087	(2,913,676)
Income Tax Expense (Benefit)	\$ 863,711	\$ (980,450)

A reconciliation of income tax benefit at the statutory rate to the Company's actual income tax benefit is shown below:

	2025	2024
Computed at the statutory rate - 21% Increase (decrease) resulting from	\$ (3,457,399)	\$ (2,252,808)
Goodwill amortization and other nondeductible items	443,191	21,745
State income taxes	(523,908)	(498,250)
Foreign taxes	231,521	225,052
Change in valuation allowance	4,786,685	2,940,516
Return to provision	14,289	(482,130)
US foreign tax credit	(80,905)	(1,182,878)
Effect of statutory rate variances	(549,763)	248,303
Actual Tax Expense (Benefit)	\$ 863,711	\$ (980,450)

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	2025	2024
Deferred tax assets		
Allowance for doubtful accounts	\$ 23,846	\$ 29,504
Inventory overhead costs capitalized for tax purposes	330,848	336,524
Obsolete inventory reserve	539,642	507,744
Accrued expenses	1,911,446	2,361,941
Unrealized gain/loss	(152,740)	45,399
163(j) interest limitation	2,609,780	1,412,080
Net operating loss carryforward	4,624,015	1,681,819
Foreign tax credit	1,263,783	1,182,878
Deferred tax liabilities		
Depreciation	(242,584)	(196,385)
Prepays	(139,026)	(494,530)
Leases	73,554	(62,006)
Goodwill and other intangibles	(2,432,130)	(2,104,020)
Net Deferred Tax Asset (Liability)	\$ 8,410,434	\$ 4,700,948

Suprajit USA, Inc.
Notes to Consolidated Financial Statements

Valuation allowance	<u>2025</u>	<u>2024</u>
Beginning balance	\$ (3,202,022)	\$ (261,506)
Increase during the period	(4,786,685)	(2,940,516)
Ending balance	<u>(7,988,707)</u>	<u>(3,202,022)</u>
Net Deferred Tax Asset (Liability)	<u>\$ 421,727</u>	<u>\$ 1,498,926</u>
Net deferred tax asset	\$ 1,425,741	\$ 1,645,503
Net deferred tax liability	<u>(1,004,014)</u>	<u>(146,577)</u>
Net Deferred Tax Asset (Liability)	<u>\$ 421,727</u>	<u>\$ 1,498,926</u>

The FASB Staff Q&A, Topic 740, No. 5, Accounting for Global Intangible Low-Taxed Income, states that an entity can make an accounting policy election to either recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years to provide for the tax expense related to GILTI in the year the tax is incurred as a period expense only. The Company has elected to account for GILTI in the year the tax is incurred. The Company recorded GILTI tax expense of \$0 for both years ended March 31, 2025 and 2024. Tax expense related to GILTI is included as a component of income tax expense.

Suprajit USA, Inc.
Notes to Consolidated Financial Statements
March 31, 2025 and 2024

Note 9. Employee Benefit Plans

The Company's wholly-owned subsidiary, Wescon, sponsors a defined contribution 401(k) plan that covers substantially all of its U.S. employees. The subsidiary contributes a specified percentage of each participant's annual compensation up to certain limits defined in the 401(k) plan. The subsidiary's charge to expense amounted to approximately \$293,312 and \$341,744 for the years ended March 31, 2025 and 2024, respectively.

The Company also maintains certain benefit plans for full-time employees in its Shanghai plant as required by the respective federal labor laws. Amounts contributed to these plans amounted to approximately \$643,387 and \$729,000 for the year ended March 31, 2025 and 2024, respectively.

Note 10. Related-Party Transactions

Suprajit Engineering Limited (the "Parent Company"), has guaranteed the term loan and the line of credit with the bank (see Note 4 and Note 5). The Parent Company charges fees to the Company to guarantee the debt. The Parent Company also charges interest to the Company for the outstanding loan balance (see Note 4 and Note 5).

Suprajit Automotive Private Limited is a related party under common control that provides warehousing services to the Company and its subsidiaries.

Suprajit Europe Limited is a related party under common control that provides warehousing services to the Company and its subsidiaries.

	2025	2024
Amounts Receivable		
Suprajit Engineering Limited	\$ 539	\$ 10,421
Suprajit Automotive Private Limited	132,631	58,327
Suprajit Europe Limited	22,782	-
Total	\$ 155,952	\$ 68,748
Amounts Payable		
Suprajit Engineering Limited	\$ 38,641,627	\$ 15,000,301
Suprajit Automotive Private Limited	263,140	-
Suprajit Europe Limited	211,143	82,480
Total	\$ 39,115,910	\$ 15,082,781
Revenues		
Suprajit Engineering Limited	\$ -	\$ 13,294
Suprajit Automotive Private Limited	945,063	-
Suprajit Europe Limited	144,000	4,492
Total	\$ 1,089,063	\$ 17,786
Expenditures		
Suprajit Engineering Limited	\$ 3,275,215	\$ 1,735,909
Suprajit Automotive Private Limited	210,694	231,358
Suprajit Europe Limited	386,173	235,695
Total	\$ 3,872,082	\$ 2,202,962

Suprajit USA, Inc.
Notes to Consolidated Financial Statements
March 31, 2025 and 2024

Note 11. Business Combination

On June 9, 2024, the Company, entered into share and asset purchase agreement for acquisition of the business of Stahlschmidt Cable Systems (SCS) out of insolvency proceedings in Germany. First stage of acquisition completed effective from July 1, 2024.

On July 1, 2024, the Company acquired the Light Duty Cables maker business unit of Stahlschmidt Cable Systems (SCS) which consists of Suprajit Germany GmbH, Suprajit Morocco SARL and SCS Polska Sp. z o.o. under a single Share and Asset Purchase Agreement (SAPA). The SCS business unit is engaged in the development, manufacture and sales of mechanical and electro-mechanical light-duty cables used in the automotive and off-highway applications.

This acquisition allows for the opportunity to increase manufacturing capacity and expand internationally. The SCS business unit consists of one manufacturing plants located in Morocco along with a distribution center in Germany.

In 2025, the Company incurred \$658,209 of acquisition-related third-party costs. No goodwill was recorded as part of this transaction.

Suprajit USA, Inc.**Notes to Consolidated Financial Statements**

The following table summarizes the consideration paid and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

Fair Value of Consideration Transferred

Cash Paid	\$ 5,065,912
Total	\$ 5,065,912

Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed

Property, plant and equipment	5,676,683
Customer relationship	5,823,993
Patents	994,453
Right to use of asset	9,625,058
Inventories	5,244,407
Trade receivables	793,954
Cash and cash equivalents	1,556,765
Other financial assets	20,696
Other current assets	1,110,564
Lease liabilities	(9,625,058)
Trade payables	(3,585,529)
Other financial liabilities	(5,082,758)
Other current liabilities	(7,487,316)
Total Identifiable Net Assets	\$ 5,065,912
Goodwill/(Bargain Purchase)	\$ -

The weighted-average amortization period of acquired patents and tradename is each 10 years of which 9 years is remaining.

The fair value of the assets acquired includes receivables with a fair value of \$793,954. The gross amount due under the contracts is \$793,954, of which \$0 is expected to be uncollectible.

Suprajit USA, Inc.
Notes to Consolidated Financial Statements
March 31, 2025 and 2024

Note 12. Reliance on Third-party Liquidity

The Company has received a commitment from its Parent to provide additional funds during the next year to meet liquidity needs not covered by operating cash flows.

Note 13. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

Major Customers

One customer made up approximately 15% of the Company's total revenue during the year ended March 31, 2025. Two customer made up approximately 27% of the Company's total revenue during the year ended March 31, 2024. At March 31, 2025, credit extended to one customers was approximately 20% of accounts receivable. No customers represented more than 10% of accounts receivable as of March 31, 2024.

Note 14. Subsequent Events

On April 1, 2025, the Company entered into a purchase agreement with Stahlschmidt Cable Systems to purchase their operations in Jiaxing, China and Canadian operations in the province of Ontario (the "Tranche 2 transaction"). The Trance 2 transaction was executed in two separate asset purchase agreements for a total purchase price of approximately \$4,400,000. There was approximately \$1,600,000 paid prior to year-end to escrow that is to be applied to the total purchase price. The purchase was made to further expand the global operations of the company in providing light duty cable systems to the Company's customers and to increase the vertical integration of the business.

Supplementary Information

Suprajit USA, Inc.
Consolidating Schedule – Balance Sheet Information
As of March 31, 2025

	Suprajit USA, Inc.	Wescon Controls, LLC	Suprajit Brownsville, LLC	Suprajit Mexico S de RL de CV	Suprajit Hungary Kft.	Shanghai Lone Star Cable Co. Ltd.	Suprajit Germany GmbH	Suprajit Morocco SARL	SCS Polska Sp. z o.o.	Suprajit (Jiaxing) Automotive Systems Co. Ltd.	Suprajit Canada Limited	Total	Eliminating Entries	Consolidated
Current Assets														
Cash	253,617	301,155	366,840	73,380	437,375	2,552,316	540,562	727,890	61,259	2,142,409	1,757	7,458,560	-	7,458,560
Restricted cash	1,632,152	-	-	-	-	-	-	-	-	-	-	1,632,152	-	1,632,152
Accounts receivable, net	5,794,361	3,613,002	10,143,733	4,307,258	4,587,178	4,465,209	7,490,805	2,855,600	820,224	-	-	44,077,370	(16,261,379)	27,815,991
Inventories, net	-	8,868,705	6,274,520	-	2,766,271	847,248	2,745,562	4,274,374	-	-	-	25,776,680	-	25,776,680
Prepaid expenses and other	-	170,387	350,626	1,316,690	1,693,847	12,666	783,231	704,491	-	2,123	-	5,034,061	-	5,034,061
Total current assets	7,680,130	12,953,249	17,135,719	5,697,328	9,484,671	7,877,439	11,560,160	8,562,355	881,483	2,144,532	1,757	83,978,823	(16,261,379)	67,717,444
Property and Equipment, at Cost														
Land and land improvements	-	545,836	-	-	-	-	460,719	-	-	-	-	1,006,555	-	1,006,555
Buildings and leasehold improvements	-	2,805,512	-	308,512	332,872	-	115,180	316,439	-	-	-	3,878,515	-	3,878,515
Machinery and equipment	-	6,065,853	6,424,236	1,293,832	3,291,732	-	225,060	2,137,910	-	-	-	19,438,623	-	19,438,623
Office equipment	-	1,030,962	187,428	54,919	139,771	601,343	89,969	3,945,395	-	-	-	6,049,787	-	6,049,787
Transportation equipment	-	44,097	45,148	2,369	-	-	9,734	-	-	-	-	101,348	-	101,348
Software	-	-	-	-	26,283	-	108,150	281,852	-	-	-	416,285	-	416,285
Construction in progress	-	87,978	107,512	-	131,834	25,525	-	-	-	-	-	352,849	-	352,849
	-	10,580,238	6,764,324	1,659,632	3,922,492	626,868	1,008,812	6,681,596	-	-	-	31,243,962	-	31,243,962
Less accumulated depreciation and amortization	-	(8,178,847)	(2,346,049)	(569,328)	(820,645)	(30,152)	(67,984)	(1,042,706)	-	-	-	(13,055,711)	-	(13,055,711)
	-	2,401,391	4,418,275	1,090,304	3,101,847	596,716	940,828	5,638,890	-	-	-	18,188,251	-	18,188,251
Other Assets														
Investment in subsidiary	42,906,014	-	-	-	-	-	-	-	-	-	-	42,906,014	(42,906,014)	-
Due from affiliates and other related parties	29,878,131	-	-	-	-	1,199,491	-	-	-	-	-	31,077,622	(31,077,622)	-
Right-of-use asset - operating leases	-	261,133	656,371	1,789,531	2,931,805	2,399,388	86,047	8,617,487	-	-	-	16,741,762	-	16,741,762
Deferred tax assets	-	-	-	1,425,741	-	-	-	-	-	-	-	1,425,741	-	1,425,741
Goodwill, net	-	2,432,372	-	-	-	-	-	-	-	-	-	2,432,372	-	2,432,372
Indefinite-lived intangible assets	-	1,420,000	-	-	-	-	-	-	-	-	-	1,420,000	-	1,420,000
Definite-lived intangible assets, net	-	5,695,284	3,654,000	-	-	1,581,438	5,202,015	-	-	-	-	16,132,737	-	16,132,737
Other assets	16,591	-	-	261,552	114,800	619,054	-	-	-	537,731	-	1,549,728	-	1,549,728
	72,800,736	9,808,789	4,310,371	3,476,824	3,046,605	5,799,371	5,288,062	8,617,487	-	537,731	-	113,685,976	(73,983,636)	39,702,340
Total assets	\$ 80,480,866	\$ 25,163,429	\$ 25,864,365	\$ 10,264,456	\$ 15,633,123	\$ 14,273,526	\$ 17,789,050	\$ 22,818,732	\$ 881,483	\$ 2,682,263	\$ 1,757	\$ 215,853,050	\$ (90,245,015)	\$ 125,608,035

Suprajit USA, Inc.
Consolidating Schedule – Balance Sheet Information – Continued
As of March 31, 2025

	Suprajit	Wescon	Suprajit	Suprajit Mexico	Suprajit	Shanghai Lone	Suprajit Germany	Suprajit Morocco	SCS Polska	Suprajit (Jiaxing)	Suprajit Canada	Eliminating		
	USA, Inc.	Controls, LLC	Brownsville, LLC	S de RLde CV	Hungary Kft.	Star Cable Co. Ltd.	GmbH	SARL	Sp. z o.o.	Automotive Systems Co. Ltd.	Limited	Total	Entries	Consolidated
Current Liabilities														
Current maturites of long-term debt	4,395,694	-	-	-	-	-	-	-	-	-	-	4,395,694	-	4,395,694
Line of credit	14,001,151	-	-	-	-	-	-	-	-	-	-	14,001,151	-	14,001,151
Accounts payable	59,178	2,452,173	13,955,554	610,551	3,570,645	3,342,075	7,148,245	1,543,627	35,930	-	-	32,717,978	(15,831,761)	16,886,217
Accrued interest	1,193,683	-	-	-	-	-	218,574	-	-	-	-	1,412,257	(217,059)	1,195,198
Accrued salaries, wages and commissions	-	1,128,294	-	1,238,237	586,648	569,228	515,890	171,895	1,865,426	-	-	6,075,618	-	6,075,618
Accrued vacation	-	266,742	169,262	63,967	-	-	-	-	-	-	-	499,971	-	499,971
Accrued warranty	-	-	122,980	-	-	90,812	-	-	-	-	-	213,792	-	213,792
Operating lease liabilities	-	329,510	324,686	615,253	351,769	225,620	50,955	951,648	-	-	-	2,849,441	-	2,849,441
Income taxes payable	-	-	-	31,130	115,027	-	-	16,300	281,733	-	-	444,190	-	444,190
Accrued other	1,570,064	34,670	7,561	101,632	118,710	69,789	-	2,045,840	81,866	385	-	4,030,517	(212,559)	3,817,958
Total current liabilities	21,219,770	4,211,389	14,580,043	2,660,770	4,742,799	4,297,524	7,933,664	4,729,310	2,264,955	385	-	66,640,609	(16,261,379)	50,379,230
Long-term Liabilities														
Note payable to parent	38,000,000	-	-	-	-	-	-	-	-	-	-	38,000,000	-	38,000,000
Long-term debt, less current maturities	13,500,000	-	-	-	-	-	-	-	-	-	-	13,500,000	-	13,500,000
Intercompany loans payable	-	-	8,246,000	-	2,936,370	-	5,627,585	13,065,562	-	1,199,491	2,614	31,077,622	(31,077,622)	-
Deferred income taxes	-	-	-	-	-	182,774	821,240	-	-	-	-	1,004,014	-	1,004,014
Other long-term liabilities	-	148,321	-	2,320,684	-	-	-	-	-	-	-	2,469,005	-	2,469,005
Operating lease liabilities, less current maturities	-	(38,559)	405,892	1,288,798	2,560,304	2,334,745	36,105	7,776,922	-	-	-	14,364,207	-	14,364,207
Total long-term liabilities	51,500,000	109,762	8,651,892	3,609,482	5,496,674	2,517,519	6,484,930	20,842,484	-	1,199,491	2,614	100,414,848	(31,077,622)	69,337,226
Stockholder's Equity														
Common stock	1,000	-	5,621,950	2,522	8,973	-	26,763	10,934,329	770,144	-	-	17,365,681	(17,364,681)	1,000
Additional paid-in capital	44,999,000	23,375,761	21,610,235	(446,683)	3,156,526	650,413	6,736,460	(10,948,361)	(3,294,583)	1,500,000	-	87,338,768	(42,339,768)	44,999,000
Accumulated other comprehensive income (loss)	-	-	-	42,996	(945,918)	(756,778)	(89,314)	(43,155)	(60,107)	(17,241)	-	(1,869,517)	-	(1,869,517)
Retained earnings (deficit)	(37,238,904)	(2,533,483)	(24,599,755)	4,395,369	3,174,069	7,564,848	(3,303,453)	(2,695,875)	1,201,074	(372)	(857)	(54,037,339)	16,798,435	(37,238,904)
Total stockholder's equity	7,761,096	20,842,278	2,632,430	3,994,204	5,393,650	7,458,483	3,370,456	(2,753,062)	(1,383,472)	1,482,387	(857)	48,797,593	(42,906,014)	5,891,579
Total liabilities and stockholder's equity	\$ 80,480,866	\$ 25,163,429	\$ 25,864,365	\$ 10,264,456	\$ 15,633,123	\$ 14,273,526	\$ 17,789,050	\$ 22,818,732	\$ 881,483	\$ 2,682,263	\$ 1,757	\$ 215,853,050	\$ (90,245,015)	\$ 125,608,035

Suprajit USA, Inc.
Consolidating Schedule – Statement of Operations and Comprehensive Income (Loss)
Year Ended March 31, 2025

	Suprajit USA, Inc.	Wescon Controls, LLC	Suprajit Brownsville, LLC	Suprajit Mexico S de RL de CV	Suprajit Hungary Kft.	Shanghai Lone Star Cable Co. Ltd.	Suprajit Germany GmbH	Suprajit Morocco SARL	SCS Polska Sp. z o.o.	Suprajit (Jiaxing) Automotive Systems Co. Ltd.	Suprajit Canada Limited	Total	Eliminating Entries	Consolidated
Net Sales	-	36,899,495	51,833,334	22,556,820	23,273,710	11,822,790	21,663,285	13,672,781	2,047,578	-	-	183,769,793	(40,495,108)	143,274,685
Cost of Goods Sold	-	29,496,662	55,538,785	20,324,431	21,425,074	8,938,694	18,506,951	16,713,402	383,366	-	-	171,327,365	(40,253,140)	131,074,225
Gross Profit	-	7,402,833	(3,705,451)	2,232,389	1,848,636	2,884,096	3,156,334	(3,040,621)	1,664,212	-	-	12,442,428	(241,968)	12,200,460
Selling, general and administrative expenses	1,112,141	7,384,194	2,513,864	1,180,006	1,845,653	2,584,433	6,341,023	1,324,024	181,405	372	857	24,467,972	(825,700)	23,642,272
Business acquisition expenses	658,209	-	-	-	-	-	-	-	-	-	-	658,209	-	658,209
Operating Income (Loss)	(1,770,350)	18,639	(6,219,315)	1,052,383	2,983	299,663	(3,184,689)	(4,364,645)	1,482,807	(372)	(857)	(12,683,753)	583,732	(12,100,021)
Other Income (Expense)														
Interest expense	(4,832,808)	(293,213)	(479,788)	-	(212,626)	-	(217,089)	(299,301)	-	-	-	(6,334,825)	1,114,568	(5,220,257)
Interest income	1,207,398	-	-	-	-	-	-	19,989	-	-	-	1,227,387	(1,114,568)	112,819
Other	(1,101,322)	305,442	(8,977)	22,810	(21,128)	279,100	11,277	1,948,082	-	-	-	1,435,284	(583,732)	851,552
	(4,726,732)	12,229	(488,765)	22,810	(233,754)	279,100	(205,812)	1,668,770	-	-	-	(3,672,154)	(583,732)	(4,255,886)
Income (Loss) Before Income Taxes	(6,497,082)	30,868	(6,708,080)	1,075,193	(230,771)	578,763	(3,390,501)	(2,695,875)	1,482,807	(372)	(857)	(16,355,907)	-	(16,355,907)
Income Tax Benefit (Expense)	(705,841)	1,329,085	(580,805)	(367,741)	(231,522)	(112,202)	87,048	-	(281,733)	-	-	(863,711)	-	(863,711)
Net Loss From Subsidiary	(10,016,695)	-	-	-	-	-	-	-	-	-	-	(10,016,695)	10,016,695	-
Net Income (Loss)	(17,219,618)	1,359,953	(7,288,885)	707,452	(462,293)	466,561	(3,303,453)	(2,695,875)	1,201,074	(372)	(857)	(27,236,313)	10,016,695	(17,219,618)
Other Comprehensive Income (Loss)														
Change in foreign currency translation adjustments	-	-	-	(803,079)	(102,639)	(21,673)	(89,314)	(43,155)	(60,107)	(17,241)	-	(1,137,208)	-	(1,137,208)
Comprehensive Income (Loss)	\$ (17,219,618)	\$ 1,359,953	\$ (7,288,885)	\$ (95,627)	\$ (564,932)	\$ 444,888	\$ (3,392,767)	\$ (2,739,030)	\$ 1,140,967	\$ (17,613)	\$ (857)	\$ (28,373,521)	\$ 10,016,695	\$ (18,356,826)

Suprajit USA, Inc.
Consolidating Schedule – Statement of Stockholders' Equity (Deficit)

	Suprajit USA, Inc.	Wescon Controls, LLC	Suprajit Brownsville, LLC	Suprajit Mexico S de RL de CV	Suprajit Hungary Kft.	Shanghai Lone Star Cable Co. Ltd.	Suprajit Germany GmbH	Suprajit Morocco SARL	SCS Polska Sp. z o.o.	Suprajit (Jiaxing) Automotive Systems Co. Ltd.	Suprajit Canada Limited	Total	Eliminating Entries	Consolidated
Common Stock														
Balance, April 1, 2023	\$ 1,000	\$ -	\$ 5,621,950	\$ 2,522	\$ 8,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,634,445	\$ (5,633,445)	\$ 1,000
Balance, March 31, 2024	1,000	-	5,621,950	2,522	8,973	-	-	-	-	-	-	5,634,445	(5,633,445)	1,000
Acquisition of shares from SCS entities	-	-	-	-	-	-	26,763	10,934,329	770,144	-	-	11,731,236	(11,731,236)	-
Balance, March 31, 2025	\$ 1,000	\$ -	\$ 5,621,950	\$ 2,522	\$ 8,973	\$ -	\$ 26,763	\$ 10,934,329	\$ 770,144	\$ -	\$ -	\$ 17,365,681	\$ (17,364,681)	\$ 1,000
Additional Paid in Capital														
Balance, April 1, 2023	\$ 29,999,000	\$ 29,333,075	\$ 21,610,235	\$ 2,703,377	\$ 3,156,526	\$ 650,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,452,626	\$ (57,453,626)	\$ 29,999,000
Capital (paid) received from subsidiary	-	(1,662,314)	-	-	-	-	-	-	-	-	-	(1,662,314)	1,662,314	-
Dividends paid to parent on behalf of subsidiaries	-	-	-	(3,150,060)	-	-	-	-	-	-	-	(3,150,060)	3,150,060	-
Balance, March 31, 2024	29,999,000	27,670,761	21,610,235	(446,683)	3,156,526	650,413	-	-	-	-	-	82,640,252	(52,641,252)	29,999,000
Capital (paid) received from subsidiary	-	-	-	-	-	-	6,736,460	(10,948,361)	(3,294,583)	1,500,000	-	(6,006,484)	6,006,484	-
Parent debt forgiveness converted to equity	15,000,000	-	-	-	-	-	-	-	-	-	-	15,000,000	-	15,000,000
Dividends paid to parent on behalf of subsidiaries	-	(4,295,000)	-	-	-	-	-	-	-	-	-	(4,295,000)	4,295,000	-
Balance, March 31, 2025	\$ 44,999,000	\$ 23,375,761	\$ 21,610,235	\$ (446,683)	\$ 3,156,526	\$ 650,413	\$ 6,736,460	\$ (10,948,361)	\$ (3,294,583)	\$ 1,500,000	\$ -	\$ 87,338,768	\$ (42,339,768)	\$ 44,999,000
Accumulated Other Comprehensive Income														
Balance, April 1, 2023	\$ -	\$ -	\$ -	\$ 475,455	\$ (621,087)	\$ (431,132)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (576,764)	\$ -	\$ (576,764)
Foreign currency translation adjustment	-	-	-	370,620	(222,192)	(303,973)	-	-	-	-	-	(155,545)	-	(155,545)
Balance, March 31, 2024	-	-	-	846,075	(843,279)	(735,105)	-	-	-	-	-	(732,309)	-	(732,309)
Foreign currency translation adjustment	-	-	-	(803,079)	(102,639)	(21,673)	(89,314)	(43,155)	(60,107)	(17,241)	-	(1,137,208)	-	(1,137,208)
Balance, March 31, 2025	\$ -	\$ -	\$ -	\$ 42,996	\$ (945,918)	\$ (756,778)	\$ (89,314)	\$ (43,155)	\$ (60,107)	\$ (17,241)	\$ -	\$ (1,869,517)	\$ -	\$ (1,869,517)
Retained Earnings (Deficit)														
Balance, April 1, 2023	\$ (8,435,307)	\$ (1,355,892)	\$ (10,747,913)	\$ 2,387,136	\$ 4,857,819	\$ 7,599,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,694,196)	\$ (2,741,111)	\$ (8,435,307)
Net income (loss)	(11,583,979)	(2,537,544)	(6,562,957)	1,300,781	(1,221,457)	(501,674)	-	-	-	-	-	(21,106,830)	9,522,851	(11,583,979)
Balance, March 31, 2024	(20,019,286)	(3,893,436)	(17,310,870)	3,687,917	3,636,362	7,098,287	-	-	-	-	-	(26,801,026)	6,781,740	(20,019,286)
Net income (loss)	(17,219,618)	1,359,953	(7,288,885)	707,452	(462,293)	466,561	(3,303,453)	(2,695,875)	1,201,074	(372)	(857)	(27,236,313)	10,016,695	(17,219,618)
Balance, March 31, 2025	\$ (37,238,904)	\$ (2,533,483)	\$ (24,599,755)	\$ 4,395,369	\$ 3,174,069	\$ 7,564,848	\$ (3,303,453)	\$ (2,695,875)	\$ 1,201,074	\$ (372)	\$ (857)	\$ (54,037,339)	\$ 16,798,435	\$ (37,238,904)

Suprajit USA, Inc.
Consolidating Schedule – Statement of Cash Flows
Year Ended March 31, 2025

	Suprajit USA, Inc.	Wescon Controls, LLC	Suprajit Brownsville, LLC	Suprajit Mexico S de RLde CV	Suprajit Hungary Kft.	Shanghai Lone Star Cable Co. Ltd.	Suprajit Germany GmbH	Suprajit Morocco SARL	SCS Polska Sp. z o.o.	Suprajit (Jiaxing) Automotive Systems Co. Ltd.	Suprajit Canada Limited	Total	Eliminating Entries	Consolidated
Operating Activities														
Net income (loss)	(17,219,618)	1,359,953	(7,288,885)	707,452	(462,293)	466,561	(3,303,453)	(2,695,875)	1,201,074	(372)	(857)	(27,236,313)	10,016,695	(17,219,618)
Items not requiring (providing) cash														
Depreciation and amortization	-	3,578,661	1,383,595	200,481	444,675	444,370	1,603,477	-	-	-	-	7,655,259	-	7,655,259
(Gain) Loss on sale of property and equipment	-	16	-	283,011	230	-	(21,483)	-	181,405	-	-	443,179	-	443,179
Deferred income taxes	705,841	(1,329,085)	580,805	219,762	-	78,636	(107,286)	-	-	-	-	148,673	-	148,673
Equity in income of subsidiary	10,016,695	-	-	-	-	-	-	-	-	-	-	10,016,695	(10,016,695)	-
Changes in operating assets and liabilities exclusive of effects of business combination														
Accounts receivable	(541,006)	(285,921)	630,375	(178,855)	763,985	930,814	(6,465,369)	(2,855,600)	(820,224)	-	-	(8,821,801)	-	(8,821,801)
Inventories	-	174,895	1,199,073	-	805,501	(12,024)	(2,745,562)	536,391	-	-	-	(41,726)	-	(41,726)
Prepaid expenses and other	436,021	1,125,108	(294,768)	(674,517)	(590,386)	393,769	635,589	1,513,244	1,947,292	(539,469)	-	3,951,883	-	3,951,883
Income taxes refundable/payable	-	-	-	(11,337)	(31,032)	-	-	16,300	281,733	-	-	255,664	-	255,664
Accounts payable	-	114,388	165,350	(207,459)	22,509	(66,880)	(6,946,473)	1,543,627	35,930	-	-	(5,339,008)	-	(5,339,008)
Operating lease liabilities	-	(16,727)	3,799	13,691	(54,207)	(256,435)	1,013	111,083	-	-	-	(197,783)	-	(197,783)
Accrued liabilities	965,960	-	-	263,142	(259,000)	-	-	-	-	-	-	970,102	-	970,102
Net cash provided by (used in) operating activities	(5,636,107)	4,721,288	(3,620,656)	615,371	639,982	1,978,811	(17,349,547)	(1,830,830)	2,827,210	(539,841)	(857)	(18,195,176)	-	(18,195,176)
Investing Activities														
Purchase of property and equipment	-	(338,524)	(113,070)	-	-	(197,048)	(1,381,271)	29,378	(181,405)	-	-	(2,181,940)	-	(2,181,940)
Contributions received (paid)	(4,224,752)	-	-	-	-	-	6,763,223	(14,032)	(2,524,439)	-	-	-	-	-
Business combination, net of cash acquired	-	-	-	-	-	-	6,969,886	(10,479,033)	-	-	-	(3,509,147)	-	(3,509,147)
Net cash provided by (used in) investing activities	(4,224,752)	(338,524)	(113,070)	-	-	(197,048)	12,351,838	(10,463,687)	(2,705,844)	-	-	(5,691,087)	-	(5,691,087)
Financing Activities														
Borrowings under line-of-credit agreement	38,423,409	-	-	-	-	-	-	-	-	-	-	38,423,409	-	38,423,409
Payments under line-of-credit agreement	(39,501,758)	-	-	-	-	-	-	-	-	-	-	(39,501,758)	-	(39,501,758)
Principal payments on long-term debt	(7,604,306)	-	-	-	-	-	-	-	-	-	-	(7,604,306)	-	(7,604,306)
Borrowings from parent	38,000,000	-	-	-	-	-	-	-	-	-	-	38,000,000	-	38,000,000
Borrowings under notes receivable from affiliates	(23,639,967)	-	3,744,206	-	(300,000)	(1,199,491)	5,627,585	13,065,562	-	2,699,491	2,614	-	-	-
Dividends received (paid) to parent	4,295,000	(4,295,000)	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) financing activities	9,972,378	(4,295,000)	3,744,206	-	(300,000)	(1,199,491)	5,627,585	13,065,562	-	2,699,491	2,614	29,317,345	-	29,317,345
Effect of exchange rate changes on cash	-	-	-	(803,079)	(102,639)	(21,673)	(89,314)	(43,155)	(60,107)	(17,241)	-	(1,137,208)	-	(1,137,208)
Increase (Decrease) in Cash	111,519	87,764	10,480	(187,708)	237,343	560,599	540,562	727,890	61,259	2,142,409	1,757	4,293,874	-	4,293,874
Cash and restricted cash, Beginning of Year	1,774,250	213,391	356,360	261,088	200,032	1,991,717	-	-	-	-	-	4,796,838	-	4,796,838
Cash and restricted cash, End of Year	\$ 1,885,769	\$ 301,155	\$ 366,840	\$ 73,380	\$ 437,375	\$ 2,552,316	\$ 540,562	\$ 727,890	\$ 61,259	\$ 2,142,409	\$ 1,757	\$ 9,090,712	\$ -	\$ 9,090,712