CP Industries Holdings, Inc.

Financial Statements

As of and for the Years Ended
March 31, 2025 and 2024

CP Industries Holdings, Inc.

Contents

Independent Auditor's Report

To Mr. Vinodkumar Varma
Suresh Surana & Associates LLP
3rd Floor, A-Wing, Technopolis Knowledge Park,
Mahakali Caves Road, Andheri (E), Mumbai 400 093

In accordance with your *Group Reporting Instructions* dated 11 April 2025, we have audited, for purposes of your audit of the consolidated financial statements of Everest Kanto Cylinder Limited, the special purpose financial statements of CP Industries Holdings, Inc. as of 31 March 2025 and 2024 and for the years then ended.

Management's Responsibility for the special purpose financial statements

Management is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and the group's accounting policies for inclusion in the consolidated financial statements of Everest Kanto Cylinder Limited and is intended solely for that purpose. Management is also responsible for such internal controls as necessary to enable the preparation and fair presentation of component financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the US GAAP special purpose financial statements for the year ended 31 March 2025, based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("US GAAS") and in accordance with International Standards on Auditing (ISAs), adapted as necessary based on your instructions for purpose of your audit of the consolidated financial statements of Everest Kanto Cylinder Limited.

Auditing standards generally accepted in the United States of America and International Standards on Auditing (ISAs) require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the US GAAP special purpose financial statements for the year ended 31 March 2024 is free from material misstatement. As requested by Suresh Surana & Associates LLP (the "Group Auditor") we planned and performed our audit using the materiality level specified in the *Group Reporting Instructions* from the Group Auditor, which is different than the materiality level that we would have used had we been designing the audit to express an opinion on the financial information of the component alone.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the component financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the component financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the component financial information 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the US GAAP special purpose financial statements for the year ended 31 March 2025 and 2024.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The conclusions reached in forming our opinion are based on the component materiality level specified by you in the context of the audit of the consolidated financial statements of the group.

Opinion

In our opinion, the accompanying special purpose financial statements referred to above present fairly, in all material respects based on component materiality, accordance with accounting principles generally accepted in the United States of America and in accordance with US GAAP. The accompanying special purpose financial statements are not intended to be a complete presentation of CP Industries Holdings, Inc.'s results of operations and financial position and do not contain all required informative disclosures.

Restriction on Use and Distribution

This accompanying special purpose financial statements have been prepared for purposes of providing information to Everest Kanto Cylinder Limited to enable it to prepare the consolidated financial statements of the group. As a result, the accompanying special purpose financial statements is not a complete set of financial statements of CP Industries Holdings, Inc. in accordance with accounting principles generally accepted in the United States of America and is not intended to present fairly, in all material respects, the financial position of CP Industries Holdings, Inc. as of March 31, 2025 and 2024, or the results of its operations, or its cash flows for the year then ended in accordance with these financial reporting frameworks. The special purpose financial information may, therefore, not be suitable for another purpose.

This report is intended solely for the information and use of the management of CP Industries Holdings, Inc. and Everest Kanto Cylinder Limited and Suresh Surana & Associates LLP and should not be used by anyone other than these specified parties.

Urish Popeck & Co., LLC

Urish Popeck & Co., LLC

May 20, 2025
Pittsburgh, PA

CP Industries Holdings, Inc.

Balance Sheets

March 31,	**2025**	2024
Assets		
Current Assets		
Cash and cash equivalents	**$ 217,967**	$ 1,204,380
Cash - restricted	**105,000**	105,000
Accounts receivable, net	**10,035,978**	4,623,013
Inventories - Note 2	**8,801,569**	15,291,942
Operating lease right-of-use assets - Note 10	**33,296**	74,099
Prepaid expenses and other current assets	**3,529,372**	3,243,556
Total Current Assets	**22,723,182**	24,541,990
Property, Plant and Equipment, net - Note 3	**13,081,419**	9,625,544
Inventory (non-current), net - Note 2	**3,375,778**	2,834,571
Other assets - related party - Note 11	**240,001**	480,000
Total Assets	**$ 39,420,380**	$ 37,482,105
Liabilities and Stockholder's Equity (Deficit)		
Current Liabilities		
Revolving line of credit - Note 4	**$ 3,220,097**	$ 4,633,061
Accounts payable	**1,851,708**	1,916,192
Accounts payable - related parties - Note 11	**-**	402,766
Operating lease liabilities - Note 10	**33,297**	40,802
Contract liabilities	**8,954,394**	11,623,689
Post-retirement obligation - current portion - Note 7	**857**	1,706
Accrued expenses and other current liabilities	**951,430**	548,833
Total Current Liabilities	**15,011,783**	19,167,049
Long-term Liabilities		
Accrued pension - Note 6	**206,084**	659,802
Post-retirement obligation - Note 7	**104,727**	123,417
Operating lease liabilities - Note 10	**-**	33,297
Royalty expense payable - related party - Note 9	**7,143,953**	6,345,744
Notes payable - related parties - Note 5	**-**	21,142,400
Accrued interest - related parties - Note 5	**-**	6,647,505
Total Liabilities	**22,466,547**	54,119,214
Stockholder's Equity (Deficit)		
Common stock, $.01 par value, 1,000 shares authorized, 100 shares issued and outstanding	**1**	1
Paid-in capital	**37,448,754**	8,999,999
Accumulated deficit	**(20,876,091)**	(25,849,565)
Accumulated other comprehensive loss	**381,169**	212,456
Total Stockholder's Equity (Deficit)	**16,953,833**	(16,637,109)
Total Liabilities and Stockholder's Equity (Deficit)	**$ 39,420,380**	$ 37,482,105

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

CP Industries Holdings, Inc.

Statements of Operations and Comprehensive Income (Loss)

For the Years Ended March 31,	**2025**	2024
Sales	**$ 44,229,539**	$ 31,799,775
Cost of Goods Sold	**32,966,775**	23,011,164
Gross Profit	**11,262,764**	8,788,611
Selling, General and Administrative Expenses	**3,789,108**	3,624,478
Royalty Expense - Note 9	**965,353**	667,472
Income from operations	**6,508,303**	4,496,661
Other Income (Expense)		
Other income	**118,280**	11,149
Interest expense	**(1,101,386)**	(1,794,817)
Income Before Income Taxes	**5,525,197**	2,712,993
Provision for Income Taxes - Note 8	**551,723**	185,738
Net Income	**4,973,474**	2,527,255
Other Comprehensive Income (Loss)		
Pension adjustment	**118,785**	702,835
Post-retirement plan adjustment	**(35,899)**	(25,937)
Comprehensive Income	**$ 5,056,360**	$ 3,204,153

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

CP Industries Holdings, Inc.

Statements of Changes in Accumulated Other Comprehensive Income (Loss) by Component

For the Years Ended March 31, 2025 and 2024	Pension	Other Post-retirement Benefits	Total
Balance - March 31, 2023	$ (878,623)	$ 410,447	$ (468,176)
Other comprehensive income (loss) before reclassifications	345,528	16,633	362,161
Amounts reclassified from accumulated other comprehensive income (loss) - Notes 6 and 7	357,307	(38,836)	318,471
Comprehensive income (loss)	702,835	(22,203)	680,632
Balance - March 31, 2024	$ (175,788)	$ 388,244	$ 212,456
Other comprehensive income (loss) before reclassifications	174,151	8,521	182,672
Amounts reclassified from accumulated other comprehensive income (loss) - Notes 6 and 7	24,269	(38,228)	(13,959)
Comprehensive income (loss)	198,420	(29,707)	168,713
Balance - March 31, 2025	$ 22,632	$ 358,537	$ 381,169

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

CP Industries Holdings, Inc.

Statements of Changes in Stockholder's Equity (Deficit)

For the Years Ended March 31, 2025 and 2024	Common Stock	Paid-in Capital	Accumulated Equity (Deficit)	Accumulated Other Comprehensive Loss	Total Stockholder's Equity (Deficit)
Balance - March 31, 2023	$ 1	$ 8,999,999	$ (28,376,820)	$ (468,176)	$ (19,844,996)
Net loss	-	-	2,527,255	-	2,527,255
Pension adjustment	-	-	-	702,835	702,835
Post-retirement plan adjustment	-	-	-	(22,203)	(22,203)
Balance - March 31, 2024	$ 1	8,999,999	(25,849,565)	212,456	(16,637,109)
Conversion of Related-party debt	-	28,448,755	-	-	28,448,755
Net income	-	-	4,973,474	-	4,973,474
Pension adjustment	-	-	-	198,420	198,420
Post-retirement plan adjustment	-	-	-	(29,707)	(29,707)
Balance - March 31, 2025	$ 1	$ 37,448,754	$ (20,876,091)	$ 381,169	$ 16,953,833

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

CP Industries Holdings, Inc.

Statements of Cash Flows

For the Years Ended March 31,		**2025**		2024
Cash Provided by (Used for) Operating Activities				
Net income	**$**	**4,973,474**	$	2,527,255
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation and amortization		**1,023,102**		922,068
Inventory reserve for slow-moving inventory		**1,305,919**		214,811
Changes in				
Accounts receivable		**(5,412,965)**		1,013,282
Accounts receivable - related parties		**-**		10,616
Prepaid expenses		**(285,816)**		(1,124,561)
Inventories		**4,643,247**		(3,654,125)
Accounts payable		**(64,484)**		(752,996)
Accounts payable - related parties		**(402,766)**		162,202
Accrued interest - related parties		**658,850**		-
Accrued expenses		**402,597**		564,843
Contract liabilities		**(2,669,295)**		1,439,435
Accrued pension and post retirement		**(304,544)**		3,188
Royalty expense payable		**798,209**		624,881
Other assets - related party		**240,000**		-
Net Cash (Used in) Provided by Operating Activities		**4,905,528**		1,950,899
Cash Used for Investing Activities				
Acquisitions of property, plant and equipment		**(4,478,977)**		(1,025,424)
Net Cash Used for Investing Activities		**(4,478,977)**		(1,025,424)
Cash Provided by (Used for) Financing Activities				
Net (payments) borrowings under revolving line of credit		**(1,412,964)**		(111,176)
Net Cash Provided by (Used for) Financing Activities		**(1,412,964)**		(111,176)
Net (decrease) increase in Cash, Cash Equivalents and Restricted Casl		**(986,413)**		814,299
Cash, Cash Equivalents and Restricted Cash - beginning of year		**1,309,380**		495,081
Cash, Cash Equivalents and Restricted Cash - end of year	**$**	**322,967**	$	1,309,380
Supplemental Disclosure of Cash Flow Information				
Cash paid during the year for interest	**$**	**1,101,386**	$	1,794,817
Supplemental Disclosure of Non- Cash Financing Activities				
Conversion of related-party note and accrued interest to equity	**$**	**28,448,755**	$	-

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

1. Summary of Significant Accounting Policies

Organization and Nature of Business

CP Industries Holdings, Inc. (CPI) is a wholly owned subsidiary of Everest Kanto Cylinder Ltd. (EKCL). CPI is located in McKeesport, Pennsylvania and specializes in manufacturing various size and diameter seamless pressure vessels for above ground storage and transportation of various highly pressurized gases. CPI's products are sold to customers such as industrial gas producers and suppliers, the natural gas alternative fuel industry, chemical and petrochemical processing facilities, prime contractors to the U.S. Department of Defense, NASA, public utilities and gas transportation companies.

Estimates

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

Labor Concentration

Approximately 62% of the Company's employees are members of a union subject to a collective bargaining agreement. In January 2024, the union agreement was extended on a three-year contract, and is set to expire in January 2027. The Company expects the agreement will be renewed in the normal course of business.

Cash and cash equivalents

All investments with an original maturity of three months or less when purchased are considered cash equivalents. Substantially all of the Company's cash is with one financial institution located in South Dakota. The Company has never experienced any losses related to these balances as the Company places its cash with the financial institution which management considers of being high quality.

Restricted Cash

We classified $105,000 as restricted cash as of March 31, 2025 and 2024, respectively. Cash is restricted towards customs bonds on import of goods.

1. Summary of Significant Accounting Policies (cont.)

Accounts Receivable - Net

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for uncollectible accounts was approximately $497,005 at March 31, 2025 and $428,865 March 31, 2024, respectively.

Inventories

Inventories are stated at the lower of cost or net realizable value. The Company uses the specific identification method of accounting for the cost of raw material pipe inventory, the first-in, first-out method of accounting for the cost of component parts, and average cost for composite raw material.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost including expenditures for additions and major improvements. Maintenance and repairs which are not considered to extend the useful life of assets are charged to operations as incurred. The cost of assets sold or retired and related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in other income (expense) for the year.

For financial reporting, depreciation of property, plant and equipment is computed on the straight-line method at rates calculated to amortize cost over the estimated useful lives of the assets.

Long lived assets, such as property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third party independent appraisals, as considered necessary. Management has determined that no impairment existed at March 31, 2025 and 2024 based upon its undiscounted cash flows assessment.

1. Summary of Significant Accounting Policies (cont.)

Tax Status

The Company provides for income taxes in accordance with the asset and liability method. Under this method, deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred taxes are also provided for operating losses that are available to offset future taxable income and credits that are available to offset future federal income taxes. A valuation allowance is established for any deferred tax asset for which realization is not considered likely.

The Company utilizes a two-step approach to recognizing and measuring uncertain tax positions accounted for in accordance with the asset and liability method. The first step is to evaluate the tax position for recognition by determining whether evidence indicates that it is more likely than not that a position will be sustained if examined by a taxing authority. The second step is to measure the tax benefit as the largest amount that is 50% likely of being realized upon settlement with a taxing authority. There were no amounts recorded at March 31, 2025 and 2024 related to uncertain tax positions.

The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. There were no interest and penalties recognized in the statements of operations during 2025 or 2024.

1. Summary of Significant Accounting Policies (cont.)

Revenue Recognition and Customer Concentration

The Company accounts for revenue in accordance with FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance.

The guidance outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards, and also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Major provisions include determining which goods and services are distinct and represent separate performance obligations, how variable consideration is recognized, whether revenue should be recognized at a point in time or over time and ensuring the time value of money is considered in the transaction price. The five-step process includes:

a. Identification of the contract, or contracts, with a customer. A contract with a customer exists when (i) we enter into an enforceable contract with a customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services, (ii) the contract has commercial substance, and (iii) we determine that collection of substantially all consideration for goods or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration.

b. Identification of the performance obligations in the contract. Performance obligations promised in a contract are identified based on the goods or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the goods or service either on its own or together with other resources that are readily available from third parties or from us, and are distinct in the context of the contract, whereby the transfer of the goods or services is separately identifiable from other promises in the contract.

c. Determination of the transaction price. The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring goods or services to the customer.

d. Allocation of the transaction price to the performance obligations in the contract. If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis.

e. Recognition of revenue when, or as, the Company satisfies a performance obligation. The Company satisfies performance obligations over time, as discussed in further detail below.

1. Summary of Significant Accounting Policies (cont.)

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenues are derived primarily through sale of products, which include steel and composite pressure vessels. Customers are generally billed 15% to 30% upfront with the remainder billed as the Company satisfies the performance obligations. Net payment terms typically range from 30 to 90 days from the invoice date. Upfront advances and deposits are recorded as contract liabilities until the performance obligation is satisfied. In addition, the Company recognizes revenue from long-term fixed-price production contracts. Billings under certain fixed-price contracts may be based upon the achievement of specified milestones, while some arrangements may require advance customer payment. The contracts do not include significant financing components.

Transfer of control is assessed based on the use of the product distributed and rights to payment for performance under the contract terms. Transfer of control and revenue recognition for the sale of the Company's products occur upon shipment or delivery of the product, which is when title, ownership and risk of loss pass to the customer and is based on the applicable shipping terms. The shipping terms depend on the customer contract. The long-term fixed-price production contracts are recognized over time. Where a performance obligation is satisfied over time, the related revenue is also recognized over time using the method deemed most appropriate to reflect the measure of progress and transfer of control. The recognition of revenues for long-term fixed-price production contracts is upon the satisfaction of certain production milestones specified in the contract, which is an output method. Changes in job performance, job conditions and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

During the years ended March 31, 2025 and March 31, 2024, revenues recognized as of a point in time were $30,280,233 and $24,325,083, respectively, and revenues recognized over time were $13,949,306 and $7,474,692, respectively.

The Company recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company estimates the amount of revenue to be recognized on variable consideration using the expected value (i.e., the sum of a probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount. During the years ended March 31, 2025 and March 31, 2024, there was no variable consideration.

Contracts generally include an assurance type warranty clause to guarantee that the services comply with agreed specifications and free from defects. The warranty period typically is 12 months or less from the date of service. Warranty expenses were not material for the years ended March 31, 2025 and 2024.

1. Summary of Significant Accounting Policies (cont.)

Contract balances are created from the timing of revenue recognition, billings and cash collections which results in trade accounts receivable, contract assets and contract liabilities on the balance sheets. Trade accounts receivable include billed and unbilled amounts currently due from customers and represent unconditional rights to receive consideration. The amounts due are stated at their net estimated realizable value. Contract assets include unbilled amounts typically resulting from sales under fixed-price contracts when the revenue recognized exceeds the amount billed to the customer and the right to payment is conditional on something other than the passage of time. Amounts may not exceed their net realizable value. If the Company receives advances or deposits from customers, a contract liability is recorded. Additionally, a contract liability arises if items of variable consideration result in less revenue being recorded than what is billed. Contract assets and contract liabilities are generally classified as current.

Two customers comprise approximately 67% and 22% of total accounts receivable at March 31, 2025 and 2024. Two customers comprise approximately 46% and 40% of sales in 2025 and 2024. The Company also has five customers that together comprise approximately 83% and 62% of its sales in 2025 and 2024.

Shipping and Handling

Shipping and handling fees billed to customers are classified in the statements of operations in net sales. The associated shipping and handling costs are classified in cost of revenues. Shipping and other transportation costs billed to customers of approximately $65,958 in 2025 and $39,914 in 2024 are included in net sales, whereas shipping and handling costs incurred are recorded in cost of sales.

Defined Benefit and Post-Retirement Benefit Plans

The Company records annual amounts relating to its pension and post-retirement plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in accumulated other comprehensive income and amortized to net periodic cost over future periods using the corridor method. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions. The Company recognizes the over-funded and under-funded status of defined benefit pension and other post-retirement plans as assets or liabilities in its balance sheets. The Company uses a March 31 measurement date for its defined benefit pension and other post-retirement plans.

1. Summary of Significant Accounting Policies (cont.)

Fair Value Measurements

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring and non-recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 - Observable inputs such as quoted prices in active markets for identical investments that the Company has the ability to access.

- Level 2 - Inputs include:
  a. Quoted prices for similar assets or liabilities in active markets;
  b. Quoted prices for identical or 6similar assets or liabilities in inactive markets;
  c. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly;
  d. Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

- Level 3 - Unobservable inputs in which there is little or no market activity for the asset or liability, which require the reporting entity to develop its own estimates and assumptions relating to the pricing of the asset or liability including assumptions regarding risk.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation.

Subsequent Events

Management has evaluated events and transactions subsequent to the balance sheet date through the date of the independent auditor’s report (the day the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any item requiring recognition or disclosure.

2. Inventories

Inventories classified as long-term inventory represents various components, raw pipe, and work-in-progress which are slow moving in nature, and in certain cases not moved in numerous years, but remain in good saleable condition. Management expects to slowly sell items at prices greater than their historical carrying value. As the expected sales are likely to occur at a point in time beyond one-year, these inventories have been classified as long-term.

Inventories consist of the following at March 31:

	2025	2024
Raw materials	**$ 8,734,004**	$ 5,797,744
Work-in-process	**6,346,546**	14,063,279
Finished goods	**601,411**	753,384
	15,681,961	20,614,407
Less: Inventory obsolescence reserve (long-term portion)	**(3,504,614)**	(2,487,894)
Total inventories	**$ 12,177,347**	$ 18,126,513
Current portion	**$ 8,801,569**	$ 15,291,942
Non-current portion	**$ 3,375,778**	$ 2,834,571

3. Property, Plant and Equipment

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

	2025	2024
Land	$ 873,300	$ 873,300
Buildings and improvement	8,343,665	8,106,494
Machinery and equipment	32,899,112	30,989,003
Furniture and fixtures	3,259,010	1,082,907
Software	196,831	196,831
Construction in progress	404,007	248,412
	45,975,925	41,496,947
Less: accumulated depreciation	(32,894,506)	(31,871,403)
Property, Plant and Equipment - Net of Accumulated Depreciation	$ 13,081,419	$ 9,625,544

Depreciation and amortization expense amounted to approximately $1,023,102 for 2025 and $922,068 for 2024.

4. Borrowings – Third Parties

Revolving line of credit, and capital lease obligations consist of the following at March 31:

	2025	2024
Revolving line of credit	$ 3,220,097	$ 4,633,061
Total Debt	$ 3,220,097	$ 4,633,061

4. Borrowings – Third Parties (cont.)

The Company had a credit agreement (as amended) with Citizens Bank of Pennsylvania (Credit Agreement) that includes a revolving line of credit (Revolver). The borrowings under the Credit Agreement are collateralized by substantially all assets of the Company, as well as the shares of the Company, which were pledged by EKC Hungary. The revolving line of credit under the amended Credit Agreement provides the Company with working capital and it is also used for general corporate and business expenses. The maturity date of the Revolver is July 31, 2021 with maximum borrowings of $5,000,000. Commitment fees are equal to 0.25% of the average daily value of the unused Revolver. In February of 2024, the Company entered into the tenth amendment to forbearance agreement and nineteenth amendment to the credit agreement. The amendment restates the definition of “expiration date” to mean May 15, 2024 and the “forbearance agreement” to mean that certain Forbearance and Nineteenth Amendment to Credit Agreement, dated as of February 29, 2024, by and among the Borrower, the Pledgor and the Bank.

On June 6, 2024 (“closing date”), the Company entered into a credit and security agreement with Pathward National Association that includes a revolving line of credit (Revolver). The borrowings under the Credit Agreement are collateralized by substantially all assets of the Company. The revolving line of credit under the amended Credit Agreement provides the Company with working capital and it is also used for general corporate and business expenses. The Revolver has maximum revolving loan amount is $7,500,000. Loan fees include 1% of the maximum revolving loan amount, and on each one-year anniversary of the closing date the Company shall pay Pathward a fee of 0.5% of the maximum revolving loan amount, which will be fully earned and non-refundable as of the closing date and each such one-year anniversary. The Company is required to maintain a financial covenant to be measured within sixty days of year-end. This covenant is defined as a Debt Service Coverage Ratio of not less than 1:1 which is calculated on a trailing 12-month basis beginning March 31, 2025 and on March 31 of each year thereafter. Debt Service Coverage Ratio is to be calculated with the Company’s net income, plus, without duplication and to the extent deducted in determining such net income, (i) interest expense, (ii) income tax expense, and (iii) depreciation and amortization expense as the numerator, and the denominator of which is the sum of principal and interest expense for all debt obligations. As of March 31, 2025, the Company was in compliance with all financial covenants.

5. Notes Payable – Related Parties

The Company has a note payable agreement (as amended) with EKC International FZE, a wholly owned subsidiary of EKCL, which matures on March 31, 2025. The note payable is unsecured and bears interest at the three-month SOFR rate (5.35% at March 31, 2024) plus 1%. The outstanding borrowings and accrued interest are due on maturity. This note is subordinated to the Citizens Bank Credit Agreement (Note 4). The effective interest rate on the related party note payable was 6.35% at March 31, 2024. On September 23, 2024, the note and accrued interest amount of $28,448,755 was converted into equity.

The Company has accrued interest payable on the notes payable - related parties outstanding of approximately $0 at March 31, 2025 and $6,647,505 at March 31, 2024 which are included in accrued interest - related parties in the accompanying balance sheets. The Company incurred interest expense of approximately $658,850 in 2025 and $1,343,491 in 2024 on the notes payable.

6. Retirement Plans

The Company has a noncontributory defined benefit pension plan covering all union employees hired prior to June 1, 2006. The benefits are based on years of service and the applicable compensation levels under the plan. The Company's funding policy is to fund pension cost as determined by actuarial valuation. Contributions are intended to provide not only for benefits attributable to service to date but also for those expected to be earned in the future. The Company uses a March 31 measurement date for its plan.

The following table sets forth the funded status as of March 31:

		2025		2024
Projected and accumulated benefit obligation	**$**	**(4,500,831)**	$	(4,739,489)
Fair value of pension plan assets		**4,152,750**		4,079,687
Under-funded status at end of year	**$**	**(348,081)**	$	(659,802)

The following are the weighted-average assumptions used to determine the benefit obligation and net periodic pension cost at March 31:

	2025	2024
Discount rate	**5.15%**	4.95%
Expected rate of return	**5.00%**	5.00%

Other required disclosures consisted of the following:

		2025		2024
Components of pension expense				
Service costs	**$**	**22,685**	$	22,171
Interest cost on projected benefit obligation		**233,200**		242,394
Return on plan assets		**(198,186)**		(172,545)
Amortization of actuarial loss		**-**		72,009
Net pension expense of defined benefit pension	**$**	**57,699**	$	164,029
Benefits paid	**$**	**320,392**	$	346,861
Contributions	**$**	**171,000**	$	485,000

6. Retirement Plans (cont.)

The following table sets forth the reconciliation of items not yet reflected in net periodic pension cost and components of other changes recognized in other comprehensive income and accumulated other comprehensive income, which consist of actuarial gains:

	March 31, 2024	Amounts Arising During Fiscal Year	March 31, 2025
Comprehensive loss	$ (175,788)	$ 198,420	$ 22,632

The Company is required to make contributions of approximately $171,000 to the plan in fiscal year 2025. Additional cash contributions may also be made at the discretion of the Company's management. The decrease in benefit obligation is due to the increase in discount rate and investment experience being more favorable than expected.

The following tables set forth the fair value of the plan assets as of March 31:

2025	Level 2	Total
Pooled separate account	$ 4,152,750	$ 4,152,750
Total	$ 4,152,750	$ 4,152,750

2024	Level 2	Total
Pooled separate account	$ 4,079,687	$ 4,079,687
Total	$ 4,079,687	$ 4,079,687

The pooled separate account represents an insurance contract under which plan assets are administered through pooled funds. The pooled separate account portfolio may include investments in money market instruments, mutual funds common stocks and government and corporate bonds and notes. At March 31, 2025 and 2024 substantially all investments in the pooled separate account were invested in twenty-one diversified mutual funds. Net asset value is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding as provided by the investment account manager and therefore the pooled separate account is classified in Level 2 of the fair value hierarchy. There are no unfunded commitments or redemption restrictions relating to the pooled separate accounts.

6. Retirement Plans (cont.)

The Company's asset allocation by asset category is as follows at March 31, 2025 and 2024:

	2025	2024
Investments in pooled separate account		
Equity	**38%**	35%
Balanced	**11%**	11%
Income	**51%**	54%

The overall investment policy for the plan assets is to produce a total return commensurate with the portfolio's risk, the constraints of funding on-going plan benefit and expense requirements and the current opportunities in the investment market.

The Company's expected rate of return on plan assets is determined by the plan's historical returns and the targeted mix of investments.

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

Year Ending March 31,		Amount
2026	$	370,439
2027		362,871
2028		361,263
2029		369,664
2030		367,661
2031-2035		1,814,268

The Company also has two 401(k) savings plans which cover substantially all union and non-union employees. For both plans, the Company matches a percentage of the employees' contributions up to a maximum level. The matching contributions to the plans were approximately $34,765 for 2025 and $13,200 for 2024. There were no discretionary contributions made to the non-union employees' plan in 2025 or 2024.

6. Other Post-Retirement Benefit Plan

The Company has a post-retirement plan to provide certain post-retirement benefits for those employees identified in the current collective bargaining agreement. The Company uses a March 31 measurement date for its plan.

7. Other Post-Retirement Benefit Plan (cont.)

The following table sets forth the reconciliation of items not yet reflected in net periodic post-retirement benefit cost and components of other changes recognized in other comprehensive income and accumulated other comprehensive loss:

	Net (Gain) Loss	Net Prior Service Cost	Total
Balance - March 31, 2023	$ 257,136	$ 153,311	$ 410,447
Actuarial loss	16,633	-	16,633
Amount reclassified from accumulated other comprehensive loss			
Amortization of :			
Actuarial (gain) loss	-	(9,636)	(9,636)
Prior service credit	(29,200)	-	(29,200)
	(29,200)	(9,636)	(38,836)
Balance, March 31, 2024	$ 244,569	$ 143,675	$ 388,244
Actuarial loss	8,521	-	8,521
Amount reclassified from accumulated other comprehensive loss			
Amortization of :			
Actuarial (gain) loss	-	(9,636)	(9,636)
Prior service credit	(28,592)	-	(28,592)
	(28,592)	(9,636)	(38,228)
Balance, March 31, 2025	**$ 224,498**	**$ 134,039**	**$ 358,537**

7. Other Post-Retirement Benefit Plan (cont.)

The following is the weighted-average assumption used to determine benefit obligations and net periodic post-retirement benefit cost at March 31:

	2025	2024
Discount rate	**5.05%**	5.00%

Other information concerning the plan is as follows at March 31:

		2025		2024
Components of benefit gain				
Service costs	**$**	**887**	$	823
Interest cost on projected benefit obligation		**5,473**		5,770
Return on plan assets		**(28,592)**		(29,200)
Amortization of prior service cost		**(9,636)**		(9,636)
Net gain of other post-retirement plan	**$**	**(31,868)**	$	(32,243)
Benefits paid	**$**	**10,592**	$	13,788
Employer contribution	**$**	**10,592**	$	13,788

The benefits are not salary based. In general, for measurement purposes, an 10% annual rate of increase in the per capita cost of covered health benefits was assumed as of the measurement date decreasing to 7% over the following eight-year period and remaining at that level until 2030.

The Company expects to contribute approximately $10,000 to the plan in fiscal year 2025, which approximates estimated benefits.

7. Other Post-Retirement Benefit Plan (cont.)

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

Year Ending March 31,	Amount
2026	$ 15,892
2027	12,047
2028	13,597
2029	10,008
2030	11,537
2031-2035	42,663

8. Income Taxes

The provision for (benefit from) income taxes consisted of the following at March 31:

	2025	2024
Currently payable	**$ 551,723**	$ 185,738
Deferred income taxes		
Net operating losses	**2,236,000**	1,072,000
Temporary differences	**313,500**	70,000
Valuation allowance	**(2,549,500)**	(1,142,000)
Provision for income taxes	**$ 551,723**	$ 185,738

8. Income Taxes (cont.)

The Company had the following deferred tax assets and liabilities at March 31:

	2025	2024
Non-current deferred tax assets (liabilities)		
Bad debt	**$ 117,000**	$ 122,000
Inventories	**1,816,000**	714,000
Non-deductible accruals	**2,034,000**	3,552,000
Property and equipment	**(896,000)**	(1,093,000)
Net operatig losses	**1,341,000**	3,577,000
Pension and post-retirement benefits	**60,000**	149,000
Non-current asset	**4,472,000**	7,021,000
Less: valuation allowance	**(4,472,000)**	(7,021,000)
Net non-current liability	**$ -**	$ -

At March 31, 2025, the Company has approximately $5,400,000 of federal and $2,450,000 of state net operating loss carryforwards. The federal net operating loss carryforwards have no expiration dates. The state net operating loss carryforwards expire at various dates through 2042.

The Company’s 2021 through 2024 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes and the State of Pennsylvania.

Due to the uncertainty of future taxable earnings, the Company believes that it is more likely than not the deferred tax assets will be not be recognized and, therefore, a full valuation allowance is required to offset the deferred income tax assets. The change in valuation allowance was $1,407,500 and $1,142,000 for 2025 and 2024, respectively.

At March 31, 2025, the difference between the Company’s effective rate and the federal statutory rates is due to permanent differences and the valuation allowance.

9. Trade Name License Agreement

The Company maintains a trade name licensing agreement (the Agreement) with EKC Hungary, a related party, under which the Company obtained the non-exclusive rights to use certain trade names and custom computer software. Under the Agreement, the Company is required to pay in quarterly installments, royalties in the amount of 3% of Jumbo sales. The Company accrued for and made royalty payments of $965,675 and $667,739 during the fiscal years ended March 31, 2025 and 2024.

10. Right-of-use Operating Leases

The Company leases certain manufacturing equipment and vehicles under operating lease agreements. Total rent expense was approximately $78,000 for 2025 and 2024. Future minimum operating lease payments are as follows:

Year Ending March 31,	Amount
2026	$ 33,296

	2025
Right-of-use assets	$ 33,296
Operating lease liabilities:	
Lease liabilities - current portion	$ 33,297
Lease liabilities	$ -

10. Right-of-use Operating Leases (cont.)

During the year ended March 31, 2025, the Company had the following cash and non-cash activities associated with its leases:

		2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	39,000
Non-cash investing and financing activities:		
Additions to right-of-use assets obtained from operating lease	$	33,296

Short term lease costs for the year ended March 31, 2025 was approximately $33,297.

As of March 31, 2025, the weighted average remaining lease term for the Company's operating leases was 1.9 years.

The Company does not have access to the rate implicit in the lease and applies the risk-free rate as the discount rate for all leases. The weighted average discount rate associated with operating leases as of March 31, 2025 was 2.59%.

Practical Expedients

The Company elected the following practical expedients:

a. Practical expedients which were elected as a package and applied consistently to all of its leases when applying Topic 842 to leases that commenced before the effective date of Topic 842:
   - The Company need not reassess whether any expired or existing contracts are or contain leases.
   - The Company need not reassess the lease classification for any expired or existing leases.
   - The Company need not reassess initial direct costs for any existing leases.

b. Risk-free interest rate used to calculate the lease liabilities as of April 1, 2022.

11. Related Party Transactions

EKC Europe GmbH, a related party and wholly owned subsidiary of EKC International FZE, provided engineering research and development services to the Company totaling approximately $0 in 2025 and $33,000 in 2024 which are included in selling, general and administrative expenses.

The Company previously prepaid EKCL for the purchase of certain raw material pipe which the Company has not received. The prepaid inventory has been classified within other assets in the accompanying balance sheets. Total prepaid inventory amounts to approximately $240,000 at March 31, 2025 and $480,000 March 31, 2024.

At March 31, 2025 and 2024, there are certain amounts included in receivables from related parties arising from transactions between the Company and EKC and its subsidiaries. These transactions and balances are in the normal course of business operations and are classified as a current asset at March 31, 2025 because they are anticipated to be paid within 12 months from the balance sheet date. The accounts payable - related parties is the result of the pipe purchases and services noted above.

12. Major Supplier

The Company purchased approximately 100% of its steel inventory from two suppliers in 2025 and 100% of its steel inventory from two suppliers in 2024. Company management believes there are adequate alternative suppliers available and that the loss of a major supplier would not materially interrupt business operations. At March 31, 2025 and 2024, accounts payable due one of these suppliers was approximately $468,000.

On March 23, 2018, a 25% tariff on steel imports from certain countries into the United States was imposed by the United States Department of Commerce. Purchases from two of the Company's three largest steel vendors are subject to this tariff. As of March 31, 2025 and 2024, the Company has paid approximately $62,143 and $155,669 in tariffs to the Department of Commerce, respectively.

13. Commitments and Contingencies

Litigation, Claims and Assessments

The Company may be party to lawsuits and other legal matters arising in the normal course of business. Management is not aware of any legal proceedings that could have a material adverse effect on the Company's financial position, results of operations, or cash flows.

Environmental

Due to the nature of its industry, the Company is exposed to environmental risks. The Company has various policies and procedures to avoid environmental contamination and to mitigate the risks of environmental contamination. The Company conducts periodic reviews to identify changes in its environmental risk profile. Liabilities are accrued when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated. The Company is not aware of any environmental claims existing at March 31, 2025. However, there can be no assurance that current regulatory requirements will not change or unknown past noncompliance with environmental laws will not be discovered on the Company's properties.