Vega Industries Ltd USA	
Financial Statements	
For the Period between 1st April 2023 to 31st March, 2024	
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Accorp Partners CPA LLC
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Independent Auditor's Report

To, the Management of Vega Industries Ltd USA

Opinion

We have audited the accompanying financial statements of Vega Industries, Ltd. (a Delaware Corporation), which comprise the balance sheets as of March 31, 2024, and 2023, and the related statements of income, stockholder's equity, and cash flows for the years ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vega Industries, Ltd. as of March 31, 2024, and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vega Industries, Ltd. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about Vega Industries, Ltd.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Vega Industries, Ltd.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vega Industries, Ltd.'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.

Accorp Partners CPA LLC

Accorp Partners CPA LLC
License no: PAC-FIRM-LIC-47383
Date: 6th May 2024

Vega Industries Ltd.
Balance Sheet As of March 31

	2024	2023
<u>**Current Assets**</u>		
Cash and Cash Equivalent	1,752,554	1,630,215
Account Receivable - trade	21,695,085	13,036,582
Other receivable	1,083,410	625,337
Employee advances	-	12,563
Due from related party	-	350,000
Inventory	28,068,069	29,085,609
Prepaid expenses	16,004	10,405
Prepaid income taxes	0	4,075
Total Current Asset	**52,615,122**	**44,754,786**
<u>**Property and equipment, at cost**</u>		
Computer equipment	40,456	35,481
Equipment	191,106	152,506
Vehicles	184,175	40,314
Less accumulated depreciation	(244,001)	(220,084)
Total property and equipment, net	**171,735**	**8,217**
<u>**Other assets**</u>		
Security deposits	2,310	16,295
Other non-current assets	6,312	6,312
Total Assets	**52,795,479**	**44,785,610**

<u>**LIABILITIES AND STOCKHOLDER'S EQUITY**</u>		
<u>**Current liabilities**</u>		
Accounts payable	48,845,470	41,985,667
Accrued liabilities	514,959	312,914
Income taxes payable	-	-
Total current liabilities	**49,360,429**	**42,298,581**
<u>**Stockholder's equity**</u>		
Common stock	50,000	50,000
Retained earnings	3,385,050	2,437,029
Stockholder's equity	**3,435,050**	**2,487,029**
Total liabilities and stockholder's equity	**52,795,479**	**44,785,610**

Vega Industries Ltd.
Statement of Income for the year ended March 31

	2024	2023
Sales, net of returns and discounts	80,571,057	86,135,939
Cost of sales	(75,136,115)	(82,143,643)
Gross profit	**5,434,942**	**3,992,296**
Selling, general, and administrative expenses	(4,160,298)	(3,180,827)
Income from operations	**1,274,645**	**811,469**
Other income (expense)		
Interest income	115	82
Loss on foreign currency transactions	(13,318)	(58,708)
Total other expense	**(13,203)**	**(58,626)**
Income before provision for income taxes	**1,261,442**	**752,843**
Provision for income taxes	(313,420)	(184,420)
Net income	**948,022**	**568,423**

Vega Industries Ltd.
Statement of Stockholder Equity for the year ended March 31

	Common Stock			
	Shares	Amount	Retained Earnings	Total
Balance as at Apr 1 2021	50,000	50,000	1,386,456	1,436,456
Net Income for the year 21-22		-	482,150	482,150
Balance as at March 31 2022	50,000	50,000	1,868,606	1,918,606
Net Income for the year 22-23		-	568,423	568,423
Balance as at March 31 2023	50,000	50,000	2,437,029	2,487,029
Net Income for the year 23-24			948,022	568,423
Balance as at March 31 2024	**50,000**	**50,000**	**3,385,051**	**3,435,051**

Vega Industries Ltd.
Statement of Cash flows for the year ended March 31

	2024	2023
Cash flows from operating activities		
Net income	948,022	568,422
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	24,066	11,497
Loss on disposition of property and equipment	1,725	12,425
Change in operating assets and liabilities:		
Accounts receivable - trade	(8,658,503)	11,994,967
Other receivable	(458,074)	411,198
Employee advances	12,563	6,612
Due from related party	350,000	(350,000)
Inventory	1,017,540	(2,263,739)
Prepaid expenses	(5,599)	(10,405)
Prepaid income taxes	4,075	(4,075)
Other current assets	13,985	-
Other non-current assets	-	(1,891)
Accounts payable	6,859,803	(9,750,489)
Accrued liabilities	202,045	4,110
Income taxes payable	-	(144,971)
Total adjustments	(636,374)	(84,761)
Cash provided by (used in) operating activities	311,649	483,661
Cash flows from investing activities		
Acquisition of property and equipment	(189,309)	(5,889)
Payments received on due from related party		
Cash provided by (used in) investing activities	(189,309)	- 5,889
Net change in cash and cash equivalents	122,340	477,772
Cash and cash equivalents, beginning of the year	1,630,215	1,152,442
Cash and cash equivalents, end of year	1,752,554	1,630,214
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the years for:		
Income taxes	175,592	333,466

See accompanying notes to financial statements

Notes to the Financial Statements

Vega Industries Ltd.

Notes to Financial Statement – March 31, 2024 and 2023

Corporate Information

Vega Industries, Ltd. (the "Company") is a Corporation primarily engaged in the distribution of grinding media and related products to customers in the United States and abroad. The Company was incorporated in the state of Delaware in October 2001. The Company is a wholly-owned subsidiary of Vega Industries, Ltd., a United Kingdom corporation ("Vega UK").

Note A

Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. Estimates are used for, but not limited to, the accounting for doubtful accounts, inventory valuation, and useful lives of property and equipment. Actual results could differ from these estimates.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Company maintains cash balances at one domestic commercial bank, these balances can exceed the FDIC insured deposit limit of $250,000 per financial institution. At March 31, 2024 and 2023, the Company’s cash balances held at the commercial bank exceeded the FDIC limit by $1,502,554 and $1,377,231, respectively. Additionally, the Company maintains insignificant cash balances at one Canadian bank. The Company has not experienced any losses through the date when the financial statements were available to be issued.

Account Receivables - Trade

The Company extends credit to customers located primarily throughout North America based on the size of the customer, its payment history, and other factors. The Company generally does not require collateral to support customer receivables. The Company provides an allowance for doubtful accounts based upon a review of the outstanding accounts receivable, historical collection information and existing economic conditions. The Company determines if receivables are past due based on days outstanding, and amounts are written off when determined to be uncollectible by management. The maximum accounting loss from the credit risk associated with accounts receivable is the amount receivable recorded, which is the face amount of the receivable, net of the allowance for doubtful accounts. The Company did not have any allowances for doubtful accounts on March 31, 2024, and 2023.

Inventory

Inventory, which consists primarily of grinding media, is stated at the lower of weighted-average cost or net realizable value and is valued using the first-in, first-out method. On March 31, 2024, and 2023, the Company determined no provisions are needed for the estimated effect of obsolete and slow-moving inventories.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized. Depreciation of property and equipment is provided using the straight-line method over the estimated useful life of the assets of 5 years.

Leases

The Company adopted ASC 842 – Leases, effective April 1, 2023, with all the available practical expedients, retrospectively at the beginning of the period of adoption. There was no retained earnings impact on the adoption of ASC 842. The Company determines if an arrangement is a lease, or contains a lease, at the inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of each lease. The lease liability is initially and subsequently recognized based on the present value of the contract’s future lease payments.

Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate, if it is readily determinable, or the Company’s incremental borrowing rate. The Company’s incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The Company has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term. When contracts contain lease and non-lease components, the Company accounts for both components as a single lease component.

Revenue

Revenue from the sale of products is recognized when performance obligations under the terms of the contracts with customers are satisfied. The Company's performance obligation generally consists of the promise to deliver grinding media and related products to the customer. Revenue is recognized at a point in time upon when control of the asset is transferred to the customer. The Company's transaction price is usually fixed.

The accounts receivable balance was $21,695,085 on Mar 31, 2024.

Shipping and Handling Costs

The Company classifies shipping and handling amounts billed to customers as revenue and shipping and handling costs as a component of the cost of goods sold.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. 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 the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records valuation allowances against deferred tax assets as deemed necessary.

The Company accounts for the uncertainty in income taxes as prescribed by the minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

The company records interest related to unrecognized tax benefits in interest expense and penalties in selling general, and administrative expenses.

The Company is no longer subject to income tax examinations for years prior to 2019.

Note B

Other Receivables

Other receivable includes a drawback claim for duties on imported materials previously paid under the Canadian Special Import Measures Act.

Note C

Income Taxes

The provision for income taxes consists of the following for the years ended March 31:

Current Income Tax Expense	2024	2023
Federal	$283,047	$152,351
State	$30,373	$32,069
Current Provision for Income Taxes	**313,420**	**184,429**

Note D

Commitment and Contingencies

Litigation

The Company has legal proceedings arising from the normal course of business. The Company believes that the ultimate outcome of the proceedings will not have a material adverse impact on the Company's financial position, results of operations, or cash flows.

Leases

The Company has obligations as a lessee for office space. All leases are classified as operating leases. Payments due under the lease contracts include mainly fixed payments. As of March 31, 2024, the Company did not record a lease liability and a ROU asset as the balances were immaterial to consolidated financial statements. The rent expense was approximately $52,000 and $50,000 for the years ended March 31, 2024 and 2023, respectively.

Note E

Employee Retirement Plans

The Company sponsors an employee retirement plan known as Vega Industries, Ltd. 401(k) Plan. Under the plan, employees may contribute up to the maximum contributions as set periodically by the Internal Revenue Service. The Company matches employee contributions up to a maximum of 50% of the participant's salary deferral, limited to 6% of the employee's salary. Matching contributions were approximately $20,000 and $18,000 by the Company for the years ended March 31, 2024, and 2023, respectively. No discretionary contributions were made for the years ended March 31, 2024, and 2023.

Note F

Concentrations

Significant Vendor

A significant vendor is defined as one from which the company receives at least 10% of its total purchases. The Company purchases a substantial portion of its inventory from Vega Industries (Middle East) F.Z.C. (Vega ME), which is a related party through common ownership and is in Ajman, UAE. Total purchases from Vega ME comprised 100% of the Company's annual purchases on March 31, 2024 and 2023, respectively. The accounts payable balance included approximately $48,845,470 and $41,985,000 to Vega ME at March 31, 2024 and 2023, respectively.

Significant Customer

A significant customer is defined as one from whom at least 10% of annual revenue is derived. The Company had sales to one customer totaling $21,338,764, which comprised approximately 26% of total sales for the year ended March 31, 2024. The accounts receivable balance included approximately $2,687,000 from this customer at March 31, 2024.

The Company had sales to three customers totaling $39,441,000, which comprised approximately 49% of total sales for the year ended March 31, 2024. The accounts receivable balance included approximately $7,892,000 from these three customers on March 31, 2024.

Foreign Revenue

Approximately 19% and 20% of total revenue was generated from customers outside of the United States during the years ended March 31, 2024 and 2023, respectively. The accounts receivables balance included approximately $9,309,000 and $4,296,000 from these customers on March 31, 2024, and 2023, respectively.

Note G

Related Party Transactions

At March 31, 2024, the Company had an Accounts Payable from Vega ME worth USD 48 Million for the purchase of raw materials.

Vega Industries Ltd.

Notes to Financial Statement – March 31, 2024 and 2023

Note H

Subsequent Events

The Company evaluated subsequent events through May 6, 2024, when these financial statements were available to be issued.

Management is not aware of any significant events that occurred subsequent to the balance sheet date, and prior to the filing of this report, that would have a material impact on the financial statements in addition to the office lease renewal disclosed below.

Office Lease Renewal

The Company entered into a lease renewal for its Canada office, effective May 1, 2023. Rent payments related to the lease renewal will be approximately $2,000 per month with the lease expiring on April 30, 2025.