

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-5278

IEH Corporation
(Exact name of registrant as specified in its charter)

New York	13-5549348
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
140 58 th Street, Suite 8E, Brooklyn, NY	11220
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (718) 492-4440

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class:	Trading Symbol(s)	Name of Each Exchange on Which Registered:
Shares of common stock, \$0.01 par value	IEHC	OTC Pink Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 30, 2023, the registrant had 2,380,251 shares of its common stock, par value \$0.01 per share, outstanding.

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I – FINANCIAL INFORMATION</u>	1
Item 1. <u>Financial Statements</u>	1
<u>Condensed Balance Sheets as of September 30, 2023 (unaudited) and March 31, 2023</u>	1
<u>Condensed Statements of Operations for the three and six months ended September 30, 2023 and 2022 (unaudited)</u>	2
<u>Condensed Statements of Changes in Stockholders' Equity for the three and six months ended September 30, 2023 and 2022 (unaudited)</u>	3
<u>Condensed Statements of Cash Flows for the six months ended September 30, 2023 and 2022 (unaudited)</u>	4
<u>Notes to Unaudited Condensed Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	21
Item 4. <u>Controls and Procedures</u>	21
<u>PART II – OTHER INFORMATION</u>	22
Item 1. <u>Legal Proceedings</u>	22
Item 1A. <u>Risk Factors</u>	22
Item 2. <u>Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchase of Equity Securities</u>	22
Item 3. <u>Defaults Upon Senior Securities</u>	22
Item 4. <u>Mine Safety Disclosure</u>	22
Item 5. <u>Other Information</u>	22
Item 6. <u>Exhibits</u>	23
<u>EXHIBIT INDEX</u>	23
<u>SIGNATURES</u>	24

CAUTIONARY NOTE FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act. Any statements contained in this report that are not statements of historical fact may be forward-looking statements. When we use the words “anticipates,” “plans,” “estimates,” “expects,” “believes,” “should,” “could,” “may,” “will” and similar expressions, we are identifying forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future financial events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. Forward-looking statements involve risks and uncertainties described under “Risk Factors” in Part II, Item 1A, and elsewhere in this Quarterly Report on Form 10-Q, and as set forth in Part I, Item 1A, Risk Factors, of our Form 10-K for the fiscal year ended March 31, 2023, filed with the Securities and Exchange Commission (“SEC”) on October 6, 2023, and may include statements related to, among other things: macroeconomic factors, including inflationary pressures, supply shortages and recessionary pressures; accounting estimates and assumptions; pricing pressures on our product caused by competition; the risk that our products will not gain market acceptance; our ability to obtain additional financing; our ability to successfully prevent our registration with the SEC from being suspended or revoked and to timely file our SEC reports; our ability to operate our accounting system and material weaknesses identified in connection with our migration to such accounting system; our ability to protect intellectual property; our ability to integrate our satellite facility into our operations; and our ability to attract and retain key employees. No forward-looking statement is a guarantee of future performance and you should not place undue reliance on any forward-looking statements. Our actual results may differ materially from those projected in any forward-looking statements, as they will depend on many factors about which we are unsure, including many factors beyond our control.

Except as may be required by applicable law, we do not undertake or intend to update or revise our forward-looking statements, and we assume no obligation to update any forward-looking statements contained in this report as a result of new information or future events or developments. Thus, you should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. You should carefully review and consider the various disclosures we make in this report and our other reports filed with the SEC that attempt to advise interested parties of the risks, uncertainties and other factors that may affect our business.

Important factors that could cause actual results to differ materially from the results and events anticipated or implied by such forward-looking statements include, but are not limited to:

- changes in the market acceptance of our products and services;
- increased levels of competition;
- changes in political, economic or regulatory conditions generally and in the markets in which we operate;
- our relationships with our key customers;
- adverse conditions in the industries in which our customers operate;
- our ability to retain and attract senior management and other key employees;
- our ability to quickly and effectively respond to new technological developments;
- our ability to protect our trade secrets or other proprietary rights, operate without infringing upon the proprietary rights of others and prevent others from infringing on our proprietary rights; and
- other risks, including those described in the “Risk Factors” section of this Quarterly Report on Form 10-Q.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

**IEH CORPORATION
CONDENSED BALANCE SHEETS**

	As of	
	September 30, 2023	March 31, 2023
	(Unaudited)	
Assets		
Current assets:		
Cash	\$ 5,984,220	\$ 8,344,706
Accounts receivable	3,092,566	2,985,936
Inventories	9,733,955	9,446,392
Corporate income taxes receivable	1,493,894	1,723,473
Prepaid expenses and other current assets	89,065	96,783
Total current assets	20,393,700	22,597,290
Non-current assets:		
Property, plant and equipment, net	3,534,939	3,865,066
Operating lease right-of-use assets	2,495,633	2,661,779
Security deposit	75,756	75,756
Total assets	\$ 26,500,028	\$ 29,199,891
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 769,291	\$ 1,054,078
Customer advance payments	52,953	20,639
Operating lease liabilities	334,240	317,334
Other current liabilities	833,033	902,149
Total current liabilities	1,989,517	2,294,200
Non-current liabilities:		
Operating lease liabilities, non-current	2,418,296	2,589,121
Total liabilities	4,407,813	4,883,321
Commitments and Contingencies (Note 9)		
Stockholders' Equity		
Common Stock, \$0.01 par value; 10,000,000 shares authorized; 2,370,251 shares issued and outstanding at September 30, 2023 and March 31, 2023	23,703	23,703
Additional paid-in capital	7,758,474	7,566,324
Retained earnings	14,310,038	16,726,543
Total Stockholders' Equity	22,092,215	24,316,570
Total Liabilities and Stockholders' Equity	\$ 26,500,028	\$ 29,199,891

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

IEH CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 4,810,988	\$ 4,193,646	\$ 9,490,833	\$ 8,272,230
Costs and expenses:				
Cost of products sold	3,894,423	4,209,506	8,135,855	9,128,445
Selling, general and administrative	1,821,414	1,230,748	3,378,983	2,239,755
Depreciation and amortization	215,586	257,111	430,822	505,594
Total operating expenses	<u>5,931,423</u>	<u>5,697,365</u>	<u>11,945,660</u>	<u>11,873,794</u>
Operating loss	<u>(1,120,435)</u>	<u>(1,503,719)</u>	<u>(2,454,827)</u>	<u>(3,601,564)</u>
Other income (expense):				
Other income	-	53,977	-	54,053
Interest income (expense), net	19,832	4,400	38,322	4,773
Total other income (expense), net	<u>19,832</u>	<u>58,377</u>	<u>38,322</u>	<u>58,826</u>
Loss before provision for income taxes	(1,100,603)	(1,445,342)	(2,416,505)	(3,542,738)
Provision for income taxes	-	-	-	(806,380)
Net loss	<u>\$ (1,100,603)</u>	<u>\$ (1,445,342)</u>	<u>\$ (2,416,505)</u>	<u>\$ (4,349,118)</u>
Net loss per common share:				
Basic	<u>\$ (0.46)</u>	<u>\$ (0.61)</u>	<u>\$ (1.02)</u>	<u>\$ (1.84)</u>
Diluted	<u>\$ (0.46)</u>	<u>\$ (0.61)</u>	<u>\$ (1.02)</u>	<u>\$ (1.84)</u>
Weighted-average number of common and common equivalent shares (in thousands):				
Basic	<u>2,370</u>	<u>2,370</u>	<u>2,370</u>	<u>2,370</u>
Diluted	<u>2,370</u>	<u>2,370</u>	<u>2,370</u>	<u>2,370</u>

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

IEH CORPORATION
CONDENSED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-in	Earnings	Stockholders'
			Capital		Equity
Balance at March 31, 2022	2,370,251	\$ 23,703	\$ 7,566,324	\$ 23,229,467	\$ 30,819,494
Net loss	-	-	-	(2,903,776)	(2,903,776)
Balance at June 30, 2022	2,370,251	\$ 23,703	\$ 7,566,324	\$ 20,325,691	\$ 27,915,718
Net loss	-	-	-	(1,445,342)	(1,445,342)
Balance at September 30, 2022	<u>2,370,251</u>	<u>\$ 23,703</u>	<u>\$ 7,566,324</u>	<u>\$ 18,880,349</u>	<u>\$ 26,470,376</u>
	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-in	Earnings	Stockholders'
			Capital		Equity
Balance at March 31, 2023	2,370,251	\$ 23,703	\$ 7,566,324	\$ 16,726,543	\$ 24,316,570
Stock-based compensation	-	-	129,600	-	129,600
Net loss	-	-	-	(1,315,902)	(1,315,902)
Balance at June 30, 2023	2,370,251	\$ 23,703	\$ 7,695,924	\$ 15,410,641	\$ 23,130,268
Stock-based compensation	-	-	62,550	-	62,550
Net loss	-	-	-	(1,100,603)	(1,100,603)
Balance at September 30, 2023	<u>2,370,251</u>	<u>\$ 23,703</u>	<u>\$ 7,758,474</u>	<u>\$ 14,310,038</u>	<u>\$ 22,092,215</u>

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

IEH CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (2,416,505)	\$ (4,349,118)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	430,822	505,594
Stock-based compensation	192,150	-
Inventory obsolescence provision	119,912	114,000
Deferred income taxes, net	-	806,380
Operating lease right-of-use assets	251,438	251,438
Changes in assets and liabilities:		
Accounts receivable	(106,630)	743,899
Inventories	(407,475)	(112,974)
Corporate income taxes receivable	229,579	47,050
Prepaid expenses and other current assets	7,718	(25,710)
Accounts payable	(284,787)	(88,105)
Customer advance payments	32,314	(66,119)
Operating lease liabilities	(239,211)	(232,243)
Other current liabilities	(69,116)	(14,435)
Net cash used in operating activities	<u>(2,259,791)</u>	<u>(2,420,343)</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(100,695)	(430,774)
Net cash used in investing activities	<u>(100,695)</u>	<u>(430,774)</u>
Net decrease in cash	(2,360,486)	(2,851,117)
Cash - beginning of period	8,344,706	12,675,271
Cash - end of period	<u>\$ 5,984,220</u>	<u>\$ 9,824,154</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 56	\$ 7
Income Taxes	<u>\$ 2,251</u>	<u>\$ -</u>

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

IEH CORPORATION
Notes to Unaudited Condensed Financial Statements

Note 1 DESCRIPTION OF BUSINESS:

Overview

IEH Corporation (hereinafter referred to as “IEH” or the “Company”) began in New York, New York in 1941. IEH was incorporated in New York in March, 1943.

The Company designs and manufactures HYPERBOLOID connectors that not only accommodate, but exceed military and aerospace specification standards.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying condensed financial statements and the related disclosures as of September 30, 2023 and for the three and six months ended September 30, 2023 and 2022 are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, and the rules and regulations of the SEC for interim financial statements. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. These interim condensed financial statements should be read in conjunction with the March 31, 2023 audited financial statements and notes included in the Annual Report on Form 10-K filed with the SEC on October 6, 2023. The March 31, 2023 balance sheet included herein was derived from the audited financial statements as of that date but does not include all disclosures including notes required by U.S. GAAP for complete financial statements. In the opinion of management, the condensed financial statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of the Company’s financial position and results of operations for the three and six months ended September 30, 2023 and 2022. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the fiscal year ended March 31, 2024 or any other interim period or future year or period.

Revenue Recognition

The core principle underlying Accounting Standards Codification ASC 606 “Revenue from Contracts with Customers” (“ASC 606”), is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASC 606 sets out the following steps for an entity to follow when applying the core principle to its revenue generating transactions:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognize revenue when (or as) each performance obligation is satisfied

The Company recognizes revenue and the related cost of products sold when the performance obligations are satisfied. The performance obligations are typically satisfied upon shipment of physical goods. In addition to the satisfaction of the performance obligations, the following conditions are required for revenue recognition: an arrangement exists, there is a fixed price, and collectability is reasonably assured.

IEH CORPORATION
Notes to Unaudited Condensed Financial Statements

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The Company does not offer any discounts, credits or other sales incentives. Historically, the Company has not had an issue with uncollectible accounts receivable.

The Company will accept a return of defective products within one year from shipment for repair or replacement at the Company's option. If the product is repairable, the Company at its own cost, will repair and return it to the customer. If unrepairable, the Company will provide a replacement at its own cost. Historically, returns and repairs have not been material.

The Company's disaggregated revenue by geographical location is as follows:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2023	2022	2023	2022
Domestic	\$ 4,317,474	\$ 3,392,280	\$ 8,560,905	\$ 6,405,074
International	493,514	801,366	929,928	1,867,156
Total	<u>\$ 4,810,988</u>	<u>\$ 4,193,646</u>	<u>\$ 9,490,833</u>	<u>\$ 8,272,230</u>

Approximately 0.9% and 46.2% of the international net sales for the three months ended September 30, 2023 and 2022, respectively, represent sales to customers located in China.

Approximately 5.9% and 56.8% of the international net sales for the six months ended September 30, 2023 and 2022, respectively, represent sales to customers located in China.

The Company's disaggregated revenue by industry as a percentage of total revenue is provided below:

Industry	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2023	2022	2023	2022
	%	%	%	%
Defense	64.5	46.2	62.6	51.0
Commercial Aerospace	24.8	24.7	22.5	22.6
Space	6.3	13.5	9.5	15.2
Other	4.4	15.6	5.4	11.2
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Inventories

Inventories are comprised of raw materials, work-in-process and finished goods, and are stated at cost, on an average basis, which does not exceed net realizable value. The Company manufactures products pursuant to specific technical and contractual requirements.

The Company reviews its purchase and usage activity of its inventory of parts as well as work in process and finished goods to determine which items of inventory have become obsolete within the framework of current and anticipated orders. The Company estimates which materials may be obsolete and which products in work in process or finished goods may be sold at less than cost. A periodic adjustment, based upon historical experience is made to inventory in recognition of this impairment. The Company's allowance for obsolete inventory was \$552,912 and \$433,000 as of September 30, 2023 and March 31, 2023, respectively, and was reflected as a reduction of inventory.

IEH CORPORATION
Notes to Unaudited Condensed Financial Statements

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

At times, the Company's cash in banks was in excess of the Federal Deposit Insurance Corporation insurance limits. The Company has not experienced any loss as a result of these deposits.

Net Loss Per Share

The Company accounts for earnings per share pursuant to ASC Topic 260, "Earnings per Share", which requires disclosure on the financial statements of "basic" and "diluted" earnings per share. Basic net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding for the reporting period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding plus common stock equivalents (if dilutive) for the reporting period.

Basic and diluted net loss per common share is calculated as follows:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (1,100,603)	\$ (1,445,342)	\$ (2,416,505)	\$ (4,349,118)
Net loss per common share, basic and diluted	\$ (0.46)	\$ (0.61)	\$ (1.02)	\$ (1.84)
Weighted average number of common shares outstanding basic and fully diluted (in thousands)	2,370	2,370	2,370	2,370

Potentially dilutive securities outlined in the table below have been excluded from the computation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive.

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2023	2022	2023	2022
Potentially dilutive options to purchase common shares	472,217	467,217	472,217	467,217

IEH CORPORATION
Notes to Unaudited Condensed Financial Statements

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments, consisting of accounts receivable and accounts payable, approximate their fair value due to the relatively short maturity of these instruments. The Company is exposed to credit risk through its cash but mitigates this risk by keeping these deposits at major financial institutions.

ASC 820, "Fair Value Measurements and Disclosures", provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Fair value is defined as an exit price, representing the amount that would be received upon the sale of an asset or payment to transfer a liability in an orderly transaction between market participants.

Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3- Significant unobservable inputs that cannot be corroborated by market data and inputs that are derived principally from or corroborated by observable market data or correlation by other means.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. The Company utilizes estimates with respect to determining the useful lives of fixed assets, the fair value of stock-based instruments, an incremental borrowing rate for determining for its leases the present value of lease payments, the calculation of inventory obsolescence, as well as determining the amount of the valuation allowance for deferred income tax assets, net. Actual amounts could differ from those estimates.

IEH CORPORATION
Notes to Unaudited Condensed Financial Statements

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Segment Information

The Company identifies its operating segments in accordance with ASC 280, Segment Reporting ("ASC 280"). Operating segments are defined as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker, its Chief Executive Officer, manages the Company's operations on a combined basis for the purposes of allocating resources. Accordingly, the Company has determined it operates and manages its business as a single reportable operating segment.

Depreciation and Amortization

The Company provides for depreciation and amortization on a straight-line basis over the estimated useful lives (5-7 years) of the related assets. Depreciation expense for the three months ended September 30, 2023 and 2022 was \$215,586 and \$257,111 respectively. Depreciation expense for the six months ended September 30, 2023 and 2022 was \$430,822 and \$505,594 respectively.

Stock-Based Compensation

Compensation expense for stock options granted to directors, officers and key employees is based on the fair value of the award on the measurement date, which is the date of the grant. The expense is recognized ratably over the service period of the award. The fair value of stock options is estimated using the Black-Scholes valuation model. The fair value of any other stock awards is generally the market price of the Company's common stock on the date of the grant.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13 – Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), which was subsequently revised by ASU 2018-19 and ASU 2020-02. ASU 2016-13 introduces a new model for assessing impairment on most financial assets. Entities will be required to use a forward-looking expected loss model, which will replace the current incurred loss model, which will result in earlier recognition of allowance for losses. ASU 2016-13 was adopted by the Company on April 1, 2023, which is the beginning of the first interim period of the fiscal year ended March 31, 2024. The Company has evaluated the impact of the adoption of ASU 2016-13, and related updates, and has determined that the impact was not material to its financial statements and disclosures.

The Company has evaluated other recently issued accounting pronouncements and has concluded that the impact of recently issued standards that are not yet effective will not have a material impact on the Company's financial position or results of operations upon adoption.

Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. The Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

IEH CORPORATION
Notes to Unaudited Condensed Financial Statements

Note 3 INVENTORIES:

Inventories are comprised of the following:

	As of	
	September 30, 2023	March 31, 2023
Raw materials	\$ 8,376,898	\$ 8,332,522
Work in progress	1,291,623	1,048,097
Finished goods	618,346	498,773
Allowance for obsolete inventory	(552,912)	(433,000)
	<u>\$ 9,733,955</u>	<u>\$ 9,446,392</u>

Note 4 OTHER CURRENT LIABILITIES:

Other current liabilities are comprised of the following:

	As of	
	September 30, 2023	March 31, 2023
Payroll and vacation accruals	\$ 636,073	\$ 788,136
Sales commissions	48,066	58,685
Other current liabilities	148,894	55,328
	<u>\$ 833,033</u>	<u>\$ 902,149</u>

Note 5 LEASES:

Operating leases

Leases classified as operating leases are included in operating lease right-of use, or ROU, assets, operating lease liabilities and operating lease liabilities, non-current, in the Company's condensed balance sheets.

Condensed balance sheet information related to our leases is presented below:

		As of	
	Condensed Balance Sheet Location	September 30, 2023	March 31, 2023
<i>Operating leases:</i>			
Right-of-use assets	Operating lease right-of-use assets	\$ 2,495,633	\$ 2,661,779
Right-of-use liability, current	Operating lease liabilities, current	\$ 334,240	\$ 317,334
Right-of-use lease liability, long-term	Operating lease liabilities, non-current	\$ 2,418,296	\$ 2,589,121

IEH CORPORATION
Notes to Unaudited Condensed Financial Statements

Note 5 LEASES (Continued):

The lease expense for the three months ended September 30, 2023 and 2022 was \$140,653 and \$143,157, respectively, and for six months ended September 30, 2023 and 2022 was \$280,960 and \$281,879, respectively, which was included in costs of product sold on the Company's condensed statements of operations. In addition to the base rent, the Company pays insurance premiums and utility charges relating to the use of the premises. The Company considers its present facilities to be adequate for its present and anticipated future needs.

The basic minimum annual rental remaining on these leases is \$3,342,372 as of September 30, 2023.

The weighted-average remaining lease term and the weighted average discount rate for operating leases were:

	As of	
	September 30, 2023	March 31, 2023
Other information		
Weighted-average discount rate – operating leases	6.00%	6.00%
Weighted-average remaining lease term – operating lease (in years)	6.3	6.8

The total remaining operating lease payments included in the measurement of lease liabilities on the Company's condensed balance sheet as of September 30, 2023 was as follows:

For the years ended March 31,:	Operating Lease Payments
(Six months ending) March 31, 2024	\$ 243,973
2025	497,684
2026	519,036
2027	547,460
2028	563,891
Thereafter	970,328
Total gross operating lease payments	3,342,372
Less: imputed interest	(589,836)
Total lease liabilities, reflecting present value of future minimum lease payments	<u>\$ 2,752,536</u>

IEH CORPORATION
Notes to Unaudited Condensed Financial Statements

Note 6 INCOME TAXES:

The effective income tax rate for the three months ended September 30, 2023 and 2022 was a provision of 0% on a loss before provision for income taxes of \$1,100,603 and \$1,445,342, respectively. The effective tax rates for the six months ended September 30, 2023 and 2022 were a provision of 0% on a loss before provision for income taxes of \$2,416,505 and a provision of 22.8% on a loss before provision for income taxes of \$3,542,738, respectively. The provision for income taxes of \$0 for the three months ended September 30, 2023 and 2022 and for the six months ended September 30, 2023 was attributable to the loss before provision for income taxes incurred for the period and the impact of recording a full valuation allowance on the Company's deferred tax assets, net. The provision for income taxes of \$806,380 for the six months ended September 30, 2022 represents a charge to record a full valuation allowance of the Company's deferred income tax assets, net, as of April 1, 2022.

Note 7 EQUITY INCENTIVE PLANS:

2011 Equity Incentive Plan

On August 31, 2011, the Company's stockholders approved the adoption of the Company's 2011 Equity Incentive Plan ("2011 Plan") to provide for the grant of stock options and restricted stock awards to purchase up to 750,000 shares of the Company's common stock to all employees, consultants and other eligible participants including senior management and members of the Board of Directors of the Company. The 2011 Equity Incentive Plan expired on August 31, 2021 after which no further awards will be granted under such plan.

2020 Equity Incentive Plan

On November 18, 2020, the Board of Directors approved the Company's 2020 Equity Incentive Plan (the "2020 Plan") for submission to stockholders at the next annual meeting. On December 16, 2020, the Company's stockholders approved the adoption of the 2020 Plan, which provides for options and restricted stock awards to purchase up to 750,000 shares of common stock to award in the future as incentive compensation to employees, management and directors of the Company.

Options granted to employees under the 2020 Plan may be designated as options which qualify for incentive stock option treatment under Section 422A of the Internal Revenue Code, or options which do not qualify (non-qualified stock options).

Under the 2020 Plan, the exercise price of an option designated as an incentive stock option shall not be less than the fair market value of the Company's common stock on the day the option is granted. In the event an option designated as an incentive stock option is granted to a ten percent (10%) or greater stockholder, such exercise price shall be at least 110 percent (110%) of the fair market value of the Company's common stock and the option must not be exercisable after the expiration of ten years from the day of the grant. The 2020 Plan also provides that holders of options that wish to pay for the exercise price of their options with shares of the Company's common stock must have beneficially owned such stock for at least six months prior to the exercise date.

Exercise prices of stock options may not be less than the fair market value of the Company's common stock on the grant date.

The aggregate fair market value of shares subject to options granted to a participant(s), which are designated as incentive stock options, and which become exercisable in any calendar year, shall not exceed \$100,000.

IEH CORPORATION
Notes to Unaudited Condensed Financial Statements

Note 7 EQUITY INCENTIVE PLANS (Continued):

Stock-based compensation expense

Stock-based compensation expense is recorded in selling, general and administrative expenses included in the condensed statements of operations. For the three months ended September 30, 2023 and 2022, stock-based compensation expense was \$62,550 and \$0, respectively. For the six months ended September 30, 2023 and 2022, stock-based compensation expense was \$192,150 and \$0, respectively.

As of September 30, 2023, there was no unrecognized compensation expense related to unamortized stock options. It is the Company's policy that any unrecognized stock-based compensation cost would be adjusted for actual forfeitures as they occur.

There were no options granted during the six months ended September 30, 2022.

The following table provides the stock option activity:

	Shares	Weighted Avg. Grant Date Fair Value	Weighted Avg. Exercise Price	Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Balance as of April 1, 2023	467,217	\$ 7.94	\$ 14.72	5.51	\$ 105
Granted	55,000	3.49	6.55		
Exercised	-	-	-		
Forfeited or Expired	(50,000)	7.22	15.10		
Balance as of September 30, 2023	472,217	\$ 7.50	\$ 13.73	5.34	\$ 361
Exercisable as of September 30, 2023	472,217	\$ 7.50	\$ 13.73	5.34	\$ 361

The aggregate intrinsic value in the table above represents the total pretax intrinsic value (i.e., the difference between the Company's closing stock price on the last trading day of the period and the exercise price, times the number of shares) that would have been received by the option holders had all option holders exercised their in-the-money options on those dates.

Note 8 CASH BONUS PLAN:

In 1987, the Company adopted a cash bonus plan (the "Cash Bonus Plan") for non-union, management and administration staff. Unless otherwise approved by the Compensation Committee of the Board of Directors or the full Board of Directors, the Cash Bonus Plan will only be funded by the Company for payment of bonuses with respect to any fiscal year, when the Company is profitable for such fiscal year. As of September 30, 2023 and March 31, 2023, the Company's accrued bonus was \$185,681 and \$354,250, respectively. Bonus expense recorded for each of the three months ended September 30, 2023 and 2022 was \$100,500. Bonus expense recorded for each of the six months ended September 30, 2023 and 2022 was \$201,000.

IEH CORPORATION
Notes to Unaudited Condensed Financial Statements

Note 9 COMMITMENTS AND CONTINGENCIES:

The Company maintains its operations in facilities located in both New York and Pennsylvania.

On December 1, 2020, the Company entered into a 120 month extension of its lease agreement for an industrial building in Brooklyn, NY, expiring December 1, 2030. Monthly rent at inception was \$20,400, and thereafter, such monthly rent escalates annually to a monthly rent of \$28,426 for the final year of the lease term. The Company maintains a security deposit of \$40,800, which is included in other assets on the accompanying condensed balance sheet.

On January 29, 2021, the Company entered into an 87 month lease agreement for an industrial building in Allentown, Pennsylvania, expiring March 30, 2028. Monthly rent at inception was \$18,046, and thereafter, such monthly rent escalates annually to a monthly rent of \$20,920 for the final year of the lease term. The Company maintains a security deposit of \$35,040, which is included in other assets on the accompanying condensed balance sheet.

The Company has a collective bargaining multi-employer pension plan ("Multi-Employer Plan") with the United Auto Workers of America, Local 259 (ID No. 136115077). The Multi-Employer Plan is covered by a collective bargaining agreement with the Company, which expires on March 31, 2024. Contributions are made in accordance with a negotiated labor contract and are based on the number of covered employees employed per month. With the passage of the Multi-Employer Pension Plan Amendments Act of 1990 (the "1990 Act"), the Company may become subject to liabilities in excess of contributions made under the collective bargaining agreement. Generally, these liabilities are contingent upon the termination, withdrawal, or partial withdrawal from the Multi-Employer Plan. The risks of participating in a multiemployer plan are different from single-employer plans, for example, assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, if a participating employer stops contributing to the multiemployer plan, the unfunded obligations of the plan may become the obligation of the remaining participating employers, and if a participating employer chooses to stop participating in these multiemployer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan.

The total contributions charged to operations under the provisions of the Multi-Employer Plan were \$9,824 and \$14,617 for the three months ended September 30, 2023 and 2022, and \$24,614 and \$24,145 for the six months ended September 30, 2023 and 2022, respectively, and were reflected within cost of products sold included in the condensed statements of operations.

Note 10 CONCENTRATIONS:

During the three months ended September 30, 2023, one customer accounted for 16.0% of the Company's net sales, and during the three months ended September 30, 2022, there were no customers with concentrations greater than 10% of the Company's net sales.

During the six months ended September 30, 2023, one customer accounted for 14.0% of the Company's net sales, and during the six months ended September 30, 2022, there were no customers with concentrations greater than 10% of the Company's net sales.

As of September 30, 2023, three customers accounted for 43.0% of accounts receivable, each represented 15.8%, 15.6% and 11.6%, respectively. As of March 31, 2023, three customers accounted for 44.5% of accounts receivable, each represented 23.2%, 11.0% and 10.3%, respectively.

During the three months ended September 30, 2023, one vendor accounted for 13.9% of the Company's purchases. During the three months ended September 30, 2022, there were no vendors with concentrations greater than 10% of purchases.

During the six months ended September 30, 2023, two vendors accounted for 25.1% of the Company's purchases, each represented 13.5%, and 11.6%, respectively. During the six months ended September 30, 2022, one vendor accounted for 12.0% of the Company's purchases.

As of September 30, 2023 and March 31, 2023, one vendor accounted for 21.9% and one vendor accounted for 20.9% of accounts payable, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Statements contained in this report, which are not historical facts, may be considered forward-looking information with respect to plans, projections, or future performance of the Company as defined under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those projected. The words "anticipate," "believe," "estimate," "expect," "objective," and "think" or similar expressions used herein are intended to identify forward-looking statements. The forward-looking statements are based on the Company's current views and assumptions and involve risks and uncertainties that include, among other things, the performance of the Company's business, actions of competitors, changes in laws and regulations, including accounting standards, employee relations, customer demand, prices of purchased raw materials and parts, domestic economic conditions, including inflation and interest rates, foreign economic conditions, including currency rate fluctuations, and geopolitical uncertainty.

The following discussion and analysis should be read in conjunction with our audited financial statements and related footnotes included elsewhere in this report, which provide additional information concerning the Company's financial activities and condition.

Overview

The Company designs, develops and manufactures printed circuit board connectors and custom interconnects for high performance applications.

All of our connectors utilize the HYPERBOLOID contact design, a rugged, high-reliability contact system ideally suited for high-stress environments. We believe we are the only independent producer of HYPERBOLOID printed circuit board connectors in the United States.

Our customers consist of Original Equipment Manufacturers ("OEMs") and distributors who resell our products to OEMs. We sell our products directly and through 22 independent sales representatives and distributors located in all regions of the United States, Canada, the European Union, Southeast Asia, Central Asia and the Middle East.

The customers we service are in the Defense, Aerospace, Space, Medical, Oil and Gas, Industrial, Test Equipment and Commercial Electronics markets. We appear on the Military Qualified Product Listing ("QPL") MIL-DTL-55302 and supply customer requested modifications to this specification.

The customers we service by industry as a percentage of total revenue is provided below:

Industry	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2023	2022	2023	2022
	%	%	%	%
Defense	64.5	46.2	62.6	51.0
Commercial Aerospace	24.8	24.7	22.5	22.6
Space	6.3	13.5	9.5	15.2
Other	4.4	15.6	5.4	11.2
	100.0	100.0	100.0	100.0

Financial Overview

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of our financial statements include estimates associated with revenue recognition, valuation of inventories, accounting for income taxes and stock-based compensation expense.

Our financial position, results of operations and cash flows are impacted by the accounting policies we have adopted. In order to get a full understanding of our financial statements, one must have a clear understanding of the accounting policies employed. It is important that the discussion of our operating results that follow be read in conjunction with these critical accounting policies which have been disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2023 filed with the SEC on October 6, 2023.

Results of Operations

Comparison of the Three Months Ended September 30, 2023 and 2022

The following table summarizes our results of operations for the three months ended September 30, 2023 and 2022:

	For the Three Months Ended September 30,		Period-to- Period Change
	2023	2022	
Revenue	\$ 4,810,988	\$ 4,193,646	\$ 617,342
Costs and expenses:			
Cost of products sold	3,894,423	4,209,506	(315,083)
Selling, general and administrative	1,821,414	1,230,748	590,666
Depreciation and amortization	215,586	257,111	(41,525)
Total operating expenses	5,931,423	5,697,365	234,058
Operating loss	(1,120,435)	(1,503,719)	383,284
Other income (expense):			
Other income	-	53,977	(53,977)
Interest income (expense), net	19,832	4,400	15,432
Total other income (expense), net	19,832	58,377	(38,545)
Loss before provision for income taxes	(1,100,603)	(1,445,342)	344,739
Provision for income taxes	-	-	-
Net loss	\$ (1,100,603)	\$ (1,445,342)	\$ 344,739

Revenue for the three months ended September 30, 2023 was \$4,810,988, reflecting an increase of \$617,342, or 14.7%, as compared to \$4,193,646 for the three months ended September 30, 2022. The increase in revenue for the period was principally on account of an increase in orders from our defense customers. Our defense revenues have benefitted from increased defense related spending on programs in which we participate. Our quarter over quarter commercial aerospace revenues have remained steady as a percentage of revenue, consistent with the post COVID-19 return of consumer aviation traffic. Our quarter over quarter space revenues declined, principally attributable to the conclusion of a multi-year project with a major China based customer.

Cost of products sold for the three months ended September 30, 2023 was \$3,894,423, reflecting a decrease of \$315,083, or 7.5%, as compared to \$4,209,506 for the three months ended September 30, 2022. The decrease in our cost of products sold is attributable to improved margins due to increases in production volume and changes in product mix.

Selling, general and administrative expenses for the three months ended September 30, 2023 was \$1,821,414, reflecting an increase of \$590,666, or 48.0%, as compared to \$1,230,748 for the three months ended September 30, 2022. The increase was principally due to additional accounting & consulting fees incurred in connection with bringing our public filings current.

Depreciation and amortization for the three months ended September 30, 2023 was \$215,586, reflecting a decrease of \$41,525, or 16.2%, as compared to \$257,111 for the three months ended September 30, 2022. The decrease was principally attributable to reduced amortization in the current period for certain fully amortized assets.

Total other income (expense), net for the three months ended September 30, 2023 was income of \$19,832, reflecting a decrease of \$38,545, as compared to income of \$58,377 for the three months ended September 30, 2022. The decrease was primarily attributable to a decrease in other income of \$53,977.

Provision for income taxes was \$0 for the three months ended September 30, 2023 and 2022, attributable to the loss before provision for income taxes incurred for the period and the impact of recording a full valuation allowance on our deferred tax assets, net.

Comparison of the Six Months Ended September 30, 2023 and 2022

The following table summarizes our results of operations for the six months ended September 30, 2023 and 2022:

	For the Six Months Ended September 30,		Period-to- Period Change
	2023	2022	
Revenue	\$ 9,490,833	\$ 8,272,230	\$ 1,218,603
Costs and expenses:			
Cost of products sold	8,135,855	9,128,445	(992,590)
Selling, general and administrative	3,378,983	2,239,755	1,139,228
Depreciation and amortization	430,822	505,594	(74,772)
Total operating expenses	11,945,660	11,873,794	71,866
Operating loss	(2,454,827)	(3,601,564)	1,146,737
Other income (expense):			
Other income	-	54,053	(54,053)
Interest income (expense), net	38,322	4,773	33,549
Total other income (expense), net	38,322	58,826	(20,504)
Loss before provision for income taxes	(2,416,505)	(3,542,738)	1,126,233
Provision for income taxes	-	(806,380)	806,380
Net loss	\$ (2,416,505)	\$ (4,349,118)	\$ 1,932,613

Revenue for the six months ended September 30, 2023 was \$9,490,833, reflecting an increase of \$1,218,603, or 14.7%, as compared to \$8,272,230 for the six months ended September 30, 2022. The increase in revenue for the period was principally on account of an increase in orders from our defense customers. Our defense revenues have benefitted from increased defense related spending on programs in which we participate. Our quarter over quarter commercial aerospace revenues have remained steady as a percentage of revenue, consistent with the post COVID-19 return of consumer aviation traffic. Our period over period space revenues declined, principally attributable to the conclusion of a multi-year project with a major China based customer.

Cost of products sold for the six months ended September 30, 2023 was \$8,135,855, reflecting a decrease of \$992,590, or 10.9%, as compared to \$9,128,445 for the six months ended September 30, 2022. The decrease in our cost of products sold is attributable to improved margins due to changes in product mix and increases in production volume.

Selling, general and administrative expenses for the six months ended September 30, 2023 was \$3,378,983, reflecting an increase of \$1,139,228 or 50.9%, as compared to \$2,239,755 for the six months ended September 30, 2022. The increase was primarily due to increased consulting and accounting fees incurred in connection with bringing our public filings current.

Depreciation and amortization for the six months ended September 30, 2023 was \$430,822, reflecting a decrease of \$74,772, or 14.8%, as compared to \$505,594 for the six months ended September 30, 2022. The decrease was principally attributable to reduced amortization in the current period for certain fully amortized assets.

Total other income (expense), net for the six months ended September 30, 2023 was income of \$38,322, reflecting a decrease of \$20,504, as compared to income of \$58,826 for the six months ended September 30, 2022. The decrease was primarily attributable to a decrease in other income of \$54,053, offset by an increase in interest income, net, of \$33,549.

Provision for income taxes for the six months ended September 30, 2023 was \$0, reflecting a decrease of \$806,380 as compared to a provision of \$806,380 for the six months ended September 30, 2022. The provision for income taxes of \$0 for the six months ended September 30, 2023 was attributable to the loss before provision for income taxes incurred for the period and the impact of recording a full valuation allowance on our deferred tax assets, net. The tax provision for the six months ended September 30, 2022 of \$806,380 represents a charge to record a full valuation allowance of our deferred income tax assets, net as of April 1, 2022.

Liquidity and Capital Resources:

Our primary requirements for liquidity and capital are working capital, inventory, capital expenditures, public company costs and general corporate needs. We expect these needs to continue as we further develop and grow our business. For the six months ended September 30, 2023, our primary sources of liquidity came from existing cash. Based on our current plans and business conditions, we believe that existing cash, together with cash generated from operations will be sufficient to satisfy our anticipated cash requirements, and we are not aware of any trends or demands, commitments, events or uncertainties that are reasonably likely to result in a decrease in liquidity of our assets. We may require additional capital to respond to technological advancements, competitive dynamics or technologies, business opportunities, challenges, acquisitions or unforeseen circumstances and in either the short-term or long-term may determine to engage in equity or debt financings or enter into credit facilities for other reasons. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited. In particular, inflationary pressures and interest rates, and the conflicts in Eastern Europe and the Middle East have resulted in, and may continue to result in, significant disruption and volatility in the global financial markets, reducing our ability to access capital. If we are unable to raise additional funds when or on the terms desired, our business, financial condition and results of operations could be adversely affected.

As of September 30, 2023 and March 31, 2023, the Company's cash on hand was \$5,984,220 and \$8,344,706, respectively. The Company has recorded net losses of \$2,416,505 and \$4,349,118 for the six months ended September 30, 2023 and 2022, respectively. As of September 30, 2023 and March 31, 2023, the Company had working capital of \$18,404,183 and \$20,303,090 and stockholders' equity of \$22,092,215 and \$24,316,570, respectively.

Our principal source of liquidity has been from cash flows generated by operating activities and our cash reserves.

Cash Flow Activities for the Six Months Ended September 30, 2023 Compared to the Six Months Ended September 30, 2022

The following table summarizes our sources and uses of cash for the six months ended September 30, 2023 and 2022:

	For the Six Months Ended September 30,		Period-to- Period
	2023	2022	Change
Net cash used in:			
Operating activities	\$ (2,259,791)	\$ (2,420,343)	\$ 160,552
Investing activities	(100,695)	(430,774)	330,079
Net decrease in cash	<u>\$ (2,360,486)</u>	<u>\$ (2,851,117)</u>	<u>\$ 490,631</u>

Net cash used in operating activities was \$2,259,791 and \$2,420,343 for the six months ended September 30, 2023 and 2022, respectively. The period over period decrease in cash used of \$160,552 was primarily due to the decrease in net loss of \$1,932,613, offset by decreases in non-cash charges of \$683,090, as well as increases in accounts receivable of \$850,529 and inventories of \$294,501.

Net cash used in investing activities was \$100,695 and \$430,774 for the six months ended September 30, 2023 and 2022, respectively. The decrease in cash used in investing activities during the six months ended September 30, 2023 was principally due to decreases in purchases of property and equipment.

There were no financing activities during the six months ended September 30, 2023 or 2022.

Backlog of Orders

The backlog of orders for the Company's products amounted to approximately \$17,571,000 at September 30, 2023 as compared to approximately \$11,358,000 at September 30, 2022. The orders in backlog at September 30, 2023 are expected to ship over the next 12 months depending on customer requirements and product availability.

Inflation

In the opinion of management, inflation has continued to impact the costs of our operations and depending upon the current duration and degree of higher inflation levels, is expected to have an impact upon our operations in the future. Management will continue to monitor inflation and evaluate the possible future effects of inflation on our business and operations.

Item 3. Qualitative and Quantitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures

Management's Evaluation of our Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in paragraph (e) of Rules 13a-15 and 15d-15 under the Exchange Act) designed to ensure that the information we are required to disclose in reports that we file or furnish under the Exchange Act is recorded, processed, summarized and reported within the time periods specified under the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

As required by paragraph (b) of Rules 13a-15 and 15d-15 under the Exchange Act, our management, with the participation of our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer) carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive and principal financial officer have concluded based upon the evaluation described above that, as of September 30, 2023, our disclosure controls and procedures were not effective at the reasonable assurance level.

Management has used the framework set forth in the report entitled Internal Control—Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), known as COSO, to evaluate the effectiveness of our internal control over financial reporting.

As of September 30, 2023, the following material weakness was identified:

- Certain of the Company's controls associated with reconciliations of inventory and cost of products sold were not operating effectively. These deficiencies, combined with inadequate compensating review controls represent a material weakness in the Company's internal control over financial reporting.

Management is actively engaged in the planning for and implementation of remediation efforts to address the identified material weakness. The remediation plan includes (i) the engaging of additional experienced financial resources, (ii) the development and implementation of enhanced controls designed to evaluate the appropriateness of policies and procedures, (iii) the implementation of review and monitoring of transactions to ensure compliance with the new policies and procedures and (iv) the enhanced training of personnel.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal controls that occurred during the fiscal quarter ended September 30, 2023 that materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There are no legal proceedings that have occurred within the past year concerning our directors, or control persons which involved a criminal conviction, a criminal proceeding, an administrative or civil proceeding limiting one's participation in the securities or banking industries, or a finding of securities or commodities law violations.

On August 17, 2022, the SEC issued an Order Instituting Administrative Proceedings and Notice of Hearing pursuant to Section 12(j) of the Exchange Act. The stated purpose of the administrative proceeding is for the Commission to determine whether it is necessary and appropriate for the protection of investors to suspend for a period not exceeding twelve months, or revoke the registration of each class of securities registered pursuant to Section 12 of the Exchange Act of the Company. The Company filed an Answer in the proceeding on October 3, 2022 and on October 13, 2022 we conducted a prehearing conference with SEC staff in the Division of Enforcement. On March 1, 2023 the SEC's Division of Enforcement filed a Motion for Summary Disposition, on March 15, 2023, IEH filed an opposition brief to the SEC Division of Enforcement's Motion for Summary Disposition, and on March 29, 2023, the SEC's Division of Enforcement filed a Reply in Support of its Motion for Summary Disposition. The Commission will issue a decision on the basis of the record in the proceeding.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended March 30, 2023 which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common and capital stock. Except as set forth below, as of the date of this Quarterly Report on Form 10-Q, there have been no material changes to our risk factors previously disclosed in our Exchange Act Reports.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, which Exhibit Index is incorporated herein by reference.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit C-4 to Current Report on Form 8-K, dated February 27, 1991).
3.2	By-Laws of the Company (filed as Exhibit 3.2 on Annual Report on Form 10-KSB for the fiscal year ended March 27, 1994).
4.1	Form of Common Stock Certificate of the Company (filed as Exhibit 4.1 on Annual Report on Form 10-KSB for the fiscal year ended March 27, 1994).
4.2	<u>Description of Securities (filed as Exhibit 4.2 on Annual Report on Form 10-K for the fiscal year ended March 31, 2022 on June 22, 2023).</u>
10.1(†)	<u>Employment Agreement between the Company and Subrata Purkayastha dated as of June 1, 2023 (filed as Exhibit 10.1 on the Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 on November 30, 2023).</u>
10.2(†)	<u>Employment Agreement between the Company and Subrata Purkayastha made as of October 26, 2023 and effective as of November 1, 2023 (previously filed as Exhibit 10.1 to the Current Report on Form 8-K filed on November 7, 2023).</u>
31.1*	<u>Certification of Chief Executive Officer pursuant to Section 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer pursuant to Section 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1**	<u>Certifications by Chief Executive Officer and Principal Financial Officer, pursuant to 17 CFR 240.13a-14(b) or 17 CFR 240.15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.1*	The following information from IEH Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted in Inline XBRL (Extensible Business Reporting language) and filed electronically herewith: (i) the Balance Sheets; (ii) the Statements of Operations; (iii) the Statements of Stockholders' Equity; (iv) the Statements of Cash Flow; and (v) the Notes to Financial Statements.
101.INS*	Interactive Data Files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language ("Inline XBRL")
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Exhibits filed herewith.

** Exhibits furnished herewith.

† Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 30, 2023

IEH CORPORATION

By: /s/ David Offerman

David Offerman
Chairman of the Board, President and
Chief Executive Officer
(Principal Executive Officer)

/s/ Subrata Purkayastha

Subrata Purkayastha,
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATIONS

I, David Offerman, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended September 30, 2023 of IEH Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 30, 2023

/s/ David Offerman

David Offerman

Chairman of the Board

President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATIONS

I, Subrata Purkayastha, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended September 30, 2023 of IEH Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 30, 2023

/s/ Subrata Purkayastha

Subrata Purkayastha
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of IEH Corporation (the “Company”) on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, being, David Offerman, President and Chief Executive Officer (Principal Executive Officer), and Subrata Purkayastha, Chief Financial Officer (Principal Financial Officer), of the Company, respectfully certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

- (1) This Report on Form 10-Q fully complies with the requirements of the Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 30, 2023

/s/ David Offerman

David Offerman
Chairman of the Board, President and
Chief Executive Officer
(Principal Executive Officer)

/s/ Subrata Purkayastha

Subrata Purkayastha
Chief Financial Officer
(Principal Financial Officer)

This Certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Company for purposes of Section 18 of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing. A signed original of the written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.