

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 December 31, 2025

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)

<b>New York</b>	<b>13-5549348</b>
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
140 58 <sup>th</sup> 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 ID 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   
Non-accelerated filer   
Emerging growth company

Accelerated filer   
Smaller reporting company

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 February 6, 2026 the registrant had 2,431,686 shares of its common stock, par value \$0.01 per share, outstanding.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 27A of the Securities Act of 1933, as amended (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 1, Item 1A, “Risk Factors”, of our Annual Report on Form 10-K for the fiscal year ended March 31, 2025, filed with the U.S. Securities and Exchange Commission (the “SEC”) on June 12, 2025. Forward-looking statements may include statements related to, among other things: macroeconomic factors, including inflationary pressures, supply shortages and recessionary pressures; impact of tariffs on sourcing of raw materials; accounting estimates and assumptions; pricing pressures on our products caused by competition; the risk that our products will not gain market acceptance; our ability to obtain additional financing; our ability to operate our accounting systems effectively; our ability to protect our intellectual property; 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 statement. Our actual results may differ materially from those projected in 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 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 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 and uncertainties in political, economic or regulatory conditions generally and in the markets in which we operate, including, but not limited to, continuing changes and uncertainties around tariffs and supply chain constraints;
- 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

	<u>As of</u>	
	<u>December</u>	<u>March 31,</u>
	<u>31,</u>	<u>2025</u>
	<u>2025</u>	<u>2025</u>
	<u>(Unaudited)</u>	
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 9,042,923	\$10,539,828
Accounts receivable, net	4,145,150	3,210,840
Inventories, net	7,225,972	7,265,347
Corporate income taxes receivable	427,314	813,413
Prepaid expenses and other current assets	354,319	201,160
<b>Total current assets</b>	<b>21,195,678</b>	<b>22,030,588</b>
<b>Non-current assets:</b>		
Property, plant and equipment, net	3,045,433	3,128,177
Operating lease right-of-use assets	1,685,614	1,967,752
Security deposit	75,756	75,756
<b>Total assets</b>	<b>\$ 26,002,481</b>	<b>\$27,202,273</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 980,629	\$ 876,730
Customer advance payments	17,028	173,074
Operating lease liabilities	438,379	395,325
Equipment financing line of credit	245,920	-
Other current liabilities	616,838	801,245
<b>Total current liabilities</b>	<b>2,298,794</b>	<b>2,246,374</b>
<b>Non-Current liabilities:</b>		
Operating lease liabilities, net of current	1,509,846	1,841,993
<b>Total liabilities</b>	<b>3,808,640</b>	<b>4,088,367</b>
<b>Commitments and Contingencies (Note 11)</b>		
<b>Stockholders' Equity</b>		
Common Stock, \$0.01 par value; 10,000,000 shares authorized; 2,431,278 and 2,388,251 shares issued and outstanding at December 31, 2025 and March 31, 2025, respectively	24,313	23,883
Additional paid-in capital	8,702,614	8,281,344
Retained earnings	13,466,914	14,808,679
<b>Total Stockholders' Equity</b>	<b>22,193,841</b>	<b>23,113,906</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 26,002,481</b>	<b>\$27,202,273</b>

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

**IEH CORPORATION**  
**CONDENSED STATEMENT OF OPERATIONS**  
(Unaudited)

	<b>For the</b>		<b>For the</b>	
	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Revenue	\$ 7,497,879	\$ 7,217,616	\$ 20,883,626	\$ 21,663,717
Costs and expenses:				
Cost of products sold	6,479,634	5,569,467	17,118,123	16,074,065
Selling, general and administrative	1,548,550	1,594,721	4,778,529	4,655,872
Depreciation and amortization	193,139	183,514	570,104	557,691
Total operating expenses	<u>8,221,323</u>	<u>7,347,702</u>	<u>22,466,756</u>	<u>21,287,628</u>
Operating (loss) income	<u>(723,444)</u>	<u>(130,086)</u>	<u>(1,583,130)</u>	<u>376,089</u>
Other income (expense):				
Interest income (expense), net	<u>63,158</u>	<u>68,446</u>	<u>241,365</u>	<u>201,501</u>
Total other income (expense), net	<u>63,158</u>	<u>68,446</u>	<u>241,365</u>	<u>201,501</u>
(Loss) income before provision for income taxes	(660,286)	(61,640)	(1,341,765)	577,590
Provision for income taxes	-	-	-	-
Net (loss) income	<u>\$ (660,286)</u>	<u>\$ (61,640)</u>	<u>\$ (1,341,765)</u>	<u>\$ 577,590</u>
Net (loss) income per common share:				
Basic	<u>\$ (0.27)</u>	<u>\$ (0.03)</u>	<u>\$ (0.55)</u>	<u>\$ 0.24</u>
Diluted	<u>\$ (0.27)</u>	<u>\$ (0.03)</u>	<u>\$ (0.55)</u>	<u>\$ 0.24</u>
Weighted-average number of common and common equivalent shares:				
Basic	<u>2,431,278</u>	<u>2,380,251</u>	<u>2,417,811</u>	<u>2,380,251</u>
Diluted	<u>2,431,278</u>	<u>2,380,251</u>	<u>2,417,811</u>	<u>2,439,006</u>

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

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

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Balance at March 31, 2024</b>	2,380,251	\$ 23,803	\$7,966,074	\$13,809,641	\$ 21,799,518
Stock-based compensation	-	-	125,100	-	125,100
Net income	-	-	-	392,787	392,787
<b>Balance at June 30, 2024</b>	2,380,251	\$ 23,803	\$8,091,174	\$14,202,428	\$ 22,317,405
Net income	-	-	-	246,443	246,443
<b>Balance at September 30, 2024</b>	2,380,251	\$ 23,803	\$8,091,174	\$14,448,871	\$ 22,563,848
Stock-based compensation	-	-	141,500	-	141,500
Net loss	-	-	-	(61,640)	(61,640)
<b>Balance at December 31, 2024</b>	<u>2,380,251</u>	<u>\$ 23,803</u>	<u>\$8,232,674</u>	<u>\$14,387,231</u>	<u>\$ 22,643,708</u>
	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Balance at March 31, 2025</b>	2,388,251	\$ 23,883	\$8,281,344	\$14,808,679	\$ 23,113,906
Stock-based compensation	-	-	265,200	-	265,200
Exercise of stock options	43,027	430	156,070	-	156,500
Net loss	-	-	-	(654,618)	(654,618)
<b>Balance at June 30, 2025</b>	2,431,278	\$ 24,313	\$8,702,614	\$14,154,061	\$ 22,880,988
Net loss	-	-	-	(26,861)	(26,861)
<b>Balance at September 30, 2025</b>	2,431,278	\$ 24,313	\$8,702,614	\$14,127,200	\$ 22,854,127
Net loss	-	-	-	(660,286)	(660,286)
<b>Balance at December 31, 2025</b>	<u>2,431,278</u>	<u>\$ 24,313</u>	<u>\$8,702,614</u>	<u>\$13,466,914</u>	<u>\$ 22,193,841</u>

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

**IEH CORPORATION**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	<b>For the</b>	
	<b>Nine Months Ended</b>	
	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities:</b>		
Net (loss) income	\$ (1,341,765)	\$ 577,590
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	570,104	557,691
Stock-based compensation expense	265,200	266,600
Inventory obsolescence provision	200,000	327,475
Operating lease right-of-use assets	377,158	377,158
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(934,310)	369,346
Inventories	(160,625)	814,894
Corporate income taxes receivable	386,099	411,940
Prepaid expenses and other current assets	(153,159)	110,898
Accounts payable	103,899	2,311
Customer advance payments	(156,046)	(130,893)
Operating lease liabilities	(384,113)	(371,364)
Other current liabilities	(184,407)	(198,859)
Net cash (used in) provided by operating activities	<u>(1,411,965)</u>	<u>3,114,787</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(487,360)	(213,443)
Net cash used in investing activities	<u>(487,360)</u>	<u>(213,443)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from equipment financing loan	245,920	-
Proceeds from exercise of stock options	156,500	-
Net cash provided by financing activities	<u>402,420</u>	<u>-</u>
Net (decrease) increase in cash	(1,496,905)	2,901,344
Cash - beginning of period	10,539,828	6,139,823
Cash - end of period	<u>\$ 9,042,923</u>	<u>\$ 9,041,167</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for:		
Interest	\$ 917	\$ -
Income Taxes	<u>\$ 31,900</u>	<u>\$ 12,600</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 operations in New York, New York in 1941 and was incorporated as a New York corporation in March 1943, when Louis Offerman founded L. Offerman Tool & Die with his two sons, Bernard and Seymour.

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 December 31, 2025 and for the three and nine months ended December 31, 2025 and 2024 are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States, (“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 audited financial statements and notes included in the Annual Report on Form 10-K for the fiscal year ended March 31, 2025, filed with the SEC on June 12, 2025. The balance sheet as of March 31, 2025 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 as of December 31, 2025 and March 31, 2025 and its results of operations for the three and nine months ended December 31, 2025 and 2024. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the fiscal year ending March 31, 2026, or any other interim period or future year or period.

**Revenue Recognition**

The core principle underlying Accounting Standards Codification (“ASC”) Topic 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 to 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

**IEH CORPORATION**  
**Notes to Unaudited Condensed Financial Statements**

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Revenue Recognition - Continued**

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.

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:

	<b>For the Three Months Ended December 31,</b>		<b>For the Nine Months Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Domestic	\$ 7,142,632	\$ 6,918,688	\$19,540,070	\$20,643,397
International	355,247	298,928	1,343,556	1,020,320
<b>Total</b>	<b>\$ 7,497,879</b>	<b>\$ 7,217,616</b>	<b>\$20,883,626</b>	<b>\$21,663,717</b>

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

<b>Industry</b>	<b>For the Three Months Ended December 31,</b>		<b>For the Nine Months Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Defense	63.7	60.8	60.7	65.7
Commercial Aerospace	23.2	18.7	28.5	19.1
Space	7.0	17.3	6.3	11.8
Other	6.1	3.2	4.5	3.4
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**IEH CORPORATION**  
**Notes to Unaudited Condensed Financial Statements**

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**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 \$910,498 and \$710,498 as of December 31, 2025 and March 31, 2025, respectively, and was reflected as a reduction of inventory.

**Income Taxes**

The Company's provision for income taxes for interim accounting purposes recognizes income taxes using an estimated annual effective income tax rate. This estimated annual effective income tax rate is based upon its estimated annual taxable income in each of the jurisdictions in which it operates, after considering the impact on taxable income of temporary and permanent differences resulting from different treatment of items for tax and financial reporting purposes. 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 and any operating loss or tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in those periods in which temporary differences become deductible. Should management determine that it is more likely than not that some portion of the deferred tax assets would not be realized, a valuation allowance against the deferred tax assets would be established in the period such determination was made.

**Uncertain Tax Positions**

Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for unrecognized tax benefits is recorded for any tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards. The Company's policy is to record expense in the statement of operations.

**Net (Loss) Income 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) income per common share is computed by dividing net (loss) income by the weighted average number of common shares outstanding for the reporting period. Diluted net (loss) income per common share is computed by dividing net (loss) income by the weighted average number of common shares outstanding plus common stock equivalents (if dilutive).

**IEH CORPORATION**  
**Notes to Unaudited Condensed Financial Statements**

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Net (Loss) Income Per Share – Continued**

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

	<b>For the Three Months Ended December 31,</b>		<b>For the Nine Months Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Net (loss) income	\$ (660,286)	\$ (61,640)	\$(1,341,765)	\$ 577,590
Net (loss) income per common share:				
Basic	\$ (0.27)	\$ (0.03)	\$ (0.55)	\$ 0.24
Diluted	\$ (0.27)	\$ (0.03)	\$ (0.55)	\$ 0.24
Weighted average number of common shares outstanding-basic	2,431,278	2,380,251	2,417,811	2,380,251
Dilutive effect of options to the extent that such options are determined to be in the money for the period	-	-	-	58,755
Weighted average number of common shares outstanding-fully diluted	2,431,278	2,380,251	2,417,811	2,439,006

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.

	<b>For the Three Months Ended December 31,</b>		<b>For the Nine Months Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Potentially dilutive options to purchase common shares	505,000	572,217	505,000	314,523

**Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 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 Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 280, “Segment Reporting”. 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 (“CODM”), 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 in a single reportable operating segment.

The Company’s CODM reviews the segment net income (loss) that also is reported on the income statement as net income (loss) on a monthly basis, and reviews revenues by industry on a quarterly basis. The measure of segment assets is reported on the balance sheet as total assets.

**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 December 31, 2025 and 2024 was \$193,139 and \$183,514, respectively. Depreciation expense for the nine months ended December 31, 2025 and 2024 was \$570,104 and \$557,691, 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.

The Company determined the fair value of the stock option grants based upon the assumptions as provided below.

	<b>For the Nine Months Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Weighted average stock price	\$ 8.28	\$ 7.47
Expected life (in years)	5.0	5.0
Expected volatility	57.9%	52.30%
Dividend yield	-%	-%
Weighted average risk-free interest rate, per annum	4.0%	4.6%

**IEH CORPORATION**  
**Notes to Unaudited Condensed Financial Statements**

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Recent Accounting Standards Not Yet Adopted**

In December 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-09 – Improvements to Income Tax Disclosures (“ASU 2023-09”). ASU 2023-09 enhances the transparency of income tax disclosures, primarily by requiring public business entities to disclose specific categories in the rate reconciliation tabular presentation, as well as by providing additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 also requires disaggregated disclosures of federal and state income taxes paid. The standard is effective for public companies for annual periods beginning after December 15, 2024. Early adoption is available. ASU 2023-09 will modify the Company’s financial statement disclosures but will not have an impact on its Balance Sheet, Statement of Operations and Statement of Changes in Stockholders’ Equity.

In November 2024, the FASB issued ASU 2024-03, – Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (“ASU 2024-03”). This ASU requires disclosures about specific types of expenses included in the expense captions presented on the face of the statement of operations as well as disclosures about selling expenses. The standard is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. Early adoption is permitted. The Company will evaluate the full extent of the adoption of ASU 2024-03, but believes it will not have a material impact on its financial statements and disclosures.

**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.

**Note 3 INVENTORIES:**

Inventories are comprised of the following:

	<b>As of</b>	
	<b>December 31,</b>	<b>March 31,</b>
	<b>2025</b>	<b>2025</b>
Raw materials	\$ 6,640,667	\$6,436,909
Work in progress	1,259,570	989,172
Finished goods	236,233	549,764
Allowance for obsolete inventory	(910,498)	(710,498)
	<u>\$ 7,225,972</u>	<u>\$7,265,347</u>

**IEH CORPORATION**  
**Notes to Unaudited Condensed Financial Statements**

**Note 4 OTHER CURRENT LIABILITIES:**

Other current liabilities are comprised of the following:

	<u>As of</u>	
	<u>December 31,</u>	<u>March 31,</u>
	<u>2025</u>	<u>2025</u>
Payroll and vacation accruals	\$ 364,142	\$ 687,961
Sales commissions	126,654	29,604
Other current liabilities	126,042	83,680
	<u>\$ 616,838</u>	<u>\$ 801,245</u>

**Note 5 LEASES:***Operating leases*

Leases classified as operating leases are included in operating lease right-of use 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:

		<u>As of</u>	
	<u>Balance Sheet Location</u>	<u>December 31,</u>	<u>March 31,</u>
		<u>2025</u>	<u>2025</u>
<i>Operating leases:</i>			
Right-of-use assets	Operating lease right-of-use assets	\$ 1,685,614	\$ 1,967,752
Right-of-use liability, current	Operating lease liabilities	\$ 438,379	\$ 395,325
Right-of-use lease liability, long-term	Operating lease liabilities, non-current	\$ 1,509,846	\$ 1,841,993

The lease expense for the three months ended December 31, 2025 and 2024 was \$143,520 and \$144,070, respectively, and for the nine months ended December 31, 2025 and 2024 was \$421,076 and \$427,864, 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 payments remaining on these leases was \$2,216,617 as of December 31, 2025.

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

	<u>As of</u>	
	<u>December 31,</u>	<u>March</u>
	<u>2025</u>	<u>31,</u>
		<u>2025</u>

**Other information**

Weighted-average discount rate – operating leases	6.00%	6.00%
Weighted-average remaining lease term – operating lease (in years)	4.3	4.9

**IEH CORPORATION**  
**Notes to Unaudited Condensed Financial Statements**

**Note 5 LEASES (Continued):**

The total remaining operating lease payments included in the measurement of lease liabilities on the Company's condensed balance sheet as of December 31, 2025 was as follows:

<b>For the years ended March 31,</b>	<b>Operating Lease Payments</b>
(Three months ending) March 31, 2026	\$ 134,929
2027	547,460
2028	563,891
2029	408,429
2030	334,492
Thereafter	227,416
Total gross operating lease payments	2,216,617
Less: imputed interest	(268,392)
Total lease liabilities, reflecting present value of future minimum lease payments	<u>\$ 1,948,225</u>

**Note 6 REVOLVING LINE OF CREDIT:**

On August 26, 2025, the Company entered into a revolving line of credit agreement ("Revolving Line of Credit") with JPMorgan Chase Bank, N.A. ("Chase Bank") for up to \$1.0 million, bearing interest at the Secured Overnight Financing Rate ("SOFR") plus a margin of 2.15%. The Revolving Line of Credit contains certain financial covenants, including a fixed charge coverage ratio of at least 1.20, tested annually, and matures on July 31, 2026. As of December 31, 2025, there was no outstanding borrowing under the Revolving Line of Credit. The Revolving Line of Credit is collateralized by a first-priority security interest in all property of the Company.

**Note 7 EQUIPMENT FINANCING LINE OF CREDIT:**

On September 8, 2025, the Company entered into a \$450,000 equipment financing arrangement with Chase Bank, bearing interest at a fixed rate of 5.51%, to be repaid over a 60-month period ("Equipment Financing Line of Credit"). The Equipment Financing Line of Credit is expected to be utilized to purchase machine tools for production. Funding is on an equipment project basis, and once a project is fully funded, the obligation for that project is to be repaid by the execution of term note payable to Chase Bank. The Equipment Financing Line of Credit contains certain financial covenants, consistent with the requirements under the Revolving Line of Credit. As of December 31, 2025, the Company had an outstanding draw of \$245,920, which is reflected within equipment financing line of credit on the condensed balance sheet. The borrowings under the Equipment Financing Line of Credit are collateralized by a first lien on the related equipment financed under the arrangement.

**IEH CORPORATION**  
**Notes to Unaudited Condensed Financial Statements**

**Note 8 INCOME TAXES:**

The effective income tax rate for the three months ended December 31, 2025 and 2024 was a provision of 0% on loss before provision for income taxes of \$660,286 and \$61,640, respectively. The effective income tax rate for the nine months ended December 31, 2025 and 2024 was a provision of 0% on loss before provision for income taxes of \$1,341,765 and on income before provision for income taxes of \$577,590, respectively. The provision for income taxes of \$0 for the three and nine months ended December 31, 2025 was principally attributable to the loss before provision for income taxes and the impact of maintaining a full valuation allowance on the Company's deferred tax assets, net. The provision for income taxes of \$0 for the three and nine months ended December 31, 2024 was principally attributable to the utilization of net operating loss carryforwards to offset taxable income and the impact of maintaining a full valuation allowance on the Company's deferred tax assets, net.

The Company has previously recorded liabilities for underpayment of income taxes and related interest and penalties for uncertain tax positions based on the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. At December 31, 2025 the amount included in corporate income taxes receivable is a liability of \$177,618, inclusive of penalties and interest. This amount is unchanged from March 31, 2025.

The One Big Beautiful Bill Act (the "Act") was signed into law on July 4th, 2025. The Act contains significant tax law changes with various effective dates affecting business taxpayers. Among the tax law changes that may impact the Company relate to the timing of certain tax deductions including depreciation expense, research and development expenditures and interest expense. Based upon the Company's preliminary analysis, we do not anticipate a material effect on the financial statements for the fiscal year ending March 31, 2026.

**Note 9 EQUITY INCENTIVE PLANS:**

***2020 Equity Incentive Plan***

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

Options granted to employees under both the 2011 Plan and the 2020 Plan (together the "Plans") 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 Plans, 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 shareholder, 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 Plans also provide 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.



**IEH CORPORATION**  
**Notes to Unaudited Condensed Financial Statements**

**Note 9 EQUITY INCENTIVE PLANS (Continued):**

Exercise prices of non-incentive stock options may not be less than the fair market value of the Company's common stock.

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.

***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 December 31, 2025 and 2024, stock-based compensation expense was \$0 and \$141,500, respectively. For the nine months ended December 31, 2025 and 2024, stock-based compensation expense was \$265,200 and \$266,600, respectively.

As of December 31, 2025 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.

The following table provides the stock option activity for the nine months ended December 31, 2025:

	<u>Shares</u>	<u>Weighted Avg. Exercise Price</u>	<u>Remaining Contractual Term (Years)</u>	<u>Aggregate Intrinsic Value (in thousands)</u>
Balance as of April 1, 2025	564,217	\$ 12.78	4.85	\$ 335
Granted	60,000	8.28		
Exercised	(72,217)	6.01		
Forfeited or Expired	(47,000)	6.00		
Balance as of December 31, 2025	<u>505,000</u>	\$ 13.85	5.78	\$ 435
Exercisable as of December 31, 2025	<u>505,000</u>	\$ 13.85	5.78	\$ 435

The weighted average grant date fair value per share was \$4.42 and \$3.81 for the nine months ended December 31, 2025 and 2024, respectively.

Included within the stock option exercises for the nine months ended December 31, 2025 was a cashless exercise for which options for the purchase of 29,190 shares were forfeited, resulting in the net issuance of 17,027 shares of the Company's common stock.

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.

**IEH CORPORATION**  
**Notes to Unaudited Condensed Financial Statements**

**Note 10 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 Company’s Compensation Committee of the Board of Directors, contributions to 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 December 31, 2025, and March 31, 2025, the Company’s accrued bonus was \$249,018 and \$330,000, respectively, which is included in other current liabilities on the accompanying condensed balance sheets. Bonus expense recorded for the three months ended December 31, 2025 and 2024 was \$98,648 and \$70,500, respectively. Bonus expense recorded for the nine months ended December 31, 2025 and 2024 was \$300,946 and \$338,954, respectively.

**Note 11 COMMITMENTS AND CONTINGENCIES:**

*Leases*

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 security deposits on the accompanying condensed balance sheets.

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 security deposits on the accompanying condensed balance sheets.

*Multi-Employer Plan*

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, 2027.

The total contributions charged to operations under the provisions of the Multi-Employer Plan were \$7,987 and \$8,506 for the three months ended December 31, 2025 and 2024, and \$21,530 and \$26,268 for the nine months ended December 31, 2025 and 2024, respectively, and were reflected within cost of products sold included in the condensed statements of operations. The Company has not taken any action to terminate, withdraw or partially withdraw from the Multi-Employer Plan nor does it intend to do so in the future.

**IEH CORPORATION**  
**Notes to Unaudited Condensed Financial Statements**

**Note 12 CONCENTRATIONS:**

During the three months ended December 31, 2025, one customer accounted for 25.9% of the Company's revenue.

During the nine months ended December 31, 2025, two customers accounted for 31.9% of the Company's revenue, each represented 18.9% and 13.0% of revenue.

During the three months ended December 31, 2024, three customers accounted for 39.8% of the Company's revenue, each represented 18.7%, 11.0% and 10.1% of revenue.

During the nine months ended December 31, 2024, three customers accounted for 45.9% of the Company's revenue, each represented 18.2%, 17.4% and 10.3% of revenue.

As of December 31, 2025, two customers accounted for 30.3% of accounts receivable, each represented 20.2% and 10.1%, respectively. As of March 31, 2025, one customer accounted for 12.0% of the Company's accounts receivable.

During the three months ended December 31, 2025, three vendors accounted for 44.6% of the Company's purchases, each represented 20.9%, 13.5% and 10.2% of purchases.

During the nine months ended December 31, 2025, three vendors accounted for 41.0% of the Company's purchases, each represented 16.8%, 13.2%, and 11.0% of purchases.

During the three months ended December 31, 2024, four vendors accounted for 52.3% of the Company's purchases, each represented 13.3%, 13.1%, 13.0% and 12.9% of purchases.

During the nine months ended December 31, 2024, four vendors accounted for 47.0% of the Company's purchases, each represented 13.2%, 12.4%, 11.1% and 10.3% of purchases.

As of December 31, 2025, three vendors accounted for 32.8% of accounts payable, each represented 11.5%, 11.2%, and 10.1%, respectively. As of March 31, 2025, one vendor accounted for 12.0% of the Company's accounts payable.

## 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, and foreign economic conditions, including currency rate fluctuations.*

*The following discussion and analysis should be read in conjunction with our condensed financial statements and related footnotes thereto and other financial information included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025, which provide additional information concerning the Company’s financial activities and condition.*

### Overview of Business:

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 OEMs and distributors who resell our products to OEMs. We sell our products directly and through 20 independent sales representatives and distributors located in all regions of the United States, Canada, Europe, 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 DLA 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		For the	
	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
	%	%	%	%
Defense	63.7	60.8	60.7	65.7
Commercial Aerospace	23.2	18.7	28.5	19.1
Space	7.0	17.3	6.3	11.8
Other	6.1	3.2	4.5	3.4
	100.0	100.0	100.0	100.0

## Financial Overview

### Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. 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, 2025 filed with the SEC on June 12, 2025.

### Results of Operations

#### Comparison of the Three Months Ended December 31, 2025 and 2024

The following table summarizes our results of operations for the three months ended December 31, 2025 and 2024:

	<b>For the Three Months Ended December 31,</b>		<b>Period-to-Period</b>
	<b>2025</b>	<b>2024</b>	<b>Change</b>
Revenue	\$7,497,879	\$7,217,616	\$ 280,263
Costs and expenses:			
Cost of products sold	6,479,634	5,569,467	910,167
Selling, general and administrative	1,548,550	1,594,721	(46,171)
Depreciation and amortization	193,139	183,514	9,625
Total operating expenses	<u>8,221,323</u>	<u>7,347,702</u>	<u>873,621</u>
Operating loss	<u>(723,444)</u>	<u>(130,086)</u>	<u>(593,358)</u>
Other income (expense):			
Interest income (expense), net	63,158	68,446	(5,288)
Total other income (expense),net	<u>63,158</u>	<u>68,446</u>	<u>(5,288)</u>
Loss before provision for income taxes	(660,286)	(61,640)	(598,646)
Provision for income taxes	-	-	-
Net loss	<u>\$ (660,286)</u>	<u>\$ (61,640)</u>	<u>\$ (598,646)</u>

Revenue for the three months ended December 31, 2025 was \$7,497,879, reflecting an increase of \$280,263, or 3.9%, as compared to \$7,217,616 for the three months ended December 31, 2024. The increase in revenue for the period was principally on account of a 28% increase in commercial aerospace revenue and a 9% increase in defense revenues. Our quarter over quarter space revenues have decreased by 58%, driven principally by shifting customer delivery schedules.

Cost of products sold for the three months ended December 31, 2025 was \$6,479,634, reflecting an increase of \$910,167, or 16.3%, as compared to \$5,569,467 for the three months ended December 31, 2024. The increase in our cost of products sold is principally attributable to tariff charges we faced from European imports and a continuous increase in gold prices.

Selling, general and administrative expenses for the three months ended December 31, 2025 was \$1,548,550 reflecting a decrease of \$46,171, or 2.9%, as compared to \$1,594,721 for the three months ended December 31, 2024. The decrease was attributable to reduction in stock compensation expense which offset the increase in legal fees associated with our motion of summary disposition presented to the SEC.

Depreciation and amortization for the three months ended December 31, 2025 was \$193,139, reflecting an increase of \$9,625, or 5.2%, as compared to \$183,514 for the three months ended December 31, 2024.

Total other income (expense), net for the three months ended December 31, 2025 was income of \$63,158, reflecting a decrease of \$5,288, as compared to income of \$68,446 for the three months ended December 31, 2024. The decrease was principally attributable to a decrease in interest income earned on our cash.

Provision for income taxes was \$0 for the three months ended December 31, 2025 and 2024. The provision for income taxes for the three months ended December 31, 2025 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 for the three months ended December 31, 2024 was principally attributable to the utilization of net operating loss carryforwards to offset taxable income and the impact of maintaining a full valuation allowance on the Company's deferred tax assets, net.

	<b>For the Nine Months Ended December 31,</b>		<b>Period-to-Period Change</b>
	<b>2025</b>	<b>2024</b>	
Revenue	\$20,883,626	\$21,663,717	\$ (780,091)
Costs and expenses:			
Cost of products sold	17,118,123	16,074,065	1,044,058
Selling, general and administrative	4,778,529	4,655,872	122,657
Depreciation and amortization	570,104	557,691	12,413
Total operating expenses	<u>22,466,756</u>	<u>21,287,628</u>	<u>1,179,128</u>
Operating (loss) income	<u>(1,583,130)</u>	<u>376,089</u>	<u>(1,959,219)</u>
Other income (expense):			
Interest income (expense), net	241,365	201,501	39,864
Total other income (expense), net	<u>241,365</u>	<u>201,501</u>	<u>39,864</u>
(Loss) income before provision for income taxes	(1,341,765)	577,590	(1,919,355)
Provision for income taxes	-	-	-

Net (loss) income	<u>\$ (1,341,765)</u>	<u>\$ 577,590</u>	<u>\$ (1,919,355)</u>
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Revenue for the nine months ended December 31, 2025 was \$20,883,626, reflecting a decrease of \$780,091, or 3.6%, as compared to \$21,663,717 for the nine months ended December 31, 2024. The decrease in revenue for the period was principally on account of an 11% decrease in defense revenue as a few key orders from defense customers were executed later than expected offsetting a 44% increase in commercial aerospace revenue as we continue to witness recovery in that sector amid an uptick in airplane manufacturing.

Cost of products sold for the nine months ended December 31, 2025 was \$17,118,123, reflecting an increase of \$1,044,058, or 6.5%, as compared to \$16,074,065 for the nine months ended December 31, 2024. The increase in our cost of products sold is attributable to higher material costs as we continue to be impacted by tariff charges on European imports and continuing rise in gold prices.

Selling, general and administrative expenses for the nine months ended December 31, 2025 was \$4,778,529 reflecting an increase of \$122,657, or 2.6%, as compared to \$4,655,872 for the nine months ended December 31, 2024. The increase was principally due to an increase in sales personnel dedicated to international markets and an increase in legal fees in connection with our motion of summary dismissal presented to the SEC, offset by a decrease in consulting and audit fees.

Depreciation and amortization for the nine months ended December 31, 2025 was \$570,104, reflecting an increase of \$12,413, or 2.2%, as compared to \$557,691 for the nine months ended December 31, 2024. The increase was principally attributable to purchase of machinery for Allentown facility to drive down reliance on purchase of imported parts.

Total other income (expense), net for the nine months ended December 31, 2025 was income of \$241,365, reflecting an increase of \$39,864, as compared to income of \$201,501 for the nine months ended December 31, 2024. The increase was attributable to an increase in interest income earned on our cash and interest income recognized on tax refunds received.

Provision for income taxes was \$0 for the nine months ended December 31, 2025 and 2024. The provision for income taxes for the nine months ended December 31, 2025 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 for the nine months ended December 31, 2024 was principally attributable to the utilization of net operating loss carryforwards to offset taxable income and the impact of maintaining a full valuation allowance on the Company's deferred tax assets, net.

#### **Liquidity and Capital Resources:**

Our primary requirements for liquidity and capital are working capital, inventory, capital expenditures, and general corporate needs. We expect these needs to continue as we further develop and grow our business. For the nine months ended December 31, 2025 our primary source 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 and will be sufficient to satisfy our anticipated cash requirements in fiscal year 2026 and into fiscal year 2027, 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 additional 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 elevated interest rates, the continuing conflicts between Russia and Ukraine and in the Middle East, and any economic and geopolitical

uncertainty as a result of the change in presidential administration in the U.S. may 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 December 31, 2025, and March 31, 2025, the Company's cash was \$9,042,923 and \$10,539,828, respectively. The Company has recorded a net loss of \$1,341,765 and net income of \$577,590 for the nine months ended December 31, 2025 and 2024, respectively. As of December 31, 2025, and March 31, 2025, the Company had working capital of \$18,896,884 and \$19,784,214 and stockholders' equity of \$22,193,841 and \$23,113,906, respectively.

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

#### **Cash Flow Activities for the Nine Months Ended December 31, 2025 Compared to the Nine Months Ended December 31, 2024**

The following table summarizes our sources and uses of cash for nine months ended December 31, 2025 and 2024:

	<b>For the Nine Months Ended December 31,</b>		<b>Period-to-Period</b>
	<b>2025</b>	<b>2024</b>	<b>Change</b>
Net cash (used in) provided by:			
Operating activities	\$(1,411,965)	\$3,114,787	\$ (4,526,752)
Investing activities	(487,360)	(213,443)	(273,917)
Financing activities	\$ 402,420	\$ -	\$ 402,420
Net (decrease) increase in cash	<u><u>\$(1,496,905)</u></u>	<u><u>\$2,901,344</u></u>	<u><u>\$ (4,398,249)</u></u>

Net cash (used in) provided by operating activities was \$(1,411,965) and \$3,114,787 for the nine months ended December 31, 2025 and 2024 respectively. The period over period decrease in cash provided by operating activities of \$4,526,752 was primarily due to the \$1,919,355 decrease in net income, \$1,303,656 reduction in cash received from customers and \$975,519 increase in inventories purchased.

Net cash used in investing activities was \$487,360 and \$213,443 for the nine months ended December 31, 2025 and 2024, respectively. The increase in cash used in investing activities during the nine months ended December 31, 2025 was principally due to an increase in purchases of equipment.

Net cash provided by financing activities was \$402,420 and \$0 for the nine months ended December 31, 2025 and 2024, respectively. This increase is attributable to the proceeds from the exercise of stock options and proceeds from the equipment financing line of credit.

**Revolving Line of Credit**

On August 26, 2025, the Company entered into a revolving line of credit agreement with Chase Bank for up to \$1.0 million, bearing interest at the SOFR plus a margin of 2.15%. The Revolving Line of Credit contains certain financial covenants, including a fixed charge coverage ratio of at least 1.20, tested annually, and matures on July 31, 2026. As of December 31, 2025, there was no outstanding borrowing under the Revolving Line of Credit. The Revolving Line of Credit is collateralized by a first-priority security interest in all property of the Company.

**Equipment Financing Line of Credit**

On September 8, 2025, the Company entered into a \$450,000 Equipment Financing Line of Credit with Chase Bank, bearing interest at a fixed rate of 5.51%, to be repaid over a 60-month period. The Equipment Financing Line of Credit is expected to be utilized to purchase machine tools for production. Funding is on an equipment project basis, and once a project is fully funded, the obligation for that project is to be repaid by the execution of term note payable to Chase Bank. The Equipment Financing Line of Credit contains certain financial covenants, consistent with the requirements under the Revolving Line of Credit. As of December 31, 2025, the Company had an outstanding draw of \$245,920, which is reflected within equipment financing line of credit on the condensed balance sheet. The borrowings under the Equipment Financing Line of Credit are collateralized by a first lien on the related equipment financed under the arrangement.

**Backlog of Orders**

The backlog of orders for the Company's products amounted to approximately \$18,360,000 at December 31, 2025 as compared to approximately \$12,830,000 at December 31, 2024. The orders in backlog at December 31, 2025 are expected to ship over the next 12 – 18 months depending on customer requirements and product availability.

**Inflation and Tariffs**

In the opinion of management, inflation has continued to impact the costs of our operations and depending upon the current duration and degree of inflation levels, is expected to have an impact upon our operations in the future. Management will continue to monitor inflation as well as tariffs developments and evaluate the possible future effects 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 submit 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 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 December 31, 2025.

*Material Weakness in Internal Control over Financial Reporting*

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. The following material weakness has been identified:

The Company has not established an effective control environment due to the ineffective design and implementation of Information Technology General Controls (“ITGC”). The Company’s ITGC deficiencies included improperly designed controls pertaining to change management and user access rights over systems that are critical to the Company’s system of financial reporting. The ITGC deficiencies, combined with a lack of properly designed management review controls to compensate for these deficiencies, represent a material weakness in the Company’s internal control over financial reporting.

As of December 31, 2025, our Chief Executive Officer and our Chief Financial Officer concluded that our internal controls over financial reporting and our disclosure controls and procedures were not effective based upon the identified material weakness noted above.

Management is actively engaged in the planning for and implementation of remediation efforts to address the identified material weakness. The remediation plan includes improvements in the design and implementation of enhanced monitoring and user access and change management within the ITGC environment.

*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 three months ended December 31, 2025 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 of the Company registered pursuant to Section 12 of the Exchange Act. The Company filed an answer to the Order 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. On December 22, 2023, the Company filed a Cross-Motion for Summary Disposition. The SEC's Division of Enforcement filed an opposition to the Company's Cross-Motion for Summary Disposition on February 21, 2024. On March 4, 2024, the Company filed a Reply in Support of its Motion for Summary Disposition. On February 18, 2025, the Company submitted a request for expediting the resolution of the administrative proceeding. On October 7, 2025, the Company filed a motion asking the SEC to grant the Company's December 22, 2023 Cross-Motion for Summary Disposition or, alternatively, to schedule a hearing so that the case can proceed to a prompt resolution. On January 14, 2026, the SEC granted the Company's motion for summary disposition, denied the Division of Enforcement's motion for summary disposition, and dismissed the administrative proceeding against the Company.

### 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 31, 2025, filed with the SEC on June 12, 2025, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common and capital stock. 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 Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

### 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

From time to time, our officers (as defined in Rule 16a-1(f) of the Exchange Act) and directors may enter into Rule 10b5-1 or non-Rule 10b5-1 trading arrangements (as each such term is defined in Item 408 of Regulation S-K). During the three months ended December 31, 2025, none of our officers or directors adopted, modified or terminated any such trading arrangements.

**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**

<b>Exhibit No.</b>	<b>Description</b>
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	<a href="#">Description of Securities (filed as Exhibit 4.2 on June 22, 2023 - Annual Report on Form 10-K for the fiscal year ended March 31, 2022).</a>
10.1	<a href="#">Executive Employment Agreement, effective as of January 1, 2025, by and between the Registrant and David Offerman (filed as Exhibit 10.1 on December 31, 2024 - Current Report on Form 8-K)</a>
31.1*	<a href="#">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.</a>
31.2*	<a href="#">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</a>
32.1**	<a href="#">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.</a>
101.1*	The following information from IEH Corporation's Quarterly Report on Form 10-Q for the quarter ended December 31, 2025, 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

\* Exhibits filed herewith.

\*\* Exhibits furnished herewith.

**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: February 6, 2026

**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)